



## Minnesota Solar Energy Industries Association

We Move Minnesota Solar + Storage Forward

---

September 22, 2022

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 55105

**Re: MnSEIA Reply Comments, Docket No. M-13-867 and M-14-65: Proposed Modifications to the Avoided Distribution Cost Calculation Within the Existing Minnesota Value of Solar Methodology**

Mr. Seuffert,

Please find attached reply comments from the Minnesota Solar Energy Industries Association (MnSEIA). These comments reflect the views of our interested members regarding Xcel Energy's proposed modifications to the Value of Solar ("VOS") methodology related specifically to the Avoided Distribution Cost calculation.

Sincerely,

Logan O'Grady, Esq.  
Executive Director  
MnSEIA

(P) 651-425-0240

(E) [logrady@mnseia.org](mailto:logrady@mnseia.org)

Enclosure: MnSEIA Reply Comments

**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 XCEL  
ENERGY’S PROPOSED  
MODIFICATIONS TO THE  
AVOIDED DISTRIBUTION COST  
CALCULATION WITHIN THE  
VALUE OF SOLAR  
METHODOLOGY**

**MINNESOTA SOLAR ENERGY  
INDUSTRIES ASSOCIATION’S  
(MnSEIA) REPLY COMMENTS**

**September 22, 2022**

**Docket No. M-13-867 and M-14-65**

**MnSEIA’s COMMENTS**

The Minnesota Solar Energy Industries Association (“MnSEIA” or “the Association”) is a 501(c)(6) nonprofit trade association that represents our state’s solar businesses, with over 140 member companies, which employ over 4,500 Minnesotans.

**BACKGROUND**

On September 6, 2016, the Commission incorporated in its Order approving the Value of Solar (“VOS”) for Northern States Power Company, doing business as Xcel Energy (“Xcel” or “the Company” or “the Utility”) Solar Garden Program a direction for Xcel to calculate location-specific avoided distribution components in point 4: “Starting with its 2018 value-of-solar rate filing on October 1, 2017, Xcel shall use location-specific avoided costs in the calculation of avoided distribution capacity.”<sup>1</sup>

---

<sup>1</sup> Order Approving Value of Solar Rate for Xcel’s Solar Garden Program, Clarifying Program Parameters, and Requiring Further Filings, Docket E-002/M-13-867, Doc. ID. 20169-124627-01 (September 6, 2016).

On March 26, 2018, the Commission suspended the locational-value component of the VOS calculation, pending recommendation from the Department and subsequent Commission approval.<sup>2</sup>

On March 22, 2019, the Commission directed Xcel to work with the Department to solicit feedback from stakeholders regarding a calculation of location-specific avoided distribution costs and requested the Department file a proposal or progress report by December 31, 2019.<sup>3</sup>

On January 10, 2020, the Department filed a letter that updated the Commission regarding stakeholder meetings discussing the locational avoided distribution cost component methodology.<sup>4</sup>

On February 11, 2020, the Department filed a Letter requesting proposals for methodological changes to the distribution component of the VOS ahead of a series of stakeholder meetings.<sup>5</sup>

On April 1, 2020, Xcel submitted comments detailing its proposed methodological changes to the distribution component of the VOS.<sup>6</sup>

On May 5, 2020, Dr. Gabriel Chan filed comments offering a phased process with increasing granularity as to a location-specific distribution component.<sup>7</sup>

On April 6, 2022, the Commission approved the 2022 vintage of the VOS, and requested that the Executive Secretary “compile current approaches and recommendations to improve locational avoided distribution cost calculations and locational value signals across various dockets.”<sup>8</sup>

---

<sup>2</sup> See Order Approving Xcel’s Update to the 2018 System-Wide Value-of-Solar Tariff Rate with Modifications, Docket No. E002/M-13-867, Doc. ID. 20183-141380-01 (March 26, 2018), at Order Point 3, *stating* “The Commission accepts the Department’s offer to convene a stakeholder process to review the calculation of locational avoided distribution costs in calculating the VOS rate. The Department will submit a progress report and any recommendations for methodology changes by December 31, 2018. The requirement that Xcel use locational specific avoided costs in calculation of avoided distribution capacity is suspended pending Commission approval of recommendations by the Department.”

<sup>3</sup> Minnesota Public Utilities Commission, Order, Docket Nos. E002/M-13-867, E999/M-14-65, Doc. ID. 20193-151281-01 (March 22, 2019).

<sup>4</sup> Minnesota Department of Commerce, Stakeholder Meeting on Value of Solar, Docket Nos. E002/M-13-867, E999/M-14-65, Doc. ID. 20201-158991-02 (January 10, 2020).

<sup>5</sup> Minnesota Department of Commerce, Request for Information for an Upcoming Stakeholder Meeting on Value of Solar, Docket Nos. E002/M-13-867, E999/M-14-65, Doc. ID. 20202-160311-02 (February 11, 2020).

<sup>6</sup> Northern States Power Company d/b/a Xcel Energy, Comments—Locational Avoided Distribution Cost Component Community Solar Gardens & Value of Solar, Docket Nos. E002/M-13-867 & E999/M-14-65, Doc. ID. 20204-161741-01 (April 1, 2020).

<sup>7</sup> Gabriel Chan, Methodologies for the Avoided Distribution Cost Component of the Minnesota Value of Solar, Docket Nos. E002/M-13-867 & E999/M-14-65, Doc. ID. 20205-162886-01 (May 5, 2020).

<sup>8</sup> Minnesota Public Utilities Commission, Order, Docket Nos. E002/M-13-867, E999/M-14-65, Doc. ID. 20224-184486-01 (April 6, 2022).

On July 27, 2022, the Commission issued a Notice of Comment Period regarding locational avoided distribution costs and locational value signals.<sup>9</sup>

On August 31, 2022, Xcel filed comments in response to the Commission’s Notice, which reiterated support for its April, 2020 proposal.<sup>10</sup>

On September 1, 2022, the Department filed comments in response to the Commission’s Notice.

11

## **COMMENTS**

### **I. The Commission Should Take No Action in Regards to the Avoided Cost Component of the Department’s VOS Methodology at This Time**

As the Department notes in its initial comments, enormous amounts of time and resources have been expended fine-tuning the VOS methodology over the last decade. Those improvements have advanced the public interest through a balance of accuracy and practicality. Throughout, the Department and the Commission have sought stakeholder consensus in finding that balance.

The Company’s proposed locational avoided distribution cost component—proposed April 1, 2020 and further urged for adoption by the Company in its initial Comments—do not have the requisite stakeholder support to meet the consensus the Department seeks. The ongoing stakeholder meetings have not yet produced a methodological change that the Company, developers, and other stakeholders agree would further refine the accuracy of the VOS methodology while remaining of practical use. Furthermore, the goal of such a change would be to drive development of solar gardens toward more beneficial locations; but, as the Department states, “Modifications of this component may not be the best tool for ensuring the installation of CSGs at high-value locations on the distribution grid.”<sup>12</sup>

The Company recently submitted its compliance filing calculating the 2023 vintage VOS rate,<sup>13</sup> which remains uncontroversial but for the possibility that this proceeding modify that vintage with location-specific changes. Such a change would upend certainty for the upcoming vintage year over a far-too-short timeline.

---

<sup>9</sup> Notice of Comment Period, Docket Nos. E002/M-13-867, E999/M-14-65, Doc. Id. 20227-187823-01 (July 27, 2022).

<sup>10</sup> Xcel Energy, Initial Comments, Docket No. E002/M-13-867, Doc. ID. 20228-188742-02 (August 31, 2022).

<sup>11</sup> Minnesota Department of Commerce, Comments-Comments of the Minnesota Department of Commerce, Division of Energy Resources, Docket No. E002/M-13-867, Doc. ID. 20229-188763-01 (September 1, 2022).

<sup>12</sup> *Ibid.*

<sup>13</sup> Xcel Energy, 2023 VOS Calculation, Community Solar Gardens Program, Docket No. E002/M-13-87, Doc Id. 20229-188782-01 (September 1, 2022).

Accordingly, the Commission should not order the Department to adopt the changes to the VOS methodology that Xcel proposes in its August 31 filing.

## **II. Further Proposals to Modify the VOS Methodology Should be Directed to the Department**

MnSEIA supports the Department's request that further proposals to modify the VOS methodology be directed to the Department in Docket No. E999/M-14-65. The Department's request is well-supported by Minn. Stat. § 216B.164, Subd. 10 (e), which gives Commerce clear authority to establish the VOS methodology and submit it to the Commission for approval.

Were the Department to find interest in further developing a locational value component of the VOS methodology, MnSEIA notes that the phased implementation of gradually more-specific treatments of avoided distribution capacity costs as detailed by Dr. Gabriel Chan in his May 5, 2022 filing<sup>14</sup> would seem to balance accuracy with practicality.

### **CONCLUSION**

The Commission should not order the Department to adopt changes to the avoided distribution cost calculation within the existing VOS methodology at this time.

The Commission should order the Company and other stakeholders to direct any further proposals to modify the VOS methodology to the Department in Docket No. E999/M-14-65.

---

<sup>14</sup> Chan at 12-13.

**/s/ Logan O’Grady, Esq.**

Executive Director

MnSEIA

(P) 651-425-0240

(E) [logrady@mnseia.org](mailto:logrady@mnseia.org)

**/s/ Peter Teigland, Esq.**

Director of Policy & Regulatory Affairs

MnSEIA

(P) 612-283-3759

(E) [pteigland@mnseia.org](mailto:pteigland@mnseia.org)

**/s/ Nick Nigro**

Policy & Regulatory Affairs Intern

MnSEIA

(P) 402-202-9575

(E) [nnigro@mnseia.org](mailto:nnigro@mnseia.org)