

July 26, 2017

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, Minnesota 55101

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources  
Docket No. E002/M-17-425

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Northern States Power Company d/b/a Xcel Energy's request for approval of a plan for treatment of costs related to Solar Energy Standard customer exclusions.

The request was filed by:

Amy Liberkowski  
Director, Regulatory Pricing and Planning  
Xcel Energy  
414 Nicollet Mall  
Minnesota, Minnesota 55401

The Department recommends rejection and is available to answer any questions the Commission may have.

Sincerely,

/s/ SUSAN L. PEIRCE  
Analyst Coordinator

SLP/lt  
Attachment



## Before the Minnesota Public Utilities Commission

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002/M-17-425

#### I. BACKGROUND INFORMATION

Minn. Stat. §216B.1691, Sub 2f, the Solar Energy Standard (SES) was amended by the 2016 Legislature to require a public utility with more than 200,000 retail electric customers to generate or procure 1.5 percent of their Minnesota retail electric sales from solar energy by 2020. In addition, the statute requires that at least 10 percent of the 1.5 percent SES goal be met by solar energy from facilities with a nameplate capacity of 20 kW or less. Minn. Stat. 216B.1691 2f(f) states:

for purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

- (1) An iron mining extraction and processing facility, including a scam mining facility as defined in Minnesota Rules, pt. 6130.0100, subpart 16; or
- (2) A paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

On May 26, 2017, Xcel Energy (Xcel or the Company) filed a petition for approval of the methodology for calculating costs related to compliance with the SES, and a method for crediting back those costs to customers excluded from the assignment of cost under Minn. Stat. 216B.1691, Subd. 2f(f).

## **II. SUMMARY OF XCEL'S PROPOSAL**

Xcel states that as of June 1, 2017, it has two customers who are exempted from the cost of SES compliance. Xcel proposes to credit these two customers back for costs associated with SES compliance on a yearly basis. Xcel states it does not "see a practical way to exclude solar costs at the time those customers are billed."

The cost of SES compliance is included in a number of Xcel's Riders including the Fuel Clause Adjustment Rider (FCA), the Renewable Development Fund (RDF), and the Conservation Improvement Program (CIP). Costs for Xcel's Solar\*Rewards Community program, its community solar garden program (CSG) and most Solar Power Purchase Agreements (PPAs) are flowed through the Company's FCA. The cost of Solar\*Rewards incentives for rooftop solar, Made in Minnesota incentives for rooftop solar, and development grants for solar projects and Renewable Energy Production Incentives (REPI) projects where Xcel owns the Solar Renewable Energy Credits (SRECs) all are included in the RDF Rider. Finally, CIP includes the cost of Minnesota incentives for some rooftop solar projects.

Xcel states that providing a credit back to the excluded customers on an annual basis for the total costs that have been billed is more cost effective and efficient than developing a monthly rate for the two customers currently exempt from paying the cost of SES compliance. In turn, Xcel will recover the solar excluded costs from each separate rider thus insuring that CIP-exempt customers are not paying for solar excluded costs from the CIP Rider. The Company states it will include the annual true-up adjustments to reflect the total actual solar excluded costs in each annual Rider filing, and proposes to issue credits to solar exempt customers in May 2018 for 2017 excluded costs.

## **III. DEPARTMENT ANALYSIS**

Minn. Stat. 216B.1691 2f(f) states, "those customers [solar-exempt] may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision." The Department understands the statute to require Xcel to eliminate the costs associated with SES compliance at the time a customer is billed. Xcel's proposal does not comply with the statutory language. In order to comply with the statute, Xcel needs to exclude the costs associated with SES compliance from the various Riders containing solar costs at the time the annual Rider rates go into effect. Xcel could establish a Rider rate for both solar exempt and solar non-exempt customers in each of the Riders, and true-up the costs in its annual Rider filing. Such a methodology, while somewhat more complicated than the annual bill credit proposed by the Company, would ensure that solar exempt customers are not billed for solar costs.

The Department recommends the Commission require Xcel to refile its proposal to exclude solar costs for solar-exempt customers at the time they are billed.

#### **IV. DEPARTMENT RECOMMENDATION**

The Department recommends that the Commission require Xcel to refile its proposal to exclude solar costs for solar-exempt customers at the time they are billed.

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## CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Comments**

**Docket No. E002/M-17-425**

**Dated this 26<sup>th</sup> day of July 2017**

**/s/Sharon Ferguson**

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