Northern States Power Company, d/b/a Xcel Energy, In the Matter of Xcel Energy’s Tariff Revisions Updating Community Solar Garden Tariff Providing Additional Customer Protections in Subscription Eligibility, Docket No. E002/M-21-695, COMMENTS of the MINNESOTA SOLAR ENERGY INDUSTRIES ASSOCIATION (MnSEIA) and COALITION FOR COMMUNITY SOLAR ACCESS (CCSA)

In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of its Proposed Community Solar Garden Program Docket No. E002/M-13-867

November 15, 2021

COMMENTS of the JOINT SOLAR ASSOCIATIONS

The Minnesota Solar Energy Industries Association (MnSEIA) is a 501(c)(6) nonprofit trade association that represents our state’s solar businesses, with 135 member companies, which employ roughly 4,000 Minnesotans.

The Coalition for Community Solar Access (CCSA) is a 501(c)(6) and is the national trade organization specifically focused on the community solar industry and representing over 80 member companies with active operations in over 20 states as well as at the Federal level.

Collectively MnSEIA and CCSA offer these comments as the Joint Solar Associations (JSA or Associations).

BACKGROUND
On September 23, 2021, Northern States Power Company, d/b/a Xcel Energy (Xcel or the Company), Mid-Minnesota Legal Aid, Energy CENTS Coalition, and the Citizens Utility Board of Minnesota (collectively, Joint Parties) petitioned the Minnesota Public Utilities Commission (Commission) to modify the Company’s Standard Contract for Solar*Rewards Community at sheets 0-661, 9-74, and 9-76.¹

The stated purpose of the Petition was “to create proposed tariff modifications that we believe will help ensure tenants in rental premises that are the subject of CSG subscriptions will retain consumer protections and full access to state and utility assistance programs.”²

On October 14, 2021, the Commission issued a Notice of Comment Period,³ to which the Associations respond here.

COMMENTS

Joint Parties describe a situation where tenants of multi-unit buildings—particularly income-qualified tenants—“are having their accounts transferred to the building owner/landlord’s name, altering the customer of record so that the building owner can subscribe to a CSG [Community Solar Garden] and receive the associated CSG bill credits.”⁴ The Petitioners claim that tenants become ineligible for various forms of energy assistance, such as the Cold Weather Rule, LIHEAP, and Xcel’s PowerOn program, because tenants are no longer Xcel account holders, yet the tenants still owe payments to their respective landlords as reimbursement for the bills associated with the leased premises.

The Joint Parties propose three changes to Xcel’s tariff sheets, all to begin January 1st, 2022. The first, to sheet 9-76, in two parts requires a) that leased, tenant-occupied premises cannot subscribe to a CSG through a party other than the tenant, and b) that a tenant’s subscription to a CSG cannot be a condition to a tenant’s lease agreement. Second, to sheet 9-66, the same modifications are made to the terms and conditions for the Solar*Rewards Community (S*RC) contract. Third, to sheet 9-74, the Joint Parties propose a clawback provision to the S*RC contract, wherein CSG Operators are liable for the difference between bill credits paid and the

² See, Petition, at 1.
⁴ See, Petition, at 4.
unsubscribe energy rate for a period of one year prior to the discovery of any ineligible subscriptions.

While the Associations share with the Joint Parties the concern that income-qualified tenants may be rendered ineligible for energy assistance programs by virtue of third-party account and billing arrangements, we find the proposed solutions to miss the mark. We also understand that some tenants in these situations do receive energy assistance, even though they are not account holders, and that the premises are subscribed to CSGs. The petitioned-for tariff changes are overbroad and overreaching. Moreover, the proposed solutions may actually hamper solutions to energy poverty, rather than help mitigate it.

The proposed tariff changes negatively affect the accessibility of community solar gardens, and are not in the public interest. The Commission should not approve them.

1. **Disallowing Third-Party Subscriptions Is Overbroad And Overreaching**

Joint Parties petition to change Xcel’s tariff sheet 9-76—and a similar change at 9-66—to prohibit subscriptions held by landlords and other third parties, and to prohibit a CSG subscription as a condition to a lease agreement. The proposed additions are as follows:

Beginning on January 1, 2022, Subscriber eligibility requirements shall also include that in the event the premise associated with a Subscription is tenant occupied, then any such Subscription must be in the name of the tenant only and the tenant needs to be an existing Xcel Energy account holder. In the event the premise is tenant occupied, the Subscriber eligibility requirements shall also include the following: (i) a Subscription may not be in the name of any landlord or third-party, and (ii) a tenant’s Subscription in a community solar garden may not be a condition to the tenant’s lease agreement. However, notwithstanding this, if the premise is part of a multi-tenant single-meter building and if the landlord is the existing Xcel Energy account holder, then the landlord may have a Subscription in its name.⁵

The proposed changes will not solve the problems they purport to solve, but will keep CSG subscriptions from being a tool to address energy poverty. The proposal is overbroad, and will impact good faith contractual arrangements that are otherwise efficient solutions. Lastly, it is inappropriate for a utility tariff to interfere with lessor-lessee contracts.

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⁵ See, Petition, at 5.
A. The proposed ban on third-party subscriptions is overbroad and will have unintended consequences

The Joint Parties’ proposal to ban any lessor or third-party from holding a CSG subscription for a leased premise in a multi-unit building is constructed too broadly to solve the stated problem. The problem, as Joint Parties identify it, occurs when low-income tenants, who may qualify for various energy assistance programs, no longer qualify for those programs when their landlords hold the Xcel account and associated CSG subscription for their premise. But, Joint Parties misidentify the problem. The real problem here is that income-qualified tenants no longer qualify for certain forms of energy assistance, because they are not Xcel account holders—not because the landlord or other third-party subscribes that premise to a CSG. The solution fails to address the problem, because the solution is both overinclusive and underinclusive.

The proposed solution is overinclusive, because it would sweep up in its prohibition any premise with the Xcel account held by the lessor in a multi-unit building that is not single-metered. This supposed protection for low-income tenants, while it clothes itself in language that assumes a predatory landlord-tenant relationship, would prevent tenants that want to live in a premise subscribed to a CSG. This tariff change would impact an apartment dweller with a summer subletter, where the sublease agreement provides that the sublessee reimburse the sublessor for utilities. The tariff change could even conceivably impact vacation rentals, which seems far afield from the problems Joint Parties purport to solve. In fact, any tenant-occupied “utilities included” leasing arrangement that does not fall under the single-meter exception outlined in the proposed tariff changes would be prohibited from participating in a Solar*Rewards Community subscription. As such, the proposed changes would broadly affect the accessibility of the program, to the contrary of statutory intent.

The proposed solution is underinclusive, because it does not help all income-qualified tenants with a “utilities included” leasing arrangement, or other such contract where a third party holds the Xcel account. Rather than propose changes to its PowerOn program, which could squarely and more holistically address the issue, Xcel and the Joint Parties single out community solar subscriptions. The stated problem—with which the Associations sympathize—that Xcel customers, who would qualify for energy assistance but for a third-party billing arrangement, lose access to that energy assistance is just not solved here: the tariff changes do not address access to energy assistance in the case of third-party billing or “utilities included” leasing arrangements that do not include CSG subscriptions. Instead, the proposed tariff changes would

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6 See, Petition, at 7, stating, “Without these changes to our CSG tariff, tenants will continue to be harmed by landlords that abuse the CSG program to tenants’ detriment and financial harm.”

7 See, Minn. Stat. §216B.1641 (e)(1).
only impact a narrow subset of these tenant-landlord relationships, and only then by discouraging such arrangements at all.

Moreover, there are good reasons for why third-party billing and similar arrangements may be helpful for income-qualified tenants. Flat-rate lease arrangements that include utility payments may be attractive to those on fixed or limited budgets. Tenants on month-to-month or other short-term leases may find that not setting up temporary utility bills is an attractive option. Sublessees, as discussed above, would rarely wish to transfer a utility bill into their name. Many tenants in these situations may otherwise qualify for energy assistance—but the Joint Parties do not propose tariff or program changes to help these tenants.

The Joint Parties’ proposed changes to Xcel’s tariffs would both limit the accessibility of the Solar*Rewards Community program—which is one of the few ways renters in Minnesota can enjoy savings from solar energy and participate in the energy transition—and not solve the supposed underlying issue of energy assistance program accessibility for many income-qualified tenants. For these reasons, the changes are not in the public interest, and the Commission should not approve the petition.

B. Subscriptions held by third-parties or landlords can help alleviate energy poverty

Not only are the proposed changes both overinclusive and underinclusive, but they also may contravene and undermine good faith efforts the market has found to address energy poverty through CSG subscriptions.

In the same way that third-party utility billing in its various forms may be a good fit for income-qualified tenants, those on fixed incomes, short-term renters, or sublessees, a third-party CSG subscription can be beneficial. These benefits come about because third-party subscriptions can eliminate some, but not all, of the obstacles facing would-be CSG subscribers in these situations.

There are several key barriers between the savings accrued through a CSG subscription and the income-qualified Xcel customers (most of whom are tenants) that would most benefit from those savings: 1) the complication of two electric bills, from both Xcel and a CSG developer; 2) transactional friction from moving premises; 3) the challenges associated with selling a complicated program to residential customers generally, and income-qualified tenants specifically; and, 4) energy assistance program eligibility.

As several non-profit and cooperative solar developers, whose mission is to connect low-income
Xcel customers to community solar have described, a second electric bill to a CSG operator is a point of friction for many residential customers—particularly low-income customers—to the point of non-participation. When the landlord of a multi-unit residential building (or a sublessor, for that matter) holds both the Xcel account and the CSG subscription, the problem of two electric bills is eliminated. This arrangement can and should create savings for tenants.

The Commission has seen fit to order the Company to file an on-bill payment proposal that would apply to a narrow set of CSG developers to address the two-bill problem by May 1, 2022. In the meantime, the Joint Parties would prohibit, on January 1, 2022, third-party utility billers from getting to the same solution for some of these tenants.

Secondly, other CSG developers have brought before the Commission a bureaucratic fixture of Xcel’s billing and subscription apparatus that creates a loss of subscription benefits for a period of months when moving between premises, as renters often do. Solar*Rewards Community subscriptions are invalidated when tenants move, and must be revalidated at the new address through either four months of usage history or a painfully arcane estimate of energy usage at the new premise. This friction is eliminated when the subscription for a premise, regardless of tenant, is held by the lessor or a third party. In this case the renter may not retain the benefit of their CSG subscription if they move to a non-subscribed premise, but less CSG capacity goes unsubscribed when renters move. At least until Xcel eliminates these unnecessary transactional frictions, the stability of subscriptions held by lessors or other non-tenant subscribers is a clear benefit with no comparable alternative. These efficiencies promote accessibility of the CSG program, and are in the public interest.

Thirdly, developers focused on the residential CSG market have described in great detail the challenges associated with that market, which include hiring more staff, a lower closure rate for sales, and a smaller portion of the garden’s capacity sold upon a successful sale when compared to commercial and industrial subscriptions. The Commission, noting that residential access to the Solar*Rewards Community program is a legislated requirement, has sought to promote access by creating and then extending a residential adder pilot program.

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11 See, Residential Adder Extension Order, Order Point 5, at 8.
12 See generally, Just Solar Coalition, supra note 8.
13 See, Residential Adder Extension Order, at 5.
subscriptions held by third parties promote residential access to the program, because this market innovation reduces transaction costs for all involved. Allowing third-party subscriptions in multi-unit buildings allows for one, usually more sophisticated, party to understand a complicated, nuanced program, and then pass those savings along to their tenants. Removing this tool from the toolbox would undermine the Commission’s stated goals to promote residential access.

The last challenge that CSG subscriptions present for income-qualified tenants is the complications to energy assistance benefits that can arise when a significant portion of an Xcel customer’s bill is paid for by CSG credits, which may disqualify them for certain energy assistance program eligibility. Those folks, often but not always tenants, still have a (lower than Xcel) CSG bill to pay, which has not always been eligible for energy assistance. This hurdle exists for income-qualified tenants with CSG subscriptions regardless of whether they or a third party holds the Xcel account and CSG subscription, but not for Minnesota’s Energy Assistance Program (EAP) beneficiaries. The best solution to serve the public interest would be to align all energy assistance program rules, including and especially Xcel’s PowerOn program, to work with both third-party account holders and the Solar*Rewards Community program—to build on the energy savings CSGs offer—but the proposal here would instead just seal off this avenue.

Petitioners claim that tenants whose landlords or other third parties are the Xcel account holders and subscribers for tenant-occupied premises are rendered ineligible for energy assistance programs by virtue of this arrangement. This claim appears to be, at least in part, a factual inaccuracy. For the Energy Assistance Program (EAP), which is Minnesota’s administration of the federal Low Income Home Energy Assistance Program (LIHEAP), approved vendors are able to make payments to tenants in exactly this situation. At least one MnSEIA member is an approved EAP vendor, and states that it is able to make these payments under the current program rules. The current EAP application provides for this scenario: asking both “Is heat or electricity included in your rent?” and asking for Solar Garden information under the section Energy Providers, including the account number and name on the account. This eligibility appears to be a relatively recent programmatic change.

It is our understanding, and it seems, the posture of the Joint Parties, that Xcel’s PowerOn program does not allow for this scenario.

Despite good reasons for third parties to hold CSG subscriptions—solutions that promote residential access to the program—the Joint Parties point to a few landlords that act in bad

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16 See, Attachment B, at slide 23.
faith, and propose to throw the baby out with the bathwater.

C. It is not the place of utility tariffs to dictate the terms of a lease

One of the proposed tariff changes would prohibit lessors from requiring that lessees subscribe to a CSG as a condition of a lease. This problem seems altogether different from the problem of the bad faith or fraudulent landlord the Joint Parties purport to solve with the prohibition on third-party subscriptions in multi-unit buildings. Rather, this supposed problem is that the lessee themselves is required to subscribe to a CSG directly, and not because the premise is subscribed to a CSG by the lessor. But, the problem is bizarrely stated:

Meanwhile, we are concerned that some landlords are taking advantage of their tenants by coercing them to become subscribers of CSGs as a condition of signing or renewing a lease. The landlords then capture tax and marketing benefits arising from their involvement with a community solar garden while retaining steady revenue from tenant-subscribers who have no ability to opt out of the subscription (other than to move out of the building).

We are somewhat puzzled as to what tax benefits a landlord might benefit from in this arrangement. Unless the landlord is a tax equity investor in the CSG itself to qualify for the federal Investment Tax Credit—in which case it would not matter to the landlord who the CSG subscribers were—the landlord would enjoy no tax benefits whatsoever from their tenants subscribing to a CSG. This scenario is certainly possible, but would be much more unusual than the norm that the Petitioners frame it as. The only marketing benefits the landlord might gain seem to be to the mutual benefit of the tenants anyway (imagine, “Our tenants participate in community solar!” or “Go solar in Smith Apartment Building!”), and completely anodyne. We fail to see how such a lease requirement is an instance where “some landlords are taking advantage of their tenants,” because it is unclear—and Petitioners have not convincingly alleged—what benefits landlords might receive from requiring their tenants to subscribe to a CSG. Regardless, the appropriate solution to this scenario would be increased transparency, not the outright prohibition proposed here, which would interfere with good-faith, consensual contracts.

We suspect that this purported issue actually results from a misunderstanding of what tenants have told the Joint Parties. The concern as stated here seems to belie a misunderstanding of how community solar works. The wording of the concern—“while retaining steady revenue from tenant-subscribers who have no ability to opt out of the subscription (other than to move out of

17 See, Petition, at 4, stating, “The landlord holds the tenant responsible for paying the electric bill associated with their premise, but the tenant does not receive the full bill credit on the bill associated with the CSG subscription because the account holder is the building owner/landlord.”

18 See, Petition, at 5.
the building)—would seem to presume that the subscription stays with the premise instead of with the tenant. In that case, the tenant does not hold the subscription at all; the landlord does, on behalf of the premise. The tenant, who might fairly owe reimbursement for utilities to their landlord, should then enjoy the net savings provided by the CSG subscription. If the Joint Parties are concerned about landlords defrauding tenants for utility usage, then there are other remedies available in civil and criminal courts. The source of that malfeasance is not the CSG subscription at all, but a landlord acting in bad faith.

If, however, the tenant is required by the terms of a lease to hold the subscription to a solar garden, then the subscription contract is between the tenant and the CSG operator and Xcel, and would follow the tenant to a new, eligible premise. It’s not clear what “steady revenue” the landlord would receive if the tenant held the subscription, as they would not be party to that contract. Again, the appropriately-tailored solution to this problem, if it is a problem, would be increased transparency into these contractual relationships, not the prohibition proposed here. The tariff change would prohibit something (“(ii) a tenant’s Subscription in a community solar garden may not be a condition to the tenant’s lease agreement”¹⁹), that is completely unrelated to the stated problem of bad-actor landlords preying on tenants.

More importantly, we find it odd and inappropriate that a utility would seek to legislate property law through its tariff sheets. There is a robust section of Minnesota statutes that protects tenants’ rights regarding their utilities.²⁰ The legislature has spoken in this arena. In regards to CSGs,²¹ the legislature has not seen fit to place such a restriction as what the Joint Parties propose.

Regardless, this proposed tariff change prohibiting subscriptions as a lease condition seems like a solution in search of a problem. Joint Parties have not sufficiently and accurately substantiated what pressing problem they are trying to solve with this proposed change, or how the proposal will affect it.

II. The Proposed Clawback Provision Is Too Harsh, Insufficiently Noticed, Overbroad, Retroactive, And Chills Financeability

The third change proposed in this petition is a new clawback provision to the portion of the Solar*Rewards Community contract that deals with correction of inaccurately applied bill credits. This clawback is too harsh, in that it is a dramatic step-up from previous tariffed language. The clawback is insufficiently noticed, in that it will go into effect very quickly (January 1, 2022) after this comment period closes. The clawback is overbroad, because the other proposed changes leading to the ineligibility punished here are overbroad, as discussed above. A wide swath of subscriptions will become ineligible due to this package of tariff changes, and, as the tariff change is written, those garden operators will suddenly become liable

¹⁹ See, Petition, at 6 and 7.
²¹ Minn. Stat. § 216B.1641.
for a year’s worth of credits (less avoided cost). The proposed tariff language appears to be retroactive rulemaking, insomuch as the language as constructed appears to apply to subscriptions that had been eligible at the time, but within the year lookback of when they may become ineligible. Lastly and most importantly, the clawback provision would cast a chilling effect on financeability of the Solar*Rewards Community program, contrary to statute.\footnote{Minn Stat. § 216B.1641(e)(1). “(e) The commission may approve, disapprove, or modify a community solar garden program. Any plan approved by the commission must: (1) reasonably allow for the creation, financing, and accessibility of community solar gardens; […]”}

The full section of the tariff is below, with proposed changes demarcated:

E. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber’s Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company. Consistent with this, in the event that any Subscription is not eligible, and Bill Credits have been applied, then for a period beginning one year before the Company discovered that the Subscription was not eligible the Company may recoup these funds and obtain payment solely from the Community Solar Garden Operator the difference between Bill Credit provided and the Unsubscribed Energy rate. Failure of the Community Solar Garden Operator to make this payment upon demand shall be considered a breach of this Contract.\footnote{See, Petition, at 6-7. Emphasis original to show proposed changes.}

The existing tariff language is reasonable, but the proposed changes are not—and are not substantiated. Xcel and Joint Parties have not shown why the existing language does not sufficiently address eligibility inaccuracies. Furthermore, unlike with the other tariff changes, which might be misguided but at least seem related to the problems they purport to solve, the Petition does not give any context or explanation for this punitive proposal.

The Company has not given appropriately sufficient notice for this change either. While the instant comment period was briefly touched on during the Company’s Q4 2021 MN DER stakeholder meeting (November 10, 2021), the clawback provision was not mentioned.\footnote{See, Attachment C.} Regardless, the changes were pending Commission approval at the time, and the next stakeholder meeting will not take place until after the proposed changes will go into effect—meaning no stakeholder discussions will have taken place other than the filings in this
docket. While public filing of the tariff change is legally sufficient, the Joint Solar Associations find the lack of stakeholder input and discussion for a change of this magnitude disturbing.

Moreover, this clawback provision would not benefit subscribers or the income-qualified tenants this Petition is purported to help. It will only punish CSG operators, and do so in a way that is overbroad and overly punitive.

Importantly, the tariff change would chill the financeability of CSG projects, as the risk is too great to operators facing clawback payments and project cancellation for reasons that may be beyond operator control and without the recourse of appeal or third-party oversight.

The Commission should not approve this change.

**Conclusion**

The Joint Parties bring to the Commission with their Petition concerns that CSG subscriptions held by lessors and other third parties impact energy assistance program eligibility for low-income tenants. We are deeply sympathetic to these concerns, and have in other venues supported stakeholders that have worked to address the intersection of energy assistance programs and CSG subscriptions. Those venues are the appropriate ones to address the interplay of these programs—including Solar*Rewards Community—that can reduce the energy burden on low-income households. The solutions proposed by the Joint Parties are both overinclusive, sweeping up a broad swath of tenants that do not need energy assistance, and underinclusive, failing to address how these energy assistance programs interact with other, reasonable rental arrangements that include utility payments in rent. This prohibition on third-party CSG subscriptions would also, on its face, directly undermine a key avenue to address energy poverty.

The Joint Parties also seek to solve a supposed problem where landlords coerce tenants into CSG subscriptions. But, the description of the problem misapprehends how subscriptions work in practice, and fails to show how a landlord might actually benefit from such an arrangement or how such an arrangement is otherwise predatory. The proposed tariff changes would inappropriately reach into property law. Moreover, these changes seem a solution in search of a problem, as there are already robust statutes protecting tenants from utility disconnection and other potential abuses by landlords, including fraud.

Lastly, Xcel and the other Joint Parties seek to add a dramatic, retroactive clawback provision into the Solar*Rewards Community tariff that would (by virtue of the overbroadness of the above eligibility changes) be overbroad, insufficiently noticed, overly punitive, ill-fitted to its stated purpose, and negatively impact the financeability of projects in the program.

The Commission should not approve these proposed tariff changes.
We invite the Joint Parties to withdraw their petition, and to engage with the Joint Solar Associations and their members to address the shared goals of making both Solar*Rewards Community and energy assistance programs work in concert to combat energy poverty.

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