

January 10, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101

Dear Mr. Wolf,

The City of Minneapolis is pleased to provide this letter of support for amending the original Renewable Development Fund (RDF) grant contract as outlined in Xcel Energy's submission to the Public Utilities Commission on September 22, 2017 (Docket ID 20179-135742-01). The goal of the new community solar garden in the East Phillips Neighborhood of Minneapolis is to significantly reduce the utility costs for low-income households in one of the most concentrated areas of poverty in our city. While the City has not finalized the exact plan for the expansion of our Public Works Facility in the neighborhood, our preliminary plans show enough roof area to support $500\text{kW}_{\text{DC}} - 700\text{kW}_{\text{DC}}$ in solar arrays on the buildings. These buildings will have flat roofs, and based on bids that we have seen for such arrays, the installed cost of the solar garden would be in the range of \$1.25 million – \$1.75 million. This garden would serve from 50 to 75 low-income households.

The proposed garden has not been entered into the Xcel Energy Community Solar Garden application process, thus, the garden will be subject to the Bill Credit as outlined in the Value of Solar (VOS) portion of the Solar*Rewards Community Program tariff. The cost effectiveness of such a garden is severely impacted by the reduction in the bill credit from the 2016 Retail Rate calculation to the 2017 VOS calculation. At an assumed installation cost of $\$2,500/\text{kW}_{\text{DC}}$ for roof mounted systems, if no subsidy were provided to the garden operator, the subscription price would need to be $\$0.2305/\text{kWh}$ for the garden operator to recover its costs in seven years of operation. An RDF grant of $\$800,000$ would lower the subscription price to $\$0.0842/\text{kWh}$, a rate that would allow the low-income households to save 25% on their monthly invoices from Xcel Energy. This savings is comparable to the savings that will accrue to the low-income households that subscribe to the original two arrays that Midwest Renewable Energy Society is creating from the initial RDF grant. An RDF grant of $\$1,200,000$ for this third array would allow the low-income households to save 47% on their monthly invoices.

The City of Minneapolis supports Xcel Energy in its request to apply the left over RDF funds from the original grant to this new project, and in altering the financial arrangements of the original two gardens as proposed by Xcel Energy.

If you have any questions, please contact Minneapolis Energy Manager Brian Millberg at (612) 673-3024 or brian.millberg@minneapolismn.gov.

Sincerely,



Mark Ruff
Chief Financial Officer
City of Minneapolis