

**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, d/b/a Xcel Energy, for approval of its Community Solar Garden Program

REPLY COMMENTS of the MINNESOTA SOLAR ENERGY INDUSTRIES ASSOCIATION (MnSEIA)

July 6, 2021

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

MnSEIA's COMMENTS

The Minnesota Solar Energy Industries Association (MnSEIA) is a 501(c)(6) nonprofit trade association that represents our state's solar businesses, with 125 member companies, which employ roughly 4,000 Minnesotans.

BACKGROUND

On September 6, 2016, the Minnesota Utilities Commission (the Commission) issued an Order¹ in this docket approving a Value of Solar (VOS) rate for Xcel Energy's (the Company or Xcel) Community Solar Garden (CSG) Program. The Order requested that the Department of Commerce (the Department or Commerce) subsequently file a report addressing whether adjustments to the rate are warranted, including whether to adopt an adder.

On March 1, 2017, the Department filed its report² and recommended that the Commission adopt an adder to be applied to residential customers' bills.

¹See ORDER APPROVING VALUE-OF-SOLAR RATE FOR XCEL'S SOLAR-GARDEN PROGRAM, CLARIFYING PROGRAM PARAMETERS, AND REQUIRING FURTHER FILINGS, 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. 20169-124627-01, (September 6, 2016).

² See Comments of the Minnesota Department of Commerce, Division of Energy Resources, 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. 20169-124627-01, (March 1, 2017).

On November 16, 2017, The Commission issued a notice requesting Comments on the report. Nearly a dozen parties offered Comments and/or Reply Comments.

On December 14, 2017, the Commission issued an Order³ directing Xcel to file an analysis of the potential rate impact of various levels of residential solar garden penetration, considering the Department's recommendation for an adder, and how to implement a solar residential carve-out.

On February 1, 2018, Xcel filed its analysis,⁴ as directed by the Commission, and filed a correction⁵ to its filing on February 23, 2018.

On February 14, 2018, the Commission issued a notice seeking Comments on Xcel's filing, including whether the Commission should take any further action.

Following that Notice and Comment period and associated hearing, the Commission issued an Order⁶ on November 16, 2018, adopting the Residential adder and setting reporting requirements.

On March 26, 2021, the Company filed a compliance filing⁷ with the Commission in keeping with the November 16, 2018 Order in this docket.

On April 19, 2021, the Commission issued a Notice of Comment Period⁸ on the issue of whether it should extend the residential adder for Xcel Energy's Community Solar Garden (CSG) program. At the request of the Department, on May 17, 2021 the Commission extended the Comment period.⁹

³ See ORDER REQUIRING FURTHER ANALYSIS OF RESIDENTIAL ADDERS AND CARVE-OUTS, 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. 201712-138185-01, (December 14, 2017).

⁴ See VALUE OF SOLAR ADDERS ANALYSES COMMUNITY SOLAR GARDENS PROGRAM, 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, Doc. ID. 20182-139688-01, (February 1, 2018).

⁵ See OTHER--CORRECTED VOS ADDERS ANALYSIS, 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, Doc. ID. 20182-140436-01, (February 18, 2018).

⁶ See ORDER--ORDER ADOPTING ADDER AND SETTING REPORTING REQUIREMENTS, Docket No. E002/M-13-867, 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, Doc. ID. 201811-147853-01, (November 16, 2018).

⁷ See Xcel Energy, RE: RESIDENTIAL ADDER PILOT PERFORMANCE AND FUTURE OPTIONS COMMUNITY SOLAR GARDEN PROGRAM, 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. 20213-172288-01, (March 26, 2021), *hereinafter* "Xcel Compliance Filing."

⁸ 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. 20214-173055-01, (April 19, 2021).

⁹ See NOTICE OF EXTENDED 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. 20215-174238-01, (May 17, 2021).

On or about June 21, 2021, Comments were filed by the Minnesota Solar Energy Industries Association,¹⁰ United States Solar Corporation (US Solar),¹¹ Institute for Local Self-Reliance (ILSR),¹² The Just Solar Coalition (Just Solar),¹³ Cooperative Energy Futures (CEF),¹⁴ Gabriel Chan et al. (Chan),¹⁵ and the Department.¹⁶

REPLY COMMENTS

Like the other 6 parties that filed initial Comments—all of which supported the extension of the residential adder for *at least* the 2021 vintage VOS year—MnSEIA continues to support the extension of the residential adder. Our Association’s preference would be that the adder be continuous through the 2021 vintage year and beyond as a permanent part of the VOS tariff. In the alternative, an extension of the pilot continuous through the 2022 vintage year should show that the adder is an effective, simple solution to increase the proportion of residential subscribers in the Company’s Solar*Rewards Community (S*RC) program.

We framed our initial Comments with the simple question of whether the adder works without adding unreasonable costs,¹⁷ which should reveal 1 of 3 results: 1) that the adder is too low to be effective, 2) that the adder works, appreciably driving residential subscriptions, while not adding unreasonable costs, or 3) that the adder is “too hot,” and adding costs to the program. Based on the data available to us, we concluded then that the adder is likely working—but might possibly be too low—and that therefore its application should be continuous, “because it remains the most

¹⁰ See COMMENTS of the MINNESOTA SOLAR ENERGY INDUSTRIES ASSOCIATION (MnSEIA), 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, Doc. ID. 20216-175253-01, (June 21, 2021); *hereinafter* “MnSEIA Comments.”

¹¹ See US Solar, INITIAL 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. E002/M-13-867, Doc. ID. 20216-175254-01, (June 21, 2021); *hereinafter* “US Solar Comments.”

¹² See Institute for Local Self-Reliance, 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. E002/M-13-867, Doc. ID. 20216-175257-01, (June 21, 2021); *hereinafter* “ILSR Comments.”

¹³ See The Just Solar Coalition, COMMENTS RE: Regarding the extension of the Residential Adder within Xcel Energy’s Community Solar Garden Program, 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, Doc. ID. 20216-175262-01, (June 21, 2021); *hereinafter* “The Just Solar Coalition Comments.”

¹⁴ See Cooperative Energy Futures, Comments on behalf of Cooperative Energy Futures regarding the extension of the Residential Adder within Xcel Energy’s Community Solar Garden Program, 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, Doc. ID. 20216-175239-01, (June 21, 2021); *hereinafter* “CEF Comments.”

¹⁵ See Gabriel Chan, RE: Should the Commission Extend the Residential Adder for Xcel Energy’s Community Solar Garden (CSG) Program?, 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, Doc. ID. 20216-175265-01, (June 21, 2021); *hereinafter* “Chan Comments.”

¹⁶ See Comments of the Minnesota Commerce Department, Division of Energy Resources, 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, Doc. ID. 20216-175159-01, (June 21, 2021); *hereinafter* “Department Comments.”

¹⁷ See MnSEIA Comments at 2-3.

direct pathway to encouraging residential participation in the program.”¹⁸ After reviewing the newly revised record, and seeing nothing to the contrary, we conclude the same.

I. Stakeholders Agree that the Residential Adder Increases Residential Participation, and that it should be Continued

All parties offering Comments conclude that the adder is—at the least—worth extending another year, and in some cases up to 5 years. None agree with Xcel’s position in the compliance filing that the adder is too expensive to continue. Many suggested other non-monetary alternatives to the adder in place of Xcel’s suggestions.

A. US Solar

US Solar supports an extension of the adder for at “least another 2 VOS vintage years.”¹⁹ As evidence that the adder works to attract a greater percentage of residential customers, US Solar stated that approximately “20 percent and climbing” of its VOS 2019 capacity has been subscribed to residential customers—as opposed to less than ten percent of its VOS 2017 and 2018 capacity (which was not eligible for the Residential adder).²⁰

US Solar says the adder “has likely” also helped to increase participation by low-income subscribers, but notes that “the Commission has not adopted a program definition of ‘low-income subscriber,’” making the question “somewhat subjective.”²¹ They conclude that the adder has met applicable tests of “simplicity, workability, and compatibility with project creation and financing,” while the Company’s alternatives to the adder do not, as presented, meet the same bar.²²

B. ILSR

ILSR’s Comments compared efforts to increase the proportion of residential subscribers here in Minnesota with the residential adder to approaches taken in other states, and also emphasized the job-creating effects of small-scale solar.²³ A majority of states with community solar policies or programs (13 of 19) have “included incentives for residential and/or low- to moderate-income (LMI) residential households.”²⁴ Some states, all of which employ a cap or prioritize queue position based on capacity devoted to residential subscribers, reserve a portion of total program capacity for residential subscribers.²⁵ New Mexico’s brand new program will feature a 30%

¹⁸ *Id.* at 17.

¹⁹ *See* US Solar Comments at 1.

²⁰ *Id.* at 2.

²¹ *Id.* at 3 (noting that “low-income subscribers who live in multifamily buildings and/or participate in energy assistance face additional barriers to participating in and benefiting from the CSG program.”).

²² *Id.* at 5.

²³ *See generally*, ILSR Comments.

²⁴ *Id.* at 2.

²⁵ *Ibid.*

carve-out for low-income subscribers, but projects—in contrast to Minnesota—are sized at up to 5 MW.²⁶ ILSR also notes that developers in New York can seek financial assistance from a state fund, that projects in Illinois enjoy a series of credits that are scaled by system size, and that Massachusetts employs a yet different system of value adders.²⁷ As a result of this survey, ILSR concludes that in Minnesota, “the residential adder is working and the Commission should extend it.”

C. Just Solar

The Just Solar Coalition’s position regarding the adder is that it “must be continued at least at present levels, and it must be increased if we want sustained and substantial amounts of residents in Minnesota, particularly low and moderate income households to participate.”²⁸ Just Solar relied on input from 6 developers and outreach partners with experience recruiting residential and/or LMI subscribers to the S*RC program,²⁹ to bolster its position that the adder should be continued or increased. These testimonials underscore the significant barriers developers face when marketing subscriptions to residential subscribers broadly, and to LMI subscribers in particular. Just Solar also characterizes the adder as a reasonable path toward “*true equitable accessibility*” that is “squarely in the public interest,”³⁰ and contrasts the success found in testimonials from its members with “Xcel’s failed attempts to develop low-income solar at Railroad Island.”³¹

Just Solar also suggested notable non-adder improvements that could be made to the program, including on-bill repayment, resolution of the S*RC program’s incompatibility with various energy assistance programs, and removal of “the interconnection process for CSGs from Xcel’s purview.”³²

D. Cooperative Energy Futures

CEF holds that the adder should be “extended for at minimum 2, but preferably 3-5 years to create stability in engaging residential subscribers and enable the results of the adder to be clearly measured.”³³ CEF takes issue with Xcel’s characterization of, and conclusions from the lack of data from the adder pilot, noting “that it instead simply indicates the expected outcome of a 2-year pilot in a program where project development can take 2 years (or more), especially given the long hold periods in Xcel Energy’s Interconnection queue under MNDIP sequential

²⁶ *Ibid.*

²⁷ *Id.* at 3.

²⁸ *See* Just Solar Comments at 2.

²⁹ *Id.* at 2-6.

³⁰ *See* Just Solar Comments at 7, (emphasis original).

³¹ *Ibid.*; *see also* Xcel Energy, RE: PROGRAM STATUS UPDATE CUSTOMER ACCESS JOINT PILOT PROGRAM, DOCKET NO. E002/M-17-527, Doc. ID. 20201-159808-01, (January 29, 2020).

³² *See* Just Solar Comments at 8-9.

³³ *See* CEF Comments at 2.

review.”³⁴ By way of contrast—to show that the adder has improved the proportion of residential subscribers—CEF calculated the proportion of capacity assigned to residential subscribers under the ARR at 14.73%, the VOS without the adder at 2.73%, and the VOS with the adder at 11.54%³⁵; CEF concludes from this calculation that “[w]hat little data we have at this stage of the effects of the adder suggests the Residential Adder is starting to restore residential participation.”³⁶

Like other testimonials from US Solar and Just Solar, CEF notes from its experience that marketing to residential subscribers requires more staff both to find and maintain subscriptions, and that financeability faces additional hurdles compared to a handful of commercial subscribers.³⁷ Accordingly, CEF “found developing residentially-focused and low-income accessible CSGs to be completely unfinanceable under VOS prior to the residential adder.”³⁸

CEF further asserted that, “[t]he residential adder does not unreasonably increase program costs to other ratepayers.”³⁹

Like other Commenters, CEF did not find Xcel’s proposed mixed adder in its “current outline represents adequate clarity to begin implementation.”⁴⁰ CEF also raised concerns that a low-income residential carve out may come to represent a ceiling to participation rather than a floor, and would support a carve-out *only* “once long-term solutions are in place to ensure that residential and low-income participation will continue to be accessible and financeable.”⁴¹

CEF also recommended on-bill repayment as a utility action that would greatly reduce barriers to entry for residential subscribers.⁴² Furthermore, they suggested that the utility address how residential subscriptions are recalculated when subscribers move, and outlined how the current system perpetuates meaningfully inequitable access to credits.⁴³

E. Gabriel Chan

Like CEF, Chan et al. couched the discussion in statute, emphasizing the requirement that the program “reasonably allow for the creation, financing, and accessibility of community solar gardens,” and sought to ground their analysis in empirical data.⁴⁴ That analysis led to the

³⁴ *Ibid.*

³⁵ *Id.* at 3.

³⁶ *Ibid.*

³⁷ *Id.* at 3-4.

³⁸ *Id.* at 5.

³⁹ *Id.* at 6.

⁴⁰ *Id.* at 8.

⁴¹ *Id.* at 9.

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ *See* Chan Comments at 1; *see also* Minn. Stat. § 216B.1641.

conclusion that “the residential adder provides a meaningful increase in the net benefits of subscribing to community solar for low-income residential customers.”⁴⁵

Their analysis also concluded that the terms of some residential subscriptions would imply a *net cost without the adder* of .6¢/kWh.⁴⁶ And, furthermore, that “[t]he residential adder adds minimal additional costs to non-participating ratepayers.”⁴⁷

They suggested furthermore that automatic subscription to a CSG when residential customers enroll in energy assistance programs, and that stacking adders based on residential and low-income participation—as in Massachusetts—would be additional steps worth considering to further the Commission’s goals.⁴⁸

F. The Department of Commerce

As Commerce was a party receiving answers to MnSEIA’s Information Requests,⁴⁹ it ceded the point that the adder may be having a positive effect on proportions of residential subscriptions. The Department also noted that “it can take well over a year from the beginning of a vintage program year to start seeing active residential subscribers receiving CSG bill credits.”⁵⁰ With that data at hand, the Department “determines that extending the pilot for an additional year may provide additional subscriber data that can help establish the adder’s effectiveness.”⁵¹

The Department also concludes that the adder does not cause any cost concerns, and that its cost does not “warrant termination of the pilot.”⁵²

Commerce would entertain Xcel’s proposal of a mixed adder and/or carve-out, were detailed proposals put forward.⁵³

II. Recommended Decision Options

A review of the record supports MnSEIA’s initial position that the adder be extended further, and that there are non-monetary actions within the Company’s control that would increase proportions of residential subscribers while addressing systemic inequities.

⁴⁵ *Id.* at 3.

⁴⁶ *Ibid.*

⁴⁷ *Id.* at 4.

⁴⁸ *Id.* at 6.

⁴⁹ See Department Comments at 6 and at Attachment A.

⁵⁰ *Id.* at 8.

⁵¹ *Id.* at 9.

⁵² *Ibid.*

⁵³ *Ibid.*

A. Adder permanence or pilot extension

MnSEIA believes that common sense and available data suggest that the adder works, and that it fulfills the statutory mandate that gardens be financeable and accessible. We also recognize that other parties have made reasonable arguments that the adder be continued instead as a pilot to gather more data. Multiple stakeholders suggested extending the pilot for at least two years. Accordingly, MnSEIA recommends that the Commission:

- 1. Include the residential adder as a permanent part of the tariff for Xcel's Community Solar Garden program at the current rate of 1.5 cents per kWh;**

In the alternative;

- 2. Extend the residential adder for Xcel's Community Solar Garden program continuously through vintage year 2022 at the current rate of 1.5 cents per kWh;**

And,

- 3. Require Xcel to file an updated Residential Adder Evaluation report by May 1, 2023 documenting CSG project and subscription data for vintage years 2017-2022;**

B. Non-monetary alternatives

MnSEIA, like most of the stakeholders, remains intrigued, but skeptical of the merits of a mixed adder or carve-out. We would prefer instead that the Company address stakeholder input and take steps within its control to affect equitable outcomes within the S*RC program. Accordingly, MnSEIA recommends that the Commission:

4. **Require Xcel to develop and file detailed proposals by May 1, 2022 a report on programmatic barriers to participation by low- and-moderate income subscribers in the S*RC program (including residential subscribers and low-income service organizations), along with detailed proposals to facilitate on-bill repayment, and either a reassessment of or nullification of capacity recalculations when residential subscribers move, and any additional steps through which that the Company may facilitate residential and/or income-qualified subscriptions.**

Conclusion

MnSEIA supports the continuous application of the residential adder, because it remains the most direct pathway to encouraging residential participation in the program.

All parties filing initial Comments to some extent agree that the residential adder is working or appears that it might work. Parties that work more closely in marketing to residential and low-income subscribers are most convinced of the need for the adder's continuous application through the 2021 VOS vintage year and beyond. To the extent that the Commission agrees with stakeholder assessments that the adder begins to bridge inequities in the current S*RC program, we urge a continuation of the adder and further exploration of reform.

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