

**STATE OF MINNESOTA  
PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger	Chair
John Tuma	Commissioner
Nancy Lange	Commissioner
Daniel Lipschultz	Commissioner
Betsy Wergin	Commissioner

**In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of Its Proposed Community Solar Garden Program**

**MINNESOTA SOLAR ENERGY INDUSTRY ASSOCIATION'S COMMENTS ON THE COMMUNITY SOLAR GARDEN PROGRAM'S ADDER**

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

**Date: 4/2/2015**

**COMMENTS OF THE MINNESOTA SOLAR ENERGY  
INDUSTRY ASSOCIATION**

**I. INTRODUCTION**

The Minnesota Solar Energy Industries Association (MnSEIA) respectfully submits these comments, regarding an appropriate adder to apply to a proposed Value-of-Solar (VOS) rate to ensure compliance with Minnesota statutes.

**II. BACKGROUND**

In its order published September 17, 2014, the Minnesota Public Utilities Commission (the "Commission") found that it was "not in the public interest to use the value-of-solar rate, as calculated under Minn. Stat. § 216B.164, subd. 10, for community solar gardens at this time."<sup>1</sup> The Commission then determined that an inquiry into a potential Community Solar Gardens (CSG) incentive was required to meet Minnesota's Legislature's intent.<sup>2</sup>

The Commission directed multiple CSG stakeholders:

[T]o engage in further discussions and to file comments by October 1, 2014, regarding the appropriate adder, if any, to apply in conjunction with a proposed value-of-solar rate to ensure compliance with the community-solar-garden statute,

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<sup>1</sup> ORDER APPROVING SOLAR-GARDEN PLAN WITH MODIFICATIONS, Docket No. E-002/M-13-867, Doc. ID. 20149-103114-01, at 1 (9/17/2014).

<sup>2</sup> *Id.* at 10.

including, but not limited to, a requirement that the community-solar-garden plan approved by the Commission reasonably allow for the creation, financing and accessibility of community solar gardens.<sup>3</sup>

On October 1, 2014 multiple parties filed their responses to the Commission's directive. The responses ranged from alterations to the CSG adder's design process to the structure of the incentive itself.<sup>4</sup> MnSEIA argued that the adder should be a levelized \$.15/kWh, should have a 2.75% escalation rate floor that otherwise tracks with the utility's energy rate, and should be paid for with the Fuel Clause Adjustment Charge.<sup>5</sup>

On October 9, 2014 the Commission asked the parties to begin drafting reply comments that were due on December 1, 2014.<sup>6</sup> The Commission posted multiple questions, headers and points of inquiry for the parties to address.<sup>7</sup>

On January 28, 2015 the Commission extended the comment period.<sup>8</sup> It also opened up more additional issues that parties could speak to.

On February 10, 2015 Xcel Energy filed a letter with the Commission stating concerns about aggregated garden size. An additional comment and reply comment period followed.

On March 13, 2015 the Commission issued another round of reply comments allowing for further commentary on the October 1st and January 28th comments and the opportunity to reply

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<sup>3</sup> See NOTICE OF CONFIRMATION OF THE OCTOBER 1, 2014 COMMENT DATE, Docket No. E-002/M-13-867, Doc. ID. 20149-102912-01 at 1 (9/8/2014).

<sup>4</sup> See COMMENTS, SOCORE, Docket No. E-002/M-13-867, Doc. ID 201410-103509-01, at 2 (10/01/2014); See also COMMENTS, DOC DER, Docket No. E-002/M-13-867, Doc. ID 201410-103485-01 at 1-2 (10/01/2014).

<sup>5</sup> See COMMENTS, MINNESOTA SOLAR ENERGY INDUSTRIES ASSOCIATION, Docket No. E-002/M-13-867, Doc. ID 201410-103498-01 at 5-6 (10/01/2014).

<sup>6</sup> NOTICE OF REPLY COMMENT PERIOD Docket No. E-002/M-13-867, Doc. ID 20141-103695-01 at 1 (10/09/2014).

<sup>7</sup> See *Id.* at 1-3.

<sup>8</sup> NOTICE OF EXTENSION/VARIANCE – SECOND EXTENSION OF COMMENT PERIOD, PUBLIC UTILITIES COMMISSION, Docket No. E-002/M-13-867, Doc. ID 20151-106735-01 at 1 (1/28/15).

to any argument made in the docket to date.<sup>9</sup> There was also a request for comments on whether and when the VOS should replace the ARR.<sup>10</sup>

### III. COMMENTS

#### i. **Issues On Which The Commission Sought Comments In Its Notices Issued October 9, 2014 And January 28, 2015 In This Docket.**

Most of our previous issues have been addressed, or have been added to the S\*RC working group's agenda, but this issue still requires settling. In working group meetings, Xcel has stated that the S\*RC working group cannot answer this question, but, as of yesterday, Xcel started to negotiate a compromise on this issue. We look forward to the continuation of those discussions.

If the discussion fails to achieve a compromise, we wanted to restate that we believe CSG developers should be compensated for the RECs as if they were generated by subscriber purchased panels.<sup>11</sup>

#### ii. **Replies To Any Comments Filed In This Docket To Date.**

##### **A. Response to Monticello's March 3rd Comments**

On March 3, 2015 the City of Monticello filed comments asking for more local control over CSGs.<sup>12</sup> The city's concern was that fifty 1MW gardens would be placed in their future economic development area.<sup>13</sup> At the time we had heard of the project but were unable to comment due to a lack of information.

Since that time Sunrise Energy Ventures ("Sunrise"), the developer of the Monticello project, has joined our association and has informed us of the situation. Apparently, the city and Sunrise have undergone substantial negotiations, and we are optimistic that an agreement can be reached. Both sides have admitted that the "talks are going well."<sup>14</sup>

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<sup>9</sup> NOTICE OF COMMENT PERIOD, MINNESOTA PUBLIC UTILITIES COMMISSION, Docket No. E-002/M-13-867, Doc. ID. 20153-108173-01 at 1 (3/13/15).

<sup>10</sup> *Id.*

<sup>11</sup> COMMENTS, MINNESOTA SOLAR ENERGY INDUSTRIES ASSOCIATION, Docket No. E-002/M-13-867, Doc. ID. 20153-107834-01 at 9 (3/2/15).

<sup>12</sup> *See* COMMENTS, CITY OF MONTICELLO, Docket No. E-002/M-13-867, Doc. ID. 20153-107868-01 at 4 (3/3/15).

<sup>13</sup> *Id.*

<sup>14</sup> David Shaffer, *Big Solar Parks Proposed For Minnesota Not So Popular With*

When this CSG program was initiated everyone knew there would be bumps along the road. If the progressive discussions between Monticello and Sunrise have taught us anything, it is that when problems arise there is no need to panic. Mutually beneficial resolutions exist, and they are likely to occur.

Problems, or potential problems, may continue to arise regarding some of the finer points of this program. But whenever they do, our developers and the affected party will work together to sort them out. We ask that the Commission continue to allow our industry sufficient time to correct any future problems that may arise prior to instituting any Orders.

### **B. Response to Sunshare's March 20th Amended Reply Comments**

MnSEIA supports Sunshare's request for Xcel Minnesota to adopt the Xcel Colorado business rules regarding increased transparency and a single site location change per garden.<sup>15</sup> We have advocated for the disclosure of basic system information, and the Colorado business rules more aptly conform to the needs and wants of our members. We are looking for a public system that allows for pre-screening capabilities.

Xcel Energy has been reasonably accommodating with their position on this issue in the S\*RC working group meetings. We appreciate their willingness to work with us and our members, and we hope to keep working towards a resolution on this with them. Yesterday Xcel even put forward a good first step toward a public system.

We comment today because developers are currently unable to access information critical to project application decisions, such as number of DG interconnection applications submitted for a particular substation and status of these interconnection requests. In order to ensure that developers know who is ahead and behind them in the queue and to reduce our developer's administrative challenges, we agree with Sunshare that a more transparent system, like the one Xcel has in Colorado, is required.

We also agree with Sunshare that providing a one time, free site location change could be extremely useful to alleviate some of the current unknown queue congestion, especially if a public queue information system is not available.<sup>16</sup> More generally, we agree with SunShare's interconnection recommendations laid out on pages 2 and 3 of their February 24 comments.

### **iii. Whether And When There Should Be A Transfer From The Applicable Retail Rate To The Value Of Solar Rate As The Bill Credit For Community Solar Gardens And**

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*Neighbors*, StarTribune (3/28/15) (available at <http://www.startribune.com/business/297894931.html>).

<sup>15</sup> See AMENDED REPLY COMMENTS, SUNSHARE, Docket No. E-002/M-13-867, Doc. ID. 20153-108447-01 at 2 (3/20/15).

<sup>16</sup> *Id.*

## **Whether An Adder Is Necessary To Provide A Rate That Will Reasonably Allow For The Creation, Financing, And Accessibility Of Solar Gardens.**

MnSEIA is a membership association comprised of over 85 solar affiliated organizations. We've had several of our members comment on these issues throughout the course of this docket, including SunShare, TruNorth Solar, MnCommunity Solar, Sunrise Energy Ventures, Novel Energy Solutions, Geronimo Energy, SoCore Energy, Sundial Solar, JJR Power, Ecos Energy and more.

So when we say that we need more time to evaluate the CSG program before determining an incentive rate, that sentiment is backed by almost every garden developer that has spoken in this docket to date. It is an industry-wide belief.

The same sentiment is shared about a transition to the VOS for CSGs. The Applicable Retail Rate (ARR) also appears to be working, and our developers are starting to rely upon that rate. Further, there is statutory language to support that even if the VOS is adopted and if it ends up lower than the ARR, then the ARR's value would still be used until 2017.<sup>17</sup>

We also believe that extreme care should be taken in developing the VOS adder. Because the VOS is the same for all rate classes, if it is adopted without the proper adder, the Commission could either 1) prevent CSGs from being developed or 2) incentivize one subscriber type over another. For example a low, flat rate would encourage developers to minimize subscribers to maximize returns, thereby incentivizing a shift in subscribership from residential to corporate.

The natural fix for that problem would be to develop a tiered incentive structure that is based on subscriber volume or rate class. If done properly, the Commission could incentivize the rate classes it prefers to ensure a diverse mix of subscribers. But if the Commission does this, then it would be taking the VOS and molding it into something that looks exactly like the ARR.

The question then becomes whether it is better to retain the ARR, because it already has the tiered structure in place? After all, it would require less effort, create less confusion, and be equally as effective. Whether we have the ARR or the VOS plus an adder, we would expect that approximately the same number of gardens will be built.<sup>18</sup>

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<sup>17</sup> See Minn. Stat. 216B.164(j) (stating “[t]he commission may not authorize a utility to charge an alternative tariff rate that is lower than the utility's applicable retail rate until three years after the commission approves an alternative tariff for the utility.”).

<sup>18</sup> This argument assumes that the VOS adder would result in a similar rate table to the one that Xcel has in its rate book for the ARR currently. See Xcel's Rate Book, § 9, Sheet No. 64 (available at [http://www.xcelenergy.com/staticfiles/xcel/Regulatory/Regulatory%20PDFs/rates/MN/Me\\_Section\\_9.pdf](http://www.xcelenergy.com/staticfiles/xcel/Regulatory/Regulatory%20PDFs/rates/MN/Me_Section_9.pdf)).

None of our above comments are intended to imply that we do not support the eventual transition to the VOS. We've advocated for that very thing several times in this docket and still would approve of a \$.15/kWh VOS plus adder rate.

Here is the schedule we advocate for going forward:

1. In March of 2016 approximately a full year of garden development data should be available. At that time the Commission should determine the VOS adder's structure and an appropriate method for calculating it.
2. In March of 2017 we should finalize the CSG adder and have its value calculated. This would allow the incentive to include the negative impacts of the Investment Tax Credit's reduction, as well as, allow for information of two years of garden development.
3. In June of 2017 the Commission should determine whether the transition to the VOS should occur.
4. If the Commission determines that the transition should occur, then in December of 2017 the VOS should go into effect for the opening of the 2018 CSG program.

If the Commission does not agree with our proposed schedule, then we ask the Commission to publish its own formal schedule of the docket's expected duration with decision dates included.

Sincerely,

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