



Sundial Solar

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November 27, 2017

Daniel P. Wolf
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101
via E-File

RE: STANDBY SERVICE
DOCKET NO. E999/CI-15-115

Dear Mr. Wolf,

We appreciate the chance to comment on this vital docket. Sundial is one of only two solar developers that were part of the original discussions in 2012/2013 and we have since played an important role in continuing the dialog for both the Standby Service and Solar Capacity Credit Dockets.

While we appreciate all efforts in pushing this important docket forward, for the past five years there has been little progress in establishing a methodology for determining the value that solar capacity brings to the electric grid. The PUC order in 2013 established an Interim Rate in the absence of a methodology. Now, here we are nearly 5 years later, establishing, again, an Interim Rate in the absence of a methodology.

It is important to note however, that, like many sectors of the economy, the solar industry is best served when there is certainty in the economics. While Sundial has continued to deploy solar even under the uncertainty of the original Interim Rate, we are happy that there is, in these most recent discussions, some aspects that add some amount of predictability to the market.

For this reason above all others, Sundial is generally supportive of the agreement outlined in Xcel's recent compliance filing of November 2, 2017, and agreed to by the Department of Commerce and MnSEIA. This agreement is a necessary step in this proceeding, though we add the following comments and recommendations for consideration by the Commission:

- 1) *Interim Rate Level* - We do not agree with Xcel's calculations and assumption that the new PV Rider should have a starting value of \$4.52/kw. We do not find substantive justification to support adjusting the value at this time. Furthermore we believe that significant rate changes like this - to an already existing interim rate - are best debated during the development of the methodology, not added to this proceeding at the eleventh hour. **We recommend that \$5.15/kw remain the starting value in conversion to the new PV Rider.**

- 2) *Customer Eligibility* - We are in agreement with this section.
- 3) *Availability Term* - We agree in principle with Xcel that there should be a definitive amount of time that eligible solar facilities can count on receiving the solar credit. Six years, while short, is an acceptable minimum amount of time to allow for financing of these projects. However, the **clock should start when the solar facility is interconnected**, not when the Commission issues its order. This is a critical distinction, as six years is the minimum time required by the IRS for system owners to hold the asset in order to collect the tax equity.
- 4) *Proposed Process and Time Frame for Establishing Methodology to Develop Solar PV Capacity Rider* - As we stated five years ago, **the highest priority in this docket should be the establishment of a methodology** upon which to base the credit. This methodology must be based on credible foundational elements and arrived at in a transparent process between the stakeholders.

Thank you for your continuing service.

Respectfully,

Jon Kramer
CEO