



Minnesota Solar Energy Industries Association

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RE: Xcel Energy Value of Solar Compliance Filing, MN PUC Docket No. 13-867

Dear Ms. Peirce and Mr. Wolf,

Minnesota Solar Energy Industries Association (MnSEIA) offers the following comments concerning Xcel Energy's (Xcel) most recent Community Solar Garden (CSG) Compliance Filing for Minnesota Public Utilities Commission (PUC or the "Commission") Docket No. 13-867, dated October 2, 2017. In lieu of a lack of understanding about how to protest a compliance filing, MnSEIA files this note with both agencies. Given verbal statements expressed by the Office of Attorney General and PUC Commissioner Schuerger at the October 24, 2017 Community Solar Garden Hearing (Docket No. 13-867, regarding a proposed CSG Residential Adder), we believe our procedural confusion on protesting this filing is not limited to us alone.

It seems we are also not alone in our concerns about the 2018 Value of Solar (VOS) methodology calculation.

For that reason and others described below, MnSEIA suggests that the Department of Commerce (the "Department") reject the compliance filing in full, or in the alternative, reject the compliance filing in part, and utilize the 2017 VOS rate or the system wide 2018 VOS rate, as calculated by Xcel, while further investigating the other location-specific VOS rate. MnSEIA further suggests that the Commission allow for a set notice and comment period to discuss Xcel's application of the locational VOS component, as well as other factors that have, or appear to have, recently changed in the VOS, like heat rate, externalities, etc.

MnSEIA is concerned about several aspects of the new VOS filing. Perhaps the chief concern within the 2018 VOS Compliance Filing is the new locational value number. It is unreasonable on its face. Primarily, Xcel's system wide VOS rate is higher than the rates for the individual sites. It seems that the system wider number should equal the average of the individual planning areas' numbers. The system wide number is not only greater than the average of the sites, but it is actually greater than all of the sites generally. While we do not intend to suggest malfeasance, this outcome is counterintuitive and deserves more ridged scrutiny than a simple approval of a compliance filing can provide.

Further, if the intention of the locational modification is to highlight that there are various locations where gardens are ideally sited, it is an unusual and suspect outcome that all of the planning areas reduce the VOS rate from the assumed system-wide number. Since the VOS is a rate designed to be a "bill credit mechanism for the value to the utility, its customers, and society," essentially, Xcel's locational component assumes that there are no places in Minnesota where a CSG can be placed and still benefit their system, customers or society.¹ Given the relative dearth of gardens within the metro area, and other counties like Houston, Watonwan, Ramsey, Lincoln, Freeborn and Anoka, this modeling assumption is surprising and likely inappropriate.

But the issues with the 2018 VOS calculation are not limited to the addition of the new adder. While MnSEIA would prefer to outline our specific concerns in detail through a comment period, generally our members are also concerned about the following:

1. Xcel's avoided fuel cost assumptions may be off, as they assume natural gas prices will continue to fall as far our as 2024;
2. The heat rate used for the displacement has significantly changed in how it was calculated;
3. Xcel seems to be using arbitrary locations denoted as "planning areas" without much explanation for how those areas have been determined;
4. The planning areas apparently do not incorporate all of Xcel's feeders, which may be lowering the individual planning area values;
5. Xcel's VOS Calculation is using environmental values that do not include the revised externality numbers in full, despite knowing they will go into place in 2018;
6. If Xcel' rates, which are driven in part by generation costs and transmission costs, are rising, this should be reflected in a higher VOS unless Xcel's rate of return is also increased;
7. The current process for determining what planning area a garden would be located in requires formally requesting Xcel to tell the developer, which is not transparent, time intensive, and unusual given their simultaneous development of a feeder capacity study mapping tool;
8. Xcel's load growth calculation for the locational component is an overly simplistic method and is not robust; and
9. Some of the items like "Capacity-related distribution costs" are unclear and difficult to analyze given the current information.

Given the extent of the concerns with the compliance filing and that this is the first time the locational component has been integrated into the VOS, it is in the public interest for the Department to reject the compliance filing in full, or reject the compliance filing in part, and utilize the 2017 VOS rate or the system wide 2018 VOS rate, as calculated by Xcel. It is also in the public interest for the Commission to

¹ Minn. Stat. § 216B.1641.

offer a comment period on this issues broadly to ensure that the 2018 VOS is just, reasonable, and scientifically correct.

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