

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John Tuma	Commissioner

In the Matter of the Petition for approval of Northern States Power Company, dba Xcel Energy, for approval of its Community Solar Garden Program

COMMENTS of the MINNESOTA SOLAR ENERGY INDUSTRIES ASSOCIATION (MnSEIA) and COALITION FOR COMMUNITY SOLAR ACCESS (CCSA)

December 3, 2021

Docket No. E-002/M-13-867

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 over 140 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

The Minnesota Public Utilities Commission (Commission) adopted the Value of Solar (VOS) methodology in its April 1, 2014 Order in Docket No. E999/M-14-65, and approved its use for

Northern States Power Company, d/b/a Xcel Energy's (Xcel or the Company) Solar*Rewards Community (CSG) Program through the Commission's September 6, 2016 Order in this docket.

On September 1, 2021, Xcel submitted its VOS calculation for the vintage year 2022.¹

On November 1, 2021, the Minnesota Department of Commerce (the Department, or Commerce), filed comments recommending that the Commission accept Xcel's VOS calculation for vintage year 2022.²

On November 3, 2021, the Commission issued a Notice of Comment Period seeking comment on Xcel's calculation of the VOS rate for 2022.³

COMMENTS

The Joint Solar Commenters appreciate the opportunity to comment on the 2022 vintage VOS calculation. We concur with the Department that the Company correctly implemented the approved VOS methodology for vintage year 2022. To our information and belief, the input values and updates, and calculated system-wide results are correct, and the Company has met the requirements of relevant past Commission Orders.

We would also like to take this opportunity to offer suggestions for future changes to the methodology, if and when the Commission, the Department, the Company, and other stakeholders have the resources and wherewithal to implement such changes.

I. The Commission Should Accept the 2022 VOS Compliance Filing

The Commission should accept the Company's vintage 2022 VOS compliance filing. The Company appears to have followed all relevant Orders in this docket. The Joint Solar Associations are particularly pleased to see the implementation of hourly photovoltaic (PV) fleet production data for all 1 MW and under systems in Xcel's territory, as required by the Order approving the vintage 2020 VOS.⁴

¹ See Northern States Power Company, d/b/a Xcel Energy, Compliance Filing, 2022 VOS Calculation Community Solar Gardens Program, Docket No. E002/M-13-867, Doc. Id. 20219-177646-01 (Sept. 1, 2020). *Hereinafter* "Xcel Calculation" or "Xcel Filing."

² See, Minnesota Department of Commerce, Division of Energy Resources, Comments, 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. E-002/M-13-867, Doc. Id. 202111-179386-01, (November 1, 2021).

³ See, Notice of Comment Period, 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. E-002/M-13-867, Doc. Id. 202111-179498-01, (November 3, 2021)

⁴ See, Order Approving Xcel's Update to the 2020 Value-of-Solar Rate, 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. E-002/M-13-867, Doc. Id. 20203-160958-01 (March 4, 2020).

As more PV fleet production data accumulates generally, stakeholders may be able to utilize it further to improve the VOS methodology.

II. Future Changes to the VOS Methodology

The VOS tariff assumes, by way of simplifying the calculation, that avoided variable and fixed costs are both based on marginal natural gas. Past discussions of the VOS have raised concerns about those assumptions regarding natural gas. First, stakeholders have contended that treating natural gas as the default avoided cost of both new generation and avoided variable fuel cost is erroneous. And, second, stakeholders have raised concerns that the chosen measurement of avoided future fuel costs—NYMEX values of natural gas measured during the springtime—are both subject to significant variability and not particularly representative of future avoided costs. There is some evidence that natural gas is neither the avoided generation built, nor the avoided marginal fuel.

Avoided fixed costs for displaced new generation should be based on the most likely displaced generation from new construction, as proposed or approved in the Integrated Resource Plan. Perhaps that avoided new generation would be utility-scale solar generation, or perhaps new gas generation, as the assumption has been. Regardless, the lessons learned both from several iterations of implementing the VOS methodology and from the discussion (and eventual approval) of a modern Integrated Resource Plan, can and should be incorporated into a more accurate measurement of displaced new generation and capacity.

Avoided variable costs should be based on displaced generation as measured in wholesale markets. This measurement should more accurately reflect the costs of as-needed generation that the CSG fleet will replace.

The Joint Commenters respectfully request that the Commission order the Department to consider future changes to the VOS methodology that would incorporate these considerations. The Department could host a stakeholder process starting in January 2022 to this effect. Such revisions should more accurately account for which fuels are displaced by solar, and should update the fuel pricing forecasting methodology to more accurately reflect real fuel price risk. We suggest that the Department provide a report on any recommendations advanced through this stakeholder process by April 1, 2022 for Commission review and possible incorporation in the 2023 VOS calculation.

Conclusion

The Joint Commenters recommend that the Commission approve the 2022 vintage VOS calculation.

We also recommend that the Commission order the Department to undertake a process to modernize the VOS methodology. Such a modernization should include changes to the avoided fixed and variable costs to more accurately reflect the new generation constructed and marginal generation displaced by the CSG fleet.

We would also like to thank the Commission for this opportunity to comment on the 2022 vintage VOS calculation, and for consideration of the issues raised here.

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