

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger	Chair
John Tuma	Commissioner
Nancy Lange	Commissioner
Daniel Lipschultz	Commissioner
Matt Schuerger	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

MINNESOTA SOLAR ENERGY INDUSTRY ASSOCIATION'S COMMENTS ON XCEL ENERGY'S CSG PROGRAM

May 19, 2016

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

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

I. BACKGROUND

On April 20, 2016, the Commission issued a notice of comment that appeared to extend the 15-day briefing period for appeals of independent engineer (IE) determinations (per Section 9, Sheet No. 68.13) by another 5-6 weeks for the Community Solar Gardens (CSGs) at SunShare's Becker site.¹

On April 21, 2016, SunShare filed its Response to Xcel's April 7, 2016 Appeal of IE Sam Wheeler's report on the Becker site. In its response, SunShare requested that the Commission implement the 2% flicker threshold in an expedited manner "based on the considerations of equity and timeline necessity specific to the Becker site."²

¹ NOTICE OF COMMENT PERIOD, MINNESOTA PUBLIC UTILITIES COMMISSION, Docket No. E002/M-13-867, Doc. ID. 20164-120368-01 (Apr. 20, 2016).

² OTHER – RESPONSE TO XCEL APPEAL OF IE REPORT, SUNSHARE, Docket No. E002/M-13-867, Doc. ID. 20164-120485-02 at 1 (Apr. 21, 2016).

On April 6 and May 4, 2016, the issue of flicker was brought before the SRC Working Group. Xcel articulated that a 2% flicker allocation would pause the program for many CSG sites and would cause substantial program delay. A small group was tasked with developing a proposal for Xcel.³

On May 13, 2016, the small group provided its proposal to Xcel, providing Xcel a chance to respond to the proposal and advise on next steps.

II. COMMENTS

Today, MnSEIA is filing comments to support SunShare's request for expedited relief. But we remain silent on the merits of the dispute. This flicker issue has impacted approximately 47MWac of CSG projects (typically sited several miles from substations on lower voltage lines) by curtailing the site's MW capacity or requiring a costly line recondutoring.⁴ Currently there are approximately 150MWac of CSG projects behind those affected by the flicker inputs. These MWs have effectively suffered a programmatic pause as Xcel, SunShare, the IE and PUC work out this concern. Our industry believes that grappling with this issue on an expedited basis is better than waiting several months for the first of potentially many hearings on the issue. SunShare's dispute has far reaching implications for the rest of the CSG program and it should be remedied as soon as practicable.

Minnesota winters give Xcel and developers a limited annual construction window. Developers can only drive pile for ground-mounted CSGs while the ground is thawed. Construction can take 7 or more months from the date Xcel completes "detailed design."⁵ And many developers' financing arrangements require project completion within a particular calendar year because of tax equity financing. Lastly, our members are reporting that Xcel is giving 6- to 9-month interconnection upgrade timeline estimates in its engineering study reports.⁶

Even if SunShare removes itself from the current dispute, we hope that the Commission will still rule on this issue in an expedited fashion. As other MnSEIA members have informed us of a

³ COMPLIANCE FILING – STAKEHOLDER MEETING MINUTES, XCEL ENERGY, Docket No. E002/M-13-867, Doc. ID. 20165-121211-01 at 2-3 (May 10, 2016).

⁴ See April 6, 2016 SRC Workgroup minutes (filed by Xcel Energy as May 10, 2016 Stakeholder Minutes Community Solar Garden Docket, 13-867), at Attachment A, page 4 ("The higher percentage (1.5% versus 3%) more capacity could possibly be added to the system.").

⁵ SunShare April 21, 2016 Response to Xcel IE Appeal, 13-867 and 15-786, at 2.

⁶ *Id.*

number of pending IE disputes, we are concerned that the same timeline dynamic or systematic delay may be at play with any number of other CSGs.

This week marks the 500th day of this program and only three small (under 1MW) projects have been commissioned. But developers don't make money until the system is on. Each passing day is lost revenue and additional burden placed on our developer members. If a delay is inevitable to restudy the projects impact by flicker, it would be much better to confront that issue head on today than several months from now.

The combination of the above-described timeline constraints means that the construction and interconnection processes for 2016 CSGs must be underway within the next month, so they can be completed in time to meet financier requirements for 2016 construction. Other developers may be similarly forced to accept curtailed site capacity given the site location, POI line voltage and flicker inputs used in the study.

If developers are unable to meet promised financing-imposed timelines, it can undermine their ability to fund a particular project or even their entire portfolio, harming the financeability of CSGs in the S*RC program.

Most importantly, expediting the issue would support the IE process as designed. A slow ruling would reduce the value of the IE process.⁷ A slow process forces developers to move forward before an IE's opinion becomes final. This would in turn reduce the ability of developers and Xcel to use IE rulings as precedential guidance for other disputes. If the process is too slow, it would - for all practical purposes - relegate the IE process useless.

The Commission, developers, Xcel, and third-party stakeholders worked diligently last year to try to improve the CSG application-processing procedure, so that projects could be commissioned prior to the extension of the federal Investment Tax Credit (ITC). We are thrilled about the ITC extension and its potential for further spurring solar development in Minnesota. We are concerned, however, that various parties may be underestimating the timeline constraints that still exist even though the ITC was extended.

Even if projects are constructed within the financing-required calendar year, we also want to stress to the Commission that each day of delay between when a CSG could have been commissioned and when it is actually commissioned harms a developer financially. Developers and their financiers fund hundreds of thousands of dollars per garden in deposits and interconnection costs throughout the application and interconnection processes.

But as the vast majority of our members only offer "pay-as-you-go" subscription models, none of these costs are recouped until the gardens are commissioned and begin generating bill credits.

⁷ Alternatively, Xcel could choose to voluntarily adopt some or all of the IE's determinations, unless it conflicts with an unambiguous command in tariff.

This dynamic provides additional time pressure on developers, further increasing the likelihood that developers may accept unreasonable utility curtailment, upgrade costs, etc. so they can begin generating CSG bill credits, which is their revenue.

As such, we support SunShare's request to expedite the dispute resolution process regarding the 2% flicker.⁸ We also encourage the Commission to implement IE determinations more generally and in as expedited a manner as possible. Without this expediency, developers may have to choose between implementation of a favorable IE rulings and the ability to build and commission a project.

The ability to delay a project by appealing an IE ruling should not equate to the ability to squelch a project. If IE disputes are not handled in an expedited manner when requested, then this becomes the reality. We ask that the Commission hear Xcel's appeal as soon as is practicable.

In the meantime, we will work diligently with Xcel to encourage a settlement arrangement that does not necessitate Commission intervention.

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Respectfully submitted,

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⁸ Additionally, Minnesota Statute § 326.35 requires that the state adopts most current NESC code and standards. It does not matter that different states do it differently. The IE evaluated the dispute based on current codes and standards, as was his charge per statute, and his findings related to flicker were based on current available code and current standards. Thus, SunShare's request to move forward with 2% as recommended by the IE is both reasonable and prudent. While we do not make a value judgment about the merits of the case, Section 10 provides additional evidence that the dispute is legitimate. It allows a 4% voltage flicker allocation as long as developer cure it. It states "Most area EPS operators use a 2% design criteria."