



414 Nicollet Mall
Minneapolis, MN 55401

August 13, 2015

—Via Electronic Filing—

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

RE: REPLY COMMENTS
PETITION FOR APPROVAL OF AN AMENDMENT TO SOLAR*REWARDS
CUSTOMER CONTRACT WITH ADDENDUM TO SOLAR*REWARDS CONTRACT
ADDRESSING MINNESOTA BONUS REBATE WITH MURPHY WAREHOUSE
DOCKET NO. E002/M-15-650

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits these Reply Comments to the Minnesota Public Utilities Commission in response to the August 3, 2015 Comments filed the Minnesota Department of Commerce, Division of Energy Resources, on our July 2, 2015 Petition in the above referenced Docket.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact Jessica Peterson at Jessica.k.peterson@xcelenergy.com or (612) 330-6850 if you have any questions regarding this filing.

Sincerely,

/s/

SHAWN WHITE
MANAGER, DSM & RENEWABLE REGULATORY STRATEGY AND PLANNING

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION FOR
APPROVAL OF AN AMENDMENT TO
SOLAR*REWARDS CUSTOMER CONTRACT
WITH ADDENDUM TO SOLAR*REWARDS
CONTRACT ADDRESSING MINNESOTA
BONUS REBATE WITH MURPHY
WAREHOUSE

DOCKET No. E002/M-15-650

REPLY COMMENTS

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits these Reply Comments to the Minnesota Public Utilities Commission in response to the August 3, 2015 Comments filed by the Minnesota Department of Commerce, Division of Energy Resources, on our July 2, 2015 Petition in the above referenced Docket.

We appreciate the Department's recommendation that the Commission accept our Petition modifying the Solar*Rewards contract for Murphy Warehouse. In this reply, we address concern regarding the Department's direction to file standard contract language addressing terms and conditions for moving a Solar*Rewards photovoltaic system (PV) to a different location.

We provide further information regarding the Solar*Rewards program and its tariffs as well as proposing a an alternative solution in the remainder of this Reply.

A. Background

The Company has operated a small-solar incentive program called Solar*Rewards since 2010¹. In 2013, the Legislature² passed omnibus energy legislation which set

¹ *In the Matter of Implementation of Northern States Power Company, a Minnesota Corporation's 2010/2011/2012 Triennial Natural Gas and Electric Conservation Improvement Program (Petition) and Center for Energy and Environment's*

forth the Solar Energy Standard (SES), and directed the Company to operate a small-solar incentive program that provides a production-based incentive for solar energy systems up to 20 kW in size.

On October 31, 2013, the Company filed a program proposal with the Department in the above referenced docket seeking approval of the Company's revised Solar*Rewards program. Additionally, the Company requested closure of the first-generation Solar*Rewards program to new applicants³. On March 28, 2014, the Department approved the closure of the first generation program and approved the proposal to launch the new second generation Solar*Rewards program with modifications.

Following the Department's Decision approving the transition and new program offering, the Company filed revised tariffs with the Commission on May 12, 2014, to implement requested changes. The Commission approved revisions to the tariffs on July 23, 2014.

B. Solar*Rewards

The Petition in the above-referenced Docket is for the first generation of Solar*Rewards with the Minnesota Bonus Rebate. The tariff for these programs was closed to new participants in July of 2014. There are currently 782 customers who are under this first generation tariff today.

The first generation Solar*Rewards program includes an upfront payment for installation of solar panels. Additionally, a customer can also receive Minnesota Bonus Rebate payments for qualifying systems. Minnesota Bonus Rebate incentives are paid in five consecutive annual payments. Of the 782 customers contracted under the 20-year term of this tariff contract, 35 percent continue to receive Minnesota Bonus Rebate payments.

The second generation Solar*Rewards program adjusted the incentive structure. The new incentive is based on the system's energy production rather than upfront payments. The program offers \$0.08/kWh for ten years. Production-based incentives provide for more equitable program terms and encourage projects that

One Stop Efficiency Shop Program, Docket No. E,G002/CIP-09-198, Department Decision (November 23, 2009)

² Minn. Stat. §116.7792 & Minn. Stat. §216B.164

³ Program Modification Request dated October 31, 2013, Docket E,G002/CIP-12-447

maximize production by maximizing solar exposure, installing efficient systems, and performing necessary maintenance over the life of the contract.

Neither of the tariffs for the first or second generation Solar*Rewards programs allow a participant to move their PV system from one location to another during the term of their contract. Yet, in the situation at hand the participant moved the PV system to a different location after about three years of operation.

C. Proposal for Future Situations

The Department supported the remedy which the Company worked out with Murphy Warehouse – a pro rata adjustment of the remaining Minnesota Bonus Rebate payments to reflect the period of time in which the PV system was not in operation. The Department also proposed that the Company file a standard contract providing the substance of the remedy worked out with Murphy Warehouse. The Company would prefer not to have standard contract language to address this type of issue.

The situation with Murphy Warehouse is unique. It is a first generation Solar*Rewards participant and has only received three out of the five annual Minnesota Bonus Rebate payments. The unpaid Minnesota Bonus Rebate payments created an opportunity for the Company to work with Murphy Warehouse in an equitable way which did not require the Company to claw back any amounts previously paid.

With the closure of the first generation Solar*Rewards program in 2014, we would expect that with each year there would be fewer projects which have remaining unpaid Minnesota Bonus Rebate payments. Any standard contract addressing a similar situation would have limited applicability due to the declining number of possible situations where it could be applied.

As we gain more experience with both first and second generation Solar*Rewards programs, we will likely see many situations in which require a remedy. It is difficult to predict these type of situations, and difficult to determine an appropriate remedy without knowing the facts. The Company suggests that instead of developing a standard contract to cover a limited number of similar situations, and rather than speculating on the range of possible situations which may require a remedy, that the Company instead attempt to work out reasonable solutions as the facts present themselves.

One way to limit the burden on the Commission in addressing these future disputes is to authorize approval of such contract amendments through a 30-day negative check-off, similar to that authorized for contract amendments under the Community Solar

Gardens program.⁴ Under this process, the Company would file for approval of a contract amendment under either the first or second generation Solar*Rewards program, and if no objection is filed within 30-days of the filing the contract amendment would be deemed approved. If an objection were to be filed in this 30-day period, the Commission would then take the matter up and rule on whether the contract amendment is appropriate.

If the Company receives more of these types of contract amendments, the Company would have further knowledge on whether a standard contract amendment could be used to cover most situations. At that point, the Company could then propose the filing of such a standard contract in its tariff book.

The Company believes this is a reasonable recommendation based on the facts we have available today regarding movement of PV systems in the Solar*Rewards program.

CONCLUSION

The Company thanks the Department for their review of our Petition and appreciates their recommendation for approval. In addition, we appreciate the opportunity to submit these Reply Comments and respectfully request that the Commission consider these comments when it deliberates on this matter.

Dated: August 13, 2015

Northern States Power Company

⁴ See, *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of Its Proposed Community Solar Garden Program*, Docket No. E-002/M-13-867, Order of April 7, 2014, page 24.

CERTIFICATE OF SERVICE

I, Lynnette M. Sweet, hereby certify that I have this day served copies or summaries of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States Mail at Minneapolis, Minnesota

xx electronic filing

DOCKET NO. E002/M-15-650

Dated this 13th day of August 2015

/s/

Lynnette M. Sweet

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Allen	michael.allen@allenergysolar.com	All Energy Solar	721 W 26th st Suite 211 Minneapolis, Minnesota 55405	Electronic Service	No	OFF_SL_15-650_M-15-650
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_15-650_M-15-650
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_15-650_M-15-650
John	Aune	johna@bluehorizonsolar.com	Blue Horizon Energy	171 Cheshire Ln Ste 500 Plymouth, MN 55441	Electronic Service	No	OFF_SL_15-650_M-15-650
James J.	Bertrand	james.bertrand@leonard.com	Leonard Street & Deinard	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	150 S. 5th Street, #1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650
Michael J.	Bull	mbull@mncee.org	Center for Energy and Environment	212 Third Ave N Ste 560 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_15-650_M-15-650
Joel	Cannon	jcannon@tenksolar.com	Tenk Solar, Inc.	9549 Penn Avenue S Bloomington, MN 55431	Electronic Service	No	OFF_SL_15-650_M-15-650
John J.	Carroll	jcarroll@newportpartners.com	Newport Partners, LLC	9 Cushing, Suite 200 Irvine, California 92618	Electronic Service	No	OFF_SL_15-650_M-15-650
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, Fifth Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_15-650_M-15-650
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, 1400 BRM Tower St. Paul, MN 55101	Electronic Service	No	OFF_SL_15-650_M-15-650
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_15-650_M-15-650
Jack	Hays	jack.hays@westwoodps.com	Westwood Professional Services	7699 Anagram Drive Eden Prairie, MN 55344	Electronic Service	No	OFF_SL_15-650_M-15-650
Lynn	Hinkle	lhinkle@mnseia.org	Minnesota Solar Energy Industries Association	2512 33rd Ave South #2 Minneapolis, MN 55406	Electronic Service	No	OFF_SL_15-650_M-15-650
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	OFF_SL_15-650_M-15-650
Jan	Hubbard	jan.hubbard@comcast.net		7730 Mississippi Lane Brooklyn Park, MN 55444	Electronic Service	No	OFF_SL_15-650_M-15-650
Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law	2265 Roswell Road Suite 100 Marietta, GA 30062	Electronic Service	No	OFF_SL_15-650_M-15-650
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Mark J.	Kaufman	mkaufman@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Avenue South Burnsville, MN 55337	Electronic Service	No	OFF_SL_15-650_M-15-650
Thomas	Koehler	TGK@IBEW160.org	Local Union #160, IBEW	2909 Anthony Ln St Anthony Village, MN 55418-3238	Electronic Service	No	OFF_SL_15-650_M-15-650
Jon	Kramer	jk2surf@aol.com	Sundial Solar	4708 york ave. S Minneapolis, MN 55410	Electronic Service	No	OFF_SL_15-650_M-15-650
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_15-650_M-15-650
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_15-650_M-15-650
Rebecca	Lundberg	rebecca.lundberg@powerfullygreen.com	Powerfully Green	11451 Oregon Ave N Champlin, MN 55316	Electronic Service	No	OFF_SL_15-650_M-15-650
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_15-650_M-15-650
David	Moe	momentums@aol.com		2825 28th Ave S Minneapolis, MN 55406	Electronic Service	No	OFF_SL_15-650_M-15-650
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Martin	Morud	mmorud@trunorthsolar.com	Tru North Solar	5115 45th Ave S Minneapolis, MN 55417	Electronic Service	No	OFF_SL_15-650_M-15-650
David W.	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	Suite 300 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650
Donna	Pickard	dpickard@aladdinsolar.com	Aladdin Solar	1215 Lilac Lane Excelsior, MN 55331	Electronic Service	No	OFF_SL_15-650_M-15-650
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_15-650_M-15-650
Gary	Shaver	gshaver@silicon-energy.com	Silicon Energy	3506 124th St NE Marysville, WA 98271	Electronic Service	No	OFF_SL_15-650_M-15-650
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd St. Paul, MN 55102	Electronic Service	No	OFF_SL_15-650_M-15-650
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_15-650_M-15-650
Byron E.	Starns	byron.starns@leonard.com	Leonard Street and Deinard	150 South 5th Street Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-650_M-15-650
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_15-650_M-15-650

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
SaGonna	Thompson	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_15-650_M-15-650
Lisa	Veith	lisa.veith@ci.stpaul.mn.us	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_15-650_M-15-650
Daniel	Williams	DanWilliams.mg@gmail.com	Powerfully Green	11451 Oregon Avenue N Champlin, MN 55316	Electronic Service	No	OFF_SL_15-650_M-15-650
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_15-650_M-15-650