January 8th, 2024

William Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place E., Suite 350
St. Paul, MN 55101

STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Valerie Means	Commissioner
Hwikwon Ham	Commissioner
Joseph K. Sullivan	Commissioner
John Tuma	Commissioner

RE:Solar Energy Advocates Reply Comments Regarding Xcel Energy's proposal to place all Applicable Retail Rate (ARR) Community Solar Gardens (CSGs) on the 2017 Value-of-Solar (VOS) vintage as found in Xcel's September 25, 2023 compliance filing. (Docket No. E002/CI-13-867)

Topics Open for Comment:

1. Should the commission approve Xcel's proposal?
2. Is Xcel's proposal in the public interest?
3. If the Commission is to move ARR-era gardens to the VOS, should all gardens be placed on the 2017 VOS vintage beginning April 1, 2024 as Xcel has proposed?
4. Are there any other issues or concerns related to this matter?

Introduction

The Solar Equity Advocates (a Minnesota-based coalition composed of Cooperative Energy Futures, Minneapolis Climate Action, Institute for Local Self Reliance, Minnesota Interfaith Power and Light, Vote Solar, Solar United Neighbors, Saint Paul 350, Climate Generation, Sierra Club, and Community Power) would like to thank the commission for the opportunity to comment on this important and impactful issue. We will be addressing topics #1, #2 and #4.

The Solar Equity Advocates is a coalition of nonprofit and cooperative CSG developers and advocacy organizations that focus on promoting equity within MN's distributed solar market. To this end, we focus our efforts on benefitting low to moderate-income (LMI) populations, historically disadvantaged populations and the general public interest.

Cooperative Energy Futures (CEF) is a member-owned, democratically run, clean energy cooperative that focuses on subscribing LMI, BIPOC and underserved communities. CEF empowers these communities through saving money on energy bills, building wealth in communities by profit-sharing, and giving these communities power and agency by letting them decide the direction of the cooperative by voting for and becoming members of the board of directors. CEF currently has 8 CSGs (6.8MWs) and over 700 member-owners that receive ARR bill credit rates and approximately 50% of them are low-income families.

Minneapolis Climate Action (MCA) is a nonprofit focused on using accessible and equitable community solar gardens as a tool for energy democracy and green job training opportunities. MCA relies on a robust and trustworthy community solar garden program to bring benefits of our renewable energy transition to marginalized and overburdened community members.

The Institute for Local Self-Reliance is a nonprofit research and advocacy organization committed to building local power and fighting corporate concentration in the U.S. economy since 1974.

Minnesota Interfaith Power and Light (MNIPL) is a Minnesota based 501(c)3 that works in partnership with over 400 faith and spiritual communities and all Minnesotans to build transformative power to address the climate crisis. MNIPL grows the climate movement in Minnesota by empowering individuals and communities across the state to take action that promotes decarbonization that is localized and equitable. MNIPL helps communities implement renewable energy, insulation and lighting projects and we advocate for policy change that supports community based solutions.

Vote Solar (VS) is an independent 501(c)3 nonprofit working to repower the U.S. with clean energy by making solar power more accessible and affordable through effective policy advocacy. Vote Solar seeks to promote the development of solar at every scale, from distributed rooftop solar to large utility-scale plants. Vote Solar has over 90,000 members nationally, including over 2,500 members in Minnesota. Vote Solar is not a trade organization nor does it have corporate members.

Saint Paul 350 (SP350) is a grassroots group of residents dedicated to speeding the transition to clean energy, ending the fossil fuel pollution that is damaging Saint Paul communities and our climate, and creating a just and healthy future for all. SP350 works on climate action and justice in the city of Saint Paul, focusing our efforts on energy: the transition to 100% clean renewable energy, prevention of new fossil fuel infrastructure, affordable energy rates, weatherization, and health impacts.

Climate Generation is a climate justice organization based in Minneapolis that creates resources, invests time, and leads trainings to support educators and young people to be climate advocates in their own community. Although based in Minneapolis, their work has a national and global reach thanks to the educators resources they create that support climate change education.

Sierra Club is a nonprofit organization that exists for the purpose of preserving and protecting environmental values. Sierra Club is concerned with emissions of greenhouse gasses that cause climate change,and with pollution from non-renewable sources that cause a host of health issues including asthma, mercury poisoning, sudden infant death syndrome, and respiratory problems, among others. Consistent with this mission, Sierra Club has long advocated for transitioning the electricity sector to zero emissions resources, such as solar.

Solar United Neighbors (SUN) is a national nonprofit that advocates for policies that make more distributed solar possible. SUN also works to help homeowners, small businesses and farmers go solar. This is accomplished through outreach, education and bringing people together in a group buying process. SUN works to ensure this includes opportunities for low-income homeowners to go solar. Nationally, SUN has coordinated over 400 group buys resulting in over 8,500 going solar through the process.

Community Power is a small energy democracy organization based in Minneapolis. Their mission is to deepen access for all Minnesotans to the information, decision-making, benefits, and wealth-creation that come from our clean energy transition, particularly for those Minnesotans who have been institutionally marginalized based on race/culture and class. Community Power has supported several hundred Minnesota residents and mom and pop businesses from St. Cloud to the Twin Cities to Faribault and Mankato to access energy savings and low-barrier ownership opportunities through community solar.

Topic #1: Should the Commission approve Xcel's proposal?

The Solar Equity Advocates believes the commission should not approve Xcel Energy's proposal to switch the bill credit for CSGs currently receiving the ARR to the 2017 vintage VOS rate. We believe this proposal is not in the interest of the public and would cause an inordinate amount of harm to residential subscribers (especially LMI residential subscribers), cities, counties, schools, community solar developers, the distributed generation market in MN as a whole, and efforts to achieve Minnesota's clean energy goals.

Topic #2: Is Xcel's proposal in the public interest?

The Solar Equity Advocates do not believe Xcel's proposal to retroactively switch ARR-era gardens to the 2017 VOS bill credit rate is in the public interest.

Harm to subscribers

In the case of one of our coalition members, CEF, switching from the ARR to the 2017 vintage VOS rate would affect over 700 member-subscribers, about half of them low income. This change would mean that instead of saving about 25% on their electric bills over the lifetime of the 25-year contract, they would be paying more for energy than they would without being a part of a community solar garden. Below is a table that illustrates the economic harm (shown in lost savings) and the percentage decrease in the bill credit that residential CEF member-subscribers would experience if this proposal is approved:

Solar Garden	2023 Current Bill Credit Rate ($/kWh)	Proposed Xcel Rate ($/kWh)	Lost Savings ($/kWh)	% Reduction in Financial Value	Est. Lost Savings /yr for Member with 7kW ($)
Shiloh	$0.18252	$0.1185	-$0.06402	-35.08%	-$541.35
Edina	$0.17252	$0.1185	-$0.05402	-31.31%	-$473.93
Clarks Grove	$0.18252	$0.1185	-$0.06402	-35.08%	-$581.30
Pax Christi	$0.18252	$0.1185	-$0.06402	-35.08%	-$556.79
Haven	$0.17252	$0.1185	-$0.05402	-31.31%	-$516.28
Ramp A	$0.17252	$0.1185	-$0.05402	-31.31%	-$376.94
Waseca	$0.17252	$0.1185	-$0.05402	-31.31%	-$465.85
Faribault	$0.17252	$0.1185	-$0.05402	-31.31%	-$498.65

Because such a high percentage of CEF's member-subscribers are low income families and CEF makes their contracts purposefully easy to exit, CEF expects that all 8 of its ARR-era CSGs will lose at least half of their subscribers (likely more) and CEF does not expect to be able to re-fill these subscriptions. Naturally, CEF anticipates that potential new subscribers will not want to pay a premium to be part of a CSG, especially not low income subscribers which are the focus of CEF's mission. This situation will likely render all of CEF's current CSGs financially insolvent for they will not be taking in enough revenue to service the long-term debt associated with development, which is to say nothing of the cooperative's inability to share in profit-making with its members.

Harm to new LMI CSG program

If this proposal is approved, we expect that mission-driven developers like, Cooperative Energy Futures and Minneapolis Climate Action, will find it more difficult to acquire subscribers for future CSGs. Several other of the coalition members in the Solar Equity Advocates assist these mission-driven developers sign up low income subscribers and they anticipate experiencing the same difficulties. Organizations like these depend on the trust of communities that are often taken advantage of and are rightfully skeptical of offers to save money. This proposed change would send a message to them, and the general public, that the rates agreed to in their contracts are possibly subject to change in the future and therefore what seems like a proposition to save money on energy bills over the next 25-years while helping to achieve Minnesota's clean energy goals, could turn into an additional cost based on future regulatory changes at any time. Regardless of how true this message is or is not, it will resonate with potential subscribers, especially low income subscribers who need the savings, and it will either deter them from signing up for future CSG subscriptions or make the process of connecting with communities and gaining their trust much harder.

Harm to public institutions

The harm this proposal would cause is not limited to individual households that directly subscribe to CSGs, and the program's benefits are likewise not limited to CSG subscribers. Beyond residents, a substantial portion of CSG program capacity is subscribed by public institutions such as counties, cities and schools. In these cases, all households served by these institutional subscribers, and that pay taxes to operate these institutions, are also receiving benefits through those institution's CSG subscriptions. Therefore, they will also all be harmed, through the harm that these institutional subscribers experience, by the shift from ARR rates to VOS rates, which would likely either have to reduce services or increase taxation as a result. Some of these institutional subscribers have even mentioned that they themselves may lose trust in the state of Minnesota's programs, which demonstrates the even more widespread harm this proposal could have. Below is a non-comprehensive list of some of these institutional subscribers who have identified the harm they expect from such a proposal:

- City of Saint Cloud - "This equates to a loss of over $20M over the next two decades."[1]
- Metropolitan Council - "If the bill credit had been changed to VOS in 2022, it would have increased the cost to the Council in 2022 alone by over $1,030,000 or approximately 17%." "If Xcel's proposal is adopted, the Council will be forced to pass on these cost increases to its ratepayers which will in turn be passed on to the residents of the Metropolitan Area." "It further sends a message that the Council cannot rely on these programs as designed and should reconsider future investments in community solar despite the critical and immediate importance of shifting to no/low carbon energy."[2]
- City of Saint Paul - "...resulting in an unexpected additional expense for the City of $215,000 during the first year."[3]
- City of Maple Grove - $5M in lost savings, "...that could be used for additional energy saving measures and other environmental programs."[4]

1
https://efiling.web.commerce.state.mn.us/filing/viewServedDocument.do?method=showPoup&fileName=St.+Cloud%2C+MN+Proposal+Comments+for+Submittal.pdf&folderType=permanent&submissionNo=20241-201922, page1.

2
https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={90E2E98C-0000-C812-8D3A-3689066CBDEE}&documentTitle=20241-201937-01.

3
https://efiling.web.commerce.state.mn.us/filing/viewServedDocument.do?method=showPoup&fileName=City+of+St+Paul+PUC+letter_signed+1.5.24.pdf&folderType=permanent&submissionNo=20241-201905.

4
https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={9077D18C-0000-C51D-8794-BDFA0CAD4EC3}&documentTitle=20241-201829-01.

- City of Burnsville - “Burnsville’s modest cost recovery modeling for CSG participation will drop from an anticipated $4.5-million-dollar savings over 25 years to a mere $550,000 if the proposed changes take effect.”[5] (equal to ~ $4M savings loss).
- Winona County Board of Commissioners - $2M in lost savings born by 50,000 taxpayers.[6]
- City of Winona - $2.05M in lost savings born by taxpayers[7]
- City of Spring Lake Park - “This change would drastically reduce our savings, by nearly $1 million over the next 20 years, severely impacting our operational efficiency and ability to invest in core services.”[8]
- Ricori Public Schools - a 66% drop in their budgeted savings[9]
- Sibley County - a $34,399 loss in savings[10]
- City of Sauk Rapids - “will undermine any faith that we would have in the State today and in any future investment that the State would encourage is (sic) residents and local governments to participate in.”[11]
- Big Lake School District - “the decreased savings in our district may result in future budget reductions, which will affect the students in our district.”[12]
- City of Inver Grove Heights - “The City is subscribed to… representing about 30% of the City’s electricity use.” “Changing the community solar garden subscriptions from ARR credit rates to the VOS credit rates would have a significant, negative financial impact for the City of Inver Grove Heights.”[13]

---

5 https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={C086E98C-0000-C915-A86C-634B33CEAB37}&documentTitle=20241-201928-01, page1.

6 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={1047CB8C-0000-C319-BDFC-52A02BA40E30}&documentTitle=20241-201722-01.

7 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={903E7E8C-0000-CD14-84F3-1F60850B3231}&documentTitle=202312-201298-01.

8 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={D075D18C-0000-C11C-9217-799CA6463EB4}&documentTitle=20241-201825-01.

9 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={60D3CA8B-0000-C213-8EAA-BBB60B8FBD4B}&documentTitle=202311-200445-01.

10 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={30E8F38B-0000-C014-8652-449EA8319C0C}&documentTitle=202311-200661-01.

11 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={6025218C-0000-C116-81DD-AF9F2F1C6A7A}&documentTitle=202311-200840-01.

12 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={803CCB8C-0000-C31D-967F-D83A817739A9}&documentTitle=20241-201721-01.

13 https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={00C9E98C-0000-C714-B2F1-F5E7397B0E4B}&documentTitle=20241-201936-01.

- City of St. Claire - “...it would have a significant financial impact on the City of St. Clair’s taxpayers who in the end will be subject to paying the difference in their taxes.”[14]
- Winona Area Public Schools (initial comments) - “Xcel’s proposal will cause immediate and irreparable injury to the District as well as likely to the many other school districts, cities and counties that have subscribed to community solar gardens under the original Xcel program.”[15]
- City of Oakdale - “As a small city, the transition from ARR to VOS will significantly reduce our savings and may create future financial instability over the course of the remaining years of the 25-year contracts.” “[16]
- City of Northfield - “Making the change from the existing credits for community solar garden subscriptions from the ARR credit rates to the VOS credit rates has a significant financial impact for Northfield.” and “It will likely also impact the willingness of the organization to participate in long-term energy related contracts in the future…”[17]

These only represent the institutional subscribers that have taken the time to write letters to the PUC opposing this proposal, which represents the small subset of institutional subscribers that have had the time or capacity at this moment to write into the PUC.

Harm to public interest institutions

Beyond institutional subscribers, there are also many nonprofits, cooperatives, and other “public interest” companies and organizations that subscribe to CSGs and will be harmed if the rates they signed contracts for were no longer valid. Some of these commercial subscribers, which include houses of worship, cooperative senior living facilities, clinics and hospitals have written letters to the PUC opposing this proposal as well. Once again, we do not believe this represents all the “public interest” subscribers that would be harmed as we believe many do not have the time or capacity at this moment to write into the PUC.

Harm to Minnesota’s distributed solar market

The Solar Equity Advocates also believes that, if implemented, this proposal would have a detrimental impact on Minnesota’s distributed solar market as a whole, which is not in the public interest. If financiers believe that 25-year compensation contracts approved by the Commission can be retroactively changed, they will view this as an addition to the risk profile when

---

14 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={3073D18C-0000-C611-9501-AEE97E70E5CA}&documentTitle=20241-201822-01.

15 https://efiling.web.commerce.state.mn.us/filing/viewServedDocument.do?method=showPoup&fileName=District+Comments+signed.pdf&folderType=permanent&submissionNo=20241-201895, page 4.

16 https://efiling.web.commerce.state.mn.us/filing/viewServedDocument.do?method=showPoup&fileName=City+of+Oakdale+Public+Comment_NO+E002M-13-867.pdf&folderType=permanent&submissionNo=20241-201938.

17 https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={50C6E88C-0000-C219-ABE9-B701C13F0C66}&documentTitle=20241-201921-01.

considering whether to lend money or invest in Minnesota's distributed solar market- especially when they can invest in other states that have not had a record of retroactively changing 25-year contracts. This would mean mission-driven developers, like CEF and MCA, would have a much more difficult time obtaining tax equity partners and lenders to contribute to the development costs of CSGs. Tax equity financiers and lenders rely on consistent projections of future income in order to make loans and tax equity investments, and are much less likely to invest in future projects in Minnesota if they do not trust the reliability of the rate structures set in contract for a project - thereby making the development of future CSGs less likely. Minnesota needs all the renewable energy it can develop in the next 16 years in order to meet the goals set out by the 2040 law passed in 2023. This includes both utility-scale renewables and distributed generation. Creating this type of instability in Minnesota's distributed solar market is detrimental to the progress this state needs to make in order to achieve these goals and to the economic health and vitality of the solar industry in Minnesota.

A cost-benefit analysis is not compelling

The extensive harm this proposal would cause to a broad swath of Minnesota households and institutions that have helped Minnesota's solar industry get off the ground must be compared to the benefits that may be realized. Xcel states that due to the new CSG legislative changes that exempt non-CSG subscribing low income Xcel customers from the net costs of the CSG program on fuel clause charges, the remaining customer base will be charged an additional $4.4M/year which, according to Xcel, is an extra $1.17 per year or $.0975/month on the average residential bill.[18] Xcel's claim here is that the switch from ARR to VOS will help alleviate the burden of the CSG program on the remaining rate base. We believe that $.0975 per customer per month (or less than 0.1% of the average monthly bill) is a minimal cost and does not justify the potential harms we have already illustrated.

Predictable and stable rates

In Xcel's 9/25/23 proposal to shift from ARR to VOS, Xcel lists "predictable and stable rates" as a benefit associated with this proposal. Xcel states, "The VOS rates for each applicable year are established for a 25-year term, whereas the ARR is recalculated annually and can fluctuate up and down. Using the VOS rates provides known, steadily escalating rates."[19] We assume they believe this is in the public interest. However, while developers and financiers of new projects may prefer a predictable and stable structure of rates before financing new projects (which is not applicable in this case as all ARR projects have already been financed and built), the proposal actually reduces cost predictability and stability for the subscribers the CSG program seeks to benefit.The ARR is a rate that over time mirrors the retail rate that an Xcel customer pays Xcel for electricity. The ARR is unpredictable and unstable only to the extent that the retail

---

18 https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={30CF888C-0000-C71E-838D-A2EAAAD31AED}&documentTitle=202312-201397-01, page 1.

19 https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={A02FCE8A-0000-C61C-89B3-D9976636C794}&documentTitle=20239-199127-01, page 6.

rate, what Xcel charges customers, is unpredictable and unstable. If the retail rate was stable so would be the ARR. As compared to VOS, which does not mirror changes in retail rates, the ARR can shelter subscribers from increasing utility retail rates and economic burden they cause. In an environment where utilities are raising rates rapidly - and for reasons independent of CSG development - the fact that the ARR mirrors retail rates protects subscribers, particularly low-income subscribers who are most vulnerable to rapid rises in utility costs. Indeed, this is the reason the new CSG program was established with residential subscribers receiving the Average Retail Rate, which, similar to the ARR, shadows but is slightly lower than the retail rate. In fact, all the rates in the new CSG program were designed to protect subscribers from the economic burden of energy bills because they are all based on some % of the Average Retail Rate which also mirrors the retail rate.

The Commission has already addressed this

The Commission has already visited this issue and has approved ARR bill credits in the past. In the Commission's 9/17/14 Order Approving Solar-Garden Plan With Modifications the Commission states, "There was broad agreement that any eventual transition to the value-of-solar rate should not be retroactive. In other words, solar gardens that are approved and interconnect under the applicable retail rate should continue to receive that rate even after Xcel implements a value-of-solar rate for solar gardens."[20] This illustrated the broad agreement among all commenters, including Xcel, Department of Commerce (the Department) and the Office of Attorney Generals (OAG), that when the CSG program transitioned to VOS all CSGs already established would keep the ARR for the duration of the 25-year contract.

In the same order, the Commission then goes on to take action stating, "Solar-garden projects approved under the applicable retail rate should be credited at the applicable retail rate in place at the time of energy generation for the duration of the 25-year contract."[21] Similarly, in the Commission's 9/6/16 Order Approving Value-of-Solar Rate For Xcel's Solar-Garden Program, Clarifying Program Parameters, And Requiring Further Filings (in the Commission action section), the Commission states, "Parties unanimously recommended that any change to the bill-credit rate be applied prospectively so as not to undermine the viability of existing applications. The Commission concurs and will require that the value-of-solar rate apply only to applications filed after December 31, 2016."[22] Once again, this shows unanimous consent among all parties including, the Commission, Xcel, the Department, and the OAG that the ARR only prospectively so as not to undermine the financial viability of CSGs developed with ARR bill credits.

---

20 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={10BA0886-4539-4BC2-B896-8E0D8D26E5F4}&documentTitle=20149-103114-01, page 8.

21 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={10BA0886-4539-4BC2-B896-8E0D8D26E5F4}&documentTitle=20149-103114-01, page 9.

22 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={01EC193B-0588-4371-B601-F0E0AA9D4D2D}&documentTitle=20169-124627-01, page 14.

Topic #4: Are there any other issues or concerns related to this matter?

The Solar Equity Advocates want to highlight three additional relevant and important issues related to this matter:

1.) **Net costs:**

When weighing public interest concerns in this matter, we believe there should be consideration about the basic premise of why this switch from ARR rates to 2017 vintage VOS rates should even be contemplated. Xcel states in their proposal that, "For many years, the Company has expressed concerns about the costs of CSGs to customers who do not subscribe to a CSG (non-subscribing customers) due to high bill credit rates for customers who subscribe to CSGs."[23] Xcel claims that the CSG program comes at significant cost to non-CSG subscribing customers. Xcel states, "The Company believes it is in the public interest to lower the burden of CSGs on non-subscribing customers. As we have discussed in our annual fuel clause filings, CSGs are a significant cost to all customers."[24] Xcel approximates the net cost of the CSG program to be $249M. This would be equivalent to about $16 per customer per month or about 15% of the average residential customer bill.

The Solar Equity Advocates believes that the method that Xcel Energy uses to calculate the net cost of CSGs is fundamentally flawed and thus the projected number of $249 in net costs for 2024 is deeply misleading.

The true net cost of the CSG program is calculated by subtracting the value of CSG-generated electricity to society from the gross cost of that generation. The gross cost of generation for the program historically, and Xcel's predictions of gross cost into the future, is not of concern to us - it is the value of the energy generated that we debate.

Xcel claims the energy generated should be valued at the Locational Marginal Price (LMP). We believe the LMP is a misguided and undervalued measurement for the value to society of the electricity that CSGs provide. We agree with the Department's 9/28/23 analysis on the actual value of the CSG program when it states:

> *"...the Department's view is that the benefits of the program extend beyond the LMP. The Value of Solar, for example, was designed to provide for a more complete accounting of the benefits the program delivers to the utility, its customers and society. While the LMP merely accounts for a representation of avoided short-run variable costs, the*

---

23 https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={A02FCE8A-0000-C61C-89B3-D9976636C794}&documentTitle=20239-199127-01, page 1.

24 https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={A02FCE8A-0000-C61C-89B3-D9976636C794}&documentTitle=20239-199127-01, page 6.

VOS…also includes other avoided capacity costs and avoided environmental costs, a methodological approach that would more fully reflects the benefits community solar generation provides to rate payers and society at large…"[25]

The commission itself, in its 9/6/16 order, stated that, "Because the value-of-solar rate compensates subscribers for the value- and only the value- that their generation brings to Xcel's system, it will address concerns that non-participating ratepayers are subsidizing the program."[26] This implies that anything over the VOS should be considered cross-subsidy paid by the Xcel non-subscribing customers. Although VOS is not a perfect measure for the value of distributed solar, it is the best method we currently have, it is evolving and getting better, and it is the only method designed, by the Department, specifically for this measurement. If the benchmark for the value that distributed solar brings to society, including Xcel non-subscribers, was set at the VOS, and then subtracted from the gross cost of the CSG program, we would have a more accurate representation of the net cost of the CSG program to Xcel non-subscribers. This number would be drastically lower, most likely less than half of the $249M that Xcel predicts for 2024.

Once we agree that using the VOS methodology, not LMP, appropriately calculates the value of energy provided by CSGs, the next question is what year of VOS or applicable assumptions for its calculation yield the most accurate result for assessing value. We don't believe this question has a straightforward answer, and rather point to the range of values of VOS using different assumptions, some of which yield a value to society that is higher than ARR (ie, the net costs to society are negative - a net benefit).

During the 2023 legislative session, Minnesota passed the 100% by 2040 law which revised Minn. Stat. § 216B.2422, subd. 3 to require the Commission to "provisionally adopt and apply the draft cost of greenhouse gas emissions valuations (social cost of greenhouse gasses), as presented in the U.S. Environmental Protection Agency's (EPA) External Review Draft of Report on the Social Cost of Greenhouse Gases: Estimates incorporating Recent Scientific Advances."[27] Although the Commission has not approved this change, we are hopeful this will happen very soon. The Solar Equity Advocates agree with the Department when it states, "The Department believes the 2024 VOS calculation should reflect this development through an update to the avoided environmental cost as soon as the Commission's order is filed in docket 14-643."[28] The Department goes on in its 9/28/23 comments to calculate what the VOS rate would be if the 2024 VOS reflected the federal social cost of carbon, and that value is

---

25 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={20B1DD8A-0000-C311-8B94-7A5A519A77BD}&documentTitle=20239-199236-01, page, 22.

26 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={01EC193B-0588-4371-B601-F0E0AA9D4D2D}&documentTitle=20169-124627-01, page 14.

27 Minn. Stat. § 216B.2422, subd. 3.

28 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={F0C9128C-0000-CF12-8389-558F09A1C485}&documentTitle=202311-200768-01, page 2.

$0.196/kWh.[29] The VOS, with this updated value for the social cost of carbon required under new statute, yields a number that is above ARR and thus no longer a net cost, but instead a net savings to the non-subscribing Xcel customers. Indeed, the Department concurred with this analysis in its 9/28/23 comments when it stated, "...if the net cost calculation included these other measures of the program's value, all of which account for a higher value of the program than the LMP, the overall net cost would be lower (or even negative, i.e., a benefit to society)."[30]

We encourage the Commission to consider the validity of Xcel's net cost concern before making drastic decisions based on the values provided by Xcel in its 9/25/23 proposal.

2.) Financeability and accessibility:

Another important consideration is that Minn. Stat. § 216B.1641, Subd 1(e) states that any program approved by the Commission must, among other requirements, reasonably allow for the creation, financing, and accessibility of community solar gardens and be consistent with the public interest.

This proposal would retroactively make the 8 current CSGs that CEF operates non-financeable along with, most likely, dozens or hundreds of projects operated by other developers statewide. As mentioned previously, CSGs focused on residents that used user-friendly exit provisions would expect to lose at least half of their subscribers and many not be able to re-fill those subscriptions and would therefore default on the loans that they have taken out on their CSGs. Alternatively, CSGs that locked subscribers into long-term contracts without opportunities for exit or recourse would force subscribers to continue paying for their CSG subscription at the same contracted rate with far less value.

For future projects in the new LMI CSG program, both CEF and MCA would expect to have trouble obtaining loans for new CSGs. The fact that mission-driven developers like CEFand MCA will have trouble financing, and therefore developing, new CSGs illustrates the negative effect that this proposal could have on accessibility. Further hampering accessibility, especially among low income communities, is the fact that the ARR CSGs would be products that cost a premium to participate in rather than saving customers money as they do today. The negative public perception of the possible instability of future rates due to this proposal is unacceptable.

3.) Request for a contested case:

Finally, we feel that there are material facts that are in dispute regarding this issue including who is actually being harmed and how much harm is being done if this proposal is approved. We do not feel that this informal proceeding has given enough opportunity for thorough examination of these issues, and we would like to see more public voices heard. Therefore, pursuant to Minn.

---

29 https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={20B1DD8A-0000-C311-8B94-7A5A519A77BD}&documentTitle=20239-199236-01, page 22.

30 *Ibid*

R. 7829. 1400 subparts 3 and 9 and Minn. R. 7829.1000, we would like to request that the Commission grant a more formal proceeding for this issue through a contested case.

Conclusion

The Solar Equity Advocates believes that Xcel's Energy's proposal to switch all ARR-era gardens to the 2017 VOS bill credit rate is not in the public interest. The savings realized by non-subscribers through this proposal is minimal - especially when compared to the damage it will cause to the Minnesota distributed solar market, current ARR residential CSG subscribers, institutional subscribers and their entire constituency, public interest subscribers, developers that have signed legally binding contracts with both Xcel and project financiers, efforts to include MN residents in the clean energy economy, and efforts to reach Minnesota's clean energy goals as set out by the new 2040 bill.

The need for this proposal is based on flawed calculations of net program costs to non-participants based on LMP; once using a VOS methodology, the actual net program costs are at minimum greatly reduced, and with application of new statutorily required values for the social cost of carbon are in fact reversed, demonstrating net benefits to society at current rates.

Furthermore, this proposal will also make CSGs operating under the ARR rate non-financeable and inaccessible in violation of statute and will hinder the financeability and accessibility of future CSGs in the new LMI CSG program by increasing regulatory uncertainty over the validity of any future 25-year rate structure. We urge the Commission to reject Xcel's proposal and all future proposals to change the rate structures for CSGs which have already been approved, financed, and developed.

The Solar Equity Advocates would like to thank the commission for their dedication and hard work on this issue and for the opportunity to have our voices heard on this matter of great importance.

Sincerely,

/s/ Pouya Najmaie (he/him)
Policy and Regulatory Director
Cooperative Energy Futures
310 East 38th Street, Suite 109
Minneapolis, MN 55409
(612) 715-1224
pouya@cooperativeenergyfutures.com

/s/ Kyle Samejima
She/Her/Hers
Executive Director of Programs and Engagement
Minneapolis Climate Action

kyle@mplsclimate.org

/s/ Julia Frost Nerbonne, Ph.D
She/Her/Hers
Executive Director
Minnesota Interfaith Power & Light
MNIPL.org
(612) 810-1577

/s/ John Farrell (he/his)
Co-Director and Energy Democracy Director
Institute for Local Self-Reliance
Minneapolis, MN
jfarrel@ILSR.org
612-808-0888

/s/ Will Kenworthy (he/him)
Senior Regulatory Director, Midwest
will@votesolar.org
704.241.4394

/s/ Chelsea DeArmond
Founder
Saint Paul 350
chelseadearmond@gmail.com

/s/ B. Rosas (they/them)
Policy Manager
Climate Generation
b.rosas@climategen.org
612-222-8340

/s/ Bobby King
Minnesota State Director
Solar United Neighbors
612-293-7267
www.solarunitedneighbors.org

/s/ Patty O'Keefe
She/Her/Hers
Senior Campaign Representative
Sierra Club
952-221-3977
patty.okeefe@sierraclub.org

/s/ Alice Madden

Energy Democracy Staff
Community Power
alice@communitypowermn.org