

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

In the Matter of Xcel Energy's Plan for a
Community Solar Garden Program Pursuant to
MINN. STAT. §216B.1641

PUC Docket No. E-002/M-13-867

COMMENT

An ad hoc community of solar businesses, including Geronimo Energy, LLC; SoCore Energy, LLC; SunEdison, LLC; Sunrise Energy Ventures, LLC; and tenK Solar, Inc. (collectively, the "Solar Garden Community" or "SGC"), all with invested interests in the success of the community solar garden program in Minnesota ("CSG Program"), files this comment in response to the Minnesota Public Utilities Commission's ("Commission") February 13, 2015, notice (the "Notice"). SGC greatly appreciates the Commission's prompt solicitation of comments on topics set forth in the Notice and opportunity to respond to questions regarding the CSG Program.

I. INTRODUCTION

On September 17, 2014, after nearly a year of intense discussion and negotiation among various stakeholders, and an order rejecting the utility's initial proposal, the Commission approved Northern States Power Company d/b/a Xcel Energy's ("Xcel") revised tariff establishing a CSG Program under Minn. Stat. §216B.1641 (the "CSG Approval Order"). Importantly, neither Xcel nor any other party submitted a petition for reconsideration of the CSG Approval Order. On December 5, 2014, Xcel announced that it would begin accepting solar garden applications within a week, and on December 12, 2014, Xcel opened its CSG Program to begin receiving applications. On February 10, 2015, just hours before a legislative hearing before the Minnesota House of Representatives concerning solar development, Xcel filed a letter in this docket alleging that fundamental issues exist with respect to the CSG Program ("Xcel's Letter").

Xcel's Letter comes after more than a year's worth of work negotiating the parameters of its CSG Program and almost 60 days after Xcel opened its CSG Program. Each member of SGC has relied on the current structure of the CSG Program, investing great amounts of human and financial resources to develop projects that comply with the CSG Program. Some members have been active in this docket since its inception in order to help facilitate orderly development of the CSG Program and understand the emerging program rules and design. Some members are local companies excited to see solar projects finally take off in Minnesota. Others have more recently come to the state, drawn in by the promise of the CSG Program.

The Notice seeks comment on the following four areas: (1) Xcel's Letter, and the issues alleged therein; (2) specific proposals on how to address the allegation that some grouping of CSGs is "utility scale"; (3) Xcel's interpretation of its interconnection tariff set forth in section 10 of Xcel's tariff book ("Section 10"); and (4) Xcel's ability to refer projects to MISO. SGC appreciates the broad topics the Notice opened for comment. SGC believes its comment is more appropriately directed to the allegations in Xcel's Letter, which SGC hopes will shed light on the other topics set forth in the Notice.

SGC respectfully urges the Commission to let the CSG Program as designed play out more fully. To be sure, SGC is troubled by Xcel's Letter. The concerns raised in it are premature and could be profoundly disruptive to the CSG Program. SGC formed to jointly submit this comment because the members believe it is critical to respond to Xcel's inaccurate summary of legislative and regulatory intent, misleading information on cost, and irrelevant concerns regarding the interconnection application process. Other issues alleged in Xcel's Letter are not ripe for discussion and have more to do with the early stage of development under the CSG Program than flaws in the design. With the enormous benefits of a program carefully crafted by legislators, regulators, and interested stakeholders about to be realized, SGC is concerned that Xcel's Letter could upend expectations and stifle development through unwarranted delay. Time is of the essence to capture sunseting federal tax benefits, and any delay at this juncture could wilt the CSG Program before it has had a chance to sprout.

II. COMMENT

A. THE AREAS OF LEGISLATIVE AND REGULATORY INTENT RAISED BY XCEL HAVE BEEN THOROUGHLY VETTED ALREADY, RESULTING IN A CSG PROGRAM THAT INTERESTED PARTIES HAVE INVESTED MILLIONS OF DOLLARS RELYING UPON

1. Overview of CSG Program Development

Minnesota's 2013 solar legislation drew national attention because it embodied a thoughtful, thorough, and practical set of new solar laws designed for steady and long-term solar growth in our State. The CSG statute itself struck a fair balance by being prescriptive enough about the broad parameters of the CSG Program while at the same time allowing room for regulators and interested parties to develop the particulars of the CSG Program within the statutory guidelines. Despite participating heavily in both legislative and regulatory processes that thoroughly vetted the issues raised in Xcel's Letter, Xcel introduces its own interpretation, which is at odds with clear legislative language and appears dismissive of the regulatory decisions to date.

The legislature included a number of clear rules of the road it determined were important to ensure that CSGs get built in Minnesota. For example, the legislature required each garden to be no more than 1 MW in capacity but mandated that there be "no limitation on the number or cumulative generating capacity of community solar garden facilities."¹ And in its direction to the Commission to approve a plan, the first thing the legislature required was that any such plan "reasonably allow for the creation, financing, and accessibility of community solar gardens"² – indicating a clear intent to make sure the CSG Program was meaningful and would result in significant solar development. The legislature even gave Xcel the opportunity to take advantage of the CSG Program itself by expressly allowing utility ownership of CSGs.³

¹ MINN. STAT. § 216B.1641(a) ("There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164 subdivision 4c, or other limitations provided in law or regulations.").

² MINN. STAT. § 216B.1641(e)(1) (emphasis added).

³ MINN. STAT. § 216B.1641(a) ("The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164.").

Xcel has previously called legislative intent into question – even where treading into “intent” is unnecessary because there is no ambiguity in the statute itself.⁴ Xcel’s alternative statutory reading was not adopted then and should not be adopted now. For example and in response to an earlier attempt by Xcel to limit the CSG Program despite express legislative language to the contrary, the Commission stated its intent to maximize CSG development:

A capacity limit holds the potential to delay the growth of solar gardens and limit opportunities for subscribers to participate in the program. Allowing maximum garden development in the early years of the program is particularly critical to allow developers to take advantage of the federal Investment Tax Credit before it expires.^[5]

After considerable opportunity for comment and negotiation, the Commission has carefully overseen the development of Xcel’s CSG Program and settled on rules that it determined fit the letter and spirit of the law. Xcel was party to the entire process, often recommending the proposed rules or agreeing with them.

For example, all parties, including Xcel, paid particularly close attention to the CSG site definition throughout the docket and program development. After the Commission determined the CSG site definition should correspond to the point of common coupling rather than a particular parcel of real estate, multiple parties expressed an interest in also making it very clear in the rules that multiple gardens could be co-located to make efficient use of distribution infrastructure.⁶ Xcel explained that the definition does not preclude multiple gardens from being located on a single parcel of land provided that each CSG has a separate production meter and interconnection agreement.⁷ The Commission concurred explaining:

⁴ Minnesota law states: “When the words of a law in their application to an existing situation are clear and free from all ambiguity, the letter of the law shall not be disregarded under the pretext of pursuing the spirit.” MINN. STAT. § 645.16. In other words, no statutory construction is necessary or permitted when the intention of the legislature is clearly manifested by plain, unambiguous statutory language. *In re Molly*, 712 N.W.2d 567, 571 (Minn. Ct. App. 2006) (citing *Phelps v. Commonwealth Land Title Ins. Co.*, 537 N.W.2d 271, 274 (Minn. 1995)).

⁵ *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 REJECTING XCEL’S SOLAR-GARDEN TARIFF FILING AND REQUIRING THE COMPANY TO FILE A REVISED SOLAR-GARDEN PLAN, pg. 7 (Apr. 7, 2014) (“April 2014 CSG Order”) (emphasis added).

⁶ *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 APPROVING SOLAR-GARDEN PLAN WITH MODIFICATIONS, pg. 13-14 (Sept. 17, 2014) (“September 2014 CSG Order”).

⁷ *Id.* pg. 14.

The Commission concurs with Fresh Energy that the definition of “community solar garden site” should expressly state that solar gardens may be sited near each other in order to share distribution infrastructure. This clarification will allow solar gardens to be built more cost-effectively and is consistent with the statutory mandate that the program reasonably allow for the creation, financing, and accessibility of solar gardens.^[8]

The definition of Community Solar Garden Site now reads in Xcel’s tariff as:

[T]he location of the single point of common coupling located at the production meter for the Community Solar Garden associated with the parcel or parcels of real property on which the PV System will be constructed and located, including any easements, rights of way, and other real-estate interests reasonably necessary to construct, operate, and maintain the garden. Multiple Community Solar Garden Sites may be situated in close proximity to one another in order to share in distribution infrastructure.^[9]

It bears emphasis that Xcel helped develop this definition and, together with a solar developer, brought the proposed definition to the Commission to seek its approval.¹⁰

2. SGC and Others Interested in Solar Development in Minnesota Have Invested Millions of Dollars Relying on the Established Parameters of the CSG Program

The CSG Program had its desired effect – to spur significant solar development in Minnesota. If Xcel’s Letter is an attempt to call into question the basic parameters of the CSG Program, after it has been open for over 60 days and after developers and other interested parties have expended millions of dollars in reliance on the structure of the CSG Program, Xcel’s efforts should be dismissed as untimely and already decided. SGC understands and appreciates that Xcel needs to carefully fold CSGs into its system. But the particular elements Xcel raises concern with have been thoroughly vetted and settled already. SGC therefore finds Xcel’s Letter extremely worrisome. Any delay in CSGs interconnecting to Xcel’s system, intentional or not, could hurt financing for CSG projects, given the numerous deployment activities and procedural hurdles projects must overcome prior to the federal tax credit ramp-down, beginning at the end of 2016.

⁸ *Id.* (emphasis added).

⁹ *Id.* pg. 15 (emphasis added).

¹⁰ Email communication from counsel to Commission Staff, attached as Ex. A.

The roughly 430 MW worth of CSG applications should be afforded the opportunity to proceed through the application process. Presumably most (if not all) are carefully crafted to conform to the CSG statute, the Commission’s interpretation thereof, the CSG tariff set forth in section 9 of Xcel’s tariff book (“Section 9”), and the specific direction from Xcel. Based on the CSG Program rules and discussions with Xcel, each CSG is being designed internally as a separate project to comply with Section 9 and studied in the Section 10 process as a separate project, though Xcel encouraged developers to reference co-located projects in each CSG interconnection application. Developers must pay the fees associated with each application and, eventually, for each project to be studied independently. To be clear, while CSG projects in close proximity may share certain infrastructure, each CSG is a separate, stand-alone generating facility. Designing the CSG projects in this fashion while complying with the CSG Program is not an insignificant effort and results in higher costs than a developer would incur when developing utility scale solar.¹¹

From a practical perspective, the process should work to enable an excellent pairing of resources to load by allowing developers to proceed forward with the efficient number of CSGs at a particular point of interconnection. Many of those CSG applications, however, have been co-located to share in distribution infrastructure as expressly allowed under Xcel’s tariff and Commission order. Xcel’s Letter frames these projects as “utility-scale” in a renewed effort to draw criticism and question legislative intent. Xcel’s Letter does not, however, concede that these developers are following program rules that were made abundantly clear through considerable negotiation with, and at the direction of, Xcel.

And the uncertainty Xcel interjects, intentional or not, at this late date is extremely unfortunate for many reasons. The same things that represent the very success of the CSG Program – solar businesses coming to our state, local and new firms hiring people to see CSGs become a reality, and significant numbers of CSGs in Xcel’s program queue – also represent a significant risk to the developers. When Xcel suggests or implies that it has an interest in program redesign midstream, developers are left to worry not only about how to proceed but about the jobs already involved and the millions of dollars already expended.

¹¹ Additional costs would include, for example, separate production meters and individual inverters for each CSG.

Furthermore, the window to build solar projects with the benefit of the 30% federal Investment Tax Credit is quickly closing, which is a particularly acute problem in a cold weather state with a very short construction season. Were the Commission to approve any suggestion by Xcel to modify the CSG Program design now based on its letter, it would have a chilling effect on an industry the legislature so clearly wanted to jumpstart in Minnesota. This would be particularly troublesome now because it would be done just before the solar industry was otherwise set to take off. If Minnesota misses this opportunity, it is unclear whether it will ever regain a similar chance to grow solar.

Xcel also expresses a concern that CSGs are being built to the exclusion of certain classes of subscribers and in a way that is also contrary to legislative intent. Relevant here is the CSG statute, which unambiguously defines a subscriber as: “a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility.”¹² Nowhere in the CSG statute is there any limitation or direction on what class or classes of customers are eligible to participate in the CSG Program.¹³ Much like the CSG site definition, the Commission and interested parties have also spent considerable time discussing how the subscriber issue would work out in practice as well. Rather than reopen a settled discussion, we point to the thoughtful balance that was struck by the Commission on this issue in its September 2014 CSG Order:

The Commission agrees with Xcel that “subscriber” should be defined as a retail customer of the Company. This definition is consistent with the language of the solar-garden statute, which refers to subscribers as “customers.” It is also consistent with the statute’s goal of promoting greater community investment in distributed solar generation. Treating a single customer’s accounts as separate subscribers would allow large customers with multiple accounts to crowd out residential subscribers, churches, schools, and other community groups.

Conversely, defining “subscriber” as a retail customer does not significantly limit solar-garden accessibility for larger customers. A large customer may subscribe to many solar gardens, provided that its subscriptions do not exceed 120% of the energy

¹² Minn. Stat. §216B.1641.

¹³ Again, no statutory construction is necessary or permitted when the intention of the legislature is clearly manifested by plain, unambiguous statutory language. *In re Molly*, 712 N.W.2d 567, 571 (Minn. Ct. App. 2006) (citing *Phelps v. Commonwealth Land Title Ins. Co.*, 537 N.W.2d 271, 274 (Minn. 1995)).

used at the premises associated with those subscriptions, and that the customer holds no more than a 40% share in any one solar garden. For these reasons, the Commission declines to adopt the definition of “subscriber” proposed by Fresh Energy and MN Community Solar.^{14]}

The Commission and interested parties have also addressed this issue in detail when describing the rate structure for the CSG Program and its impact on various customer classes. That the CSG Program is open to all customers of Xcel is clear in statute, and the potential impacts thereof have been carefully and thoughtfully addressed throughout this docket.

Xcel uses anecdotes to express its concern that large commercial and industrial customers are becoming the subscribers du jour. The reality is that because of ongoing project uncertainty, underpinned by a lack of completeness determinations from Xcel, developers are limited in the commitments they can make to potential subscribers. While developers await greater certainty about their projects and the CSG Program generally, they are identifying their primary or anchor tenants. Fortunately, there have been a few press releases, such as the ones relating to Ecolab (a large commercial customer) and the St. Paul Public Housing Authority (representing a significant number of low-income customers), identifying a primary subscriber to CSGs. Here too the very concept of an anchor tenant and the required number of subscribers to any single garden is detailed in the statute itself. It should therefore be relatively unremarkable that developers are identifying their anchor subscribers first.

Xcel’s concern that large commercial and industrial subscribers will “crowd out” smaller commercial and residential subscribers is based on anecdotal information and way too early in the CSG Program roll-out to be given any credibility. Instead, SGC respectfully encourages the Commission to reinforce the careful decision-making that has already transpired on these issues and allow the parties to work through the development process. Developers will undoubtedly try to identify the larger subscribers first and then fill out their gardens once there is much greater certainty a particular project will move forward. To that end, the most efficient way to get beyond speculation will be to see that Xcel promptly makes its completeness determinations in a fair and efficient manner so that parties can truly begin the process of signing up subscribers. Rather than draw concern over the ultimate profile of various solar gardens at this nascent stage,

¹⁴ September 2014 CSG Order, pg. 11.

the Commission should just take the broad interest in CSGs as a positive sign that the CSG Program will engage lots of new customers in solar in Minnesota.

B. XCEL'S CLAIMS ABOUT RATE IMPACT DESERVE CONTEXT

Xcel's comments on rate impact are disconcerting for three reasons. First, Xcel's comments do not fairly recognize the very real benefits of distributed generation that can serve local load without significant transmission use or investment. Second, Xcel fails to recognize that the CSG Program will spur distribution grid upgrades that the developers are solely responsible for funding. If all 430 MW of CSGs showed up, for example, it would likely amount to a very significant amount (*i.e.*, more than the alleged \$50 million of rate impact) of developer investment in Xcel's distribution grid. Finally, and perhaps most importantly, solar serves as an important capacity resource that could function to save Xcel and its ratepayers from having to build new capacity resources in the future.¹⁵

Instead of recognizing these unique and value-adding attributes of the CSG Program, Xcel attempts instead to compare distributed solar to transmission-level solar projects, or worse yet, CSG rates to wholesale energy prices. Xcel questions whether an increase in the fuel clause rider is consistent with legislative intent. SGC believes the legislature thoughtfully provided for this issue by requiring a value of solar calculation that accounts for all the costs and benefits of distributed solar – suggesting that it recognized there are particular differences associated with distributed solar that should be accounted for. That the Commission set an interim applicable retail rate is not inconsistent with the legislature's direction to spur solar development in Minnesota. In any event, Xcel's calculation effectively pits unlike things against each other on a narrow cost basis and without recognition of relative benefits and other avoided costs.¹⁶

¹⁵ As a side note, it is unclear why the Commission would authorize Xcel procuring 631 MW of generating capacity by the year 2019, when the Commission found a need of only 500 MW by 2019 and when CSGs could be a carbon-free resource to meet a portion of any need. See *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Competitive Resource Acquisition Proposal and Certificate of Need*, Docket No. E-002/CN-12-1240, ORDER APPROVING POWER PURCHASE AGREEMENT WITH CALPINE, APPROVING POWER PURCHASE AGREEMENT WITH GERONIMO, AND APPROVING PRICE TERMS WITH XCEL (Feb. 5, 2015).

¹⁶ Even if the Commission were to accept Xcel's \$50 million ratepayer impact question as accurate, which it should not, such a cost should be considered against the backdrop of the more than \$925 million Xcel recovered through the fuel clause from July 1, 2013, to June 30, 2014 (*In re 2014 Annual Automatic Adjustment of Charges Report - Electric*, Docket No. E999/AA-14-579, ANNUAL REPORT OF XCEL ENERGY, Part E, Section 5, Schedule 1, pg. 3 of 5 (Sept. 2, 2014)), as well as the recent \$400 million cost overrun Xcel is seeking to recover for investments related to its Monticello nuclear generating facility (*In the Matter of a Commission Investigation into Xcel Energy's*

C. THE COMMISSION SHOULD DISREGARD XCEL'S OPERATIONAL CONSIDERATION COMMENTS

Despite Xcel's attempt to characterize co-located CSGs as "utility-scale," the freedom to maximize development in 1 MW increments – co-located or not – should result in an optimum pairing of solar gardens to meet local load. Whether the proposed CSGs are in close proximity or spread apart is essentially irrelevant because the number of CSG applications that could be approved is unlimited. In addition, the interconnection process itself will help guide developers toward pursuing CSG projects where there is sufficient capacity and load. Xcel's claims that it should shift distribution interconnects to the regional transmission system operator is almost incomprehensible. The Section 10 distributed interconnection process is a well-tested, self-regulating system that is very capable of managing the generation interconnections and required upgrades to avoid power flows onto the transmission system that is MISO's responsibility. The Section 10 interconnection process is laid out below in the context of the new CSG Program.

1. Overview of the Section 10 Interconnection Process

CSG interconnections are governed by the Distributed Generation Standard Interconnection and Power Purchase Tariff, set forth in Section 10 of Xcel's Tariff Book.¹⁷ Starting on Original Sheet No. 83, Section 10 sets forth an 11-step process for interconnection. Each step is described below.

Step 1 is the application. An applicant submits a completed interconnection application, including one-line diagrams, site plan, and proposed schedule.¹⁸ The applicant must also pay an interconnection application fee according to the schedule set forth in Section 10.¹⁹

Step 2 is preliminary review by Xcel. Within 15 days of receipt of the information in Step 1, an interconnection coordinator²⁰ will respond to the applicant with the following: (i) a

Monticello Life Cycle Management and Extended Power Uprate Project and Request for Recovery of Cost Overruns, Docket No. E-002/GR-13-754, POST-HEARING BRIEF OF XCEL ENERGY, (Oct. 31, 2014)).

¹⁷ Hereinafter, "Section 10." The April 2014 CSG Order found that Xcel's plan to use Section 10 for CSG interconnection applications met the statutory directive to establish a uniform CSG interconnection process. April 2014 CSG Order, pg. 11.

¹⁸ Section 10, Original Sheet No. 92. Note that this mirrors the CSG application process, which requires contact information, garden information, application fee and deposit, and engineering documents, including an interconnection application and one-line diagrams. Section 9, Original Sheet No. 67.

¹⁹ Section 10, Original Sheet No. 93.

²⁰ The person or persons designated by Xcel to be a point of contact to shepherd the application through the interconnection process. Section 10, Original Sheet No. 84.

single point of contact with Xcel; (ii) approval or rejection of the generation interconnection request; (iii) if additional engineering studies are required, information on the work and cost; (iv) comments on the schedule; and (v) if MISO rules require process of the application through its process, notification of such requirement.²¹ It appears that most, if not all, of the CSG interconnection requests will require additional engineering studies, which will lead to Step 3.

Assuming engineering studies are required,²² Step 3 is the go/no-go decision by the applicant. That is, the applicant will have to decide whether to pay any fees and provide additional information or forgo proceeding. Step 3 therefore serves as a screen to weed out applicants who are unwilling to pay the engineering fees so that other interconnection requests in the queue are not adversely impacted.

Assuming the applicant elects to proceed with the engineering studies, Step 4 is the step in which Xcel completes the specialized engineering studies. Engineering studies of projects sized 1 MW or less are to be completed within 40 working days.²³

Step 5 is the presentation by Xcel of the engineering study results and construction estimates. Xcel's presentation includes the following information: results of the studies, monitoring and control requirements for the garden, special protection requirements for the garden interconnection, comments on the schedule proposed by the applicant, available distributed generation distribution constrained credits, cost estimate and payment schedule for required Xcel work, and the Interconnection Agreement.²⁴

Step 6 is another crossroads for the applicant – the final go/no-go decision. At this stage, the applicant will have to decide whether to proceed with the proposed interconnection. Step 6

²¹ On this last point, Section 10 states “Through discussions with MISO personnel and as a practical matter, if the Generation System Nameplate Capacity is not greater in size than the minimum expected load on the distribution substation, that is feeding the proposed Generation System, and Generation System’s energy is not being sold on the wholesale market, then that installation may be considered as not ‘affecting’ the transmission system and the interconnection may be considered as governed by this process.” Section 10, Original Sheet No. 83. Although there could conceivably be a situation in which a 1 MW CSG could be greater in size than the minimum expected load on the distribution substation, that should not normally be the case. In any event, and as discussed below, the fact that applications are processed in 1 MW increments should allow for discovery of when the minimum expected load on the distribution substation is exceeded, at which point the CSG applicant may decide not to proceed. Given this apparent flexibility, and the requirement that all energy from the CSG be purchased by Xcel under the CSG statute, MISO rules should not apply to the CSG interconnection process.

²² Step 3 is skipped if no specialized engineering studies are required by Xcel. Section 10, Original Sheet No. 95.

²³ *Id.*

²⁴ Section 10, Original Sheet No. 96.

therefore serves as another screen to weed out applicants, this time for those that are unwilling to pay additional costs and/or sign an interconnection agreement, so that other interconnection requests in the queue are not adversely impacted.²⁵

Step 7 is the final design review by Xcel. Within 15 days of receiving the information required under Step 6, the interconnection coordinator provides the applicant with an estimated timetable for final review.²⁶ Upon completion of Step 7, the interconnection coordinator supplies the following information to the applicant: any requested modifications or corrections of the applicant's drawings, approval of the project schedule, review of any distributed generation credit amounts, and initial testing procedure review comments.²⁷

The last four steps relate to construction and tie-in to Xcel's distribution system. Under Step 8, Xcel and the applicant work closely together to order any necessary equipment and construct the generation system.²⁸ Step 9 is the final testing by Xcel and the applicant of the system.²⁹ Step 10 is written approval by Xcel. Within three days after all of the testing is complete and requirements have been met, Xcel will provide the applicant written approval for normal operation.³⁰ Under Step 11, the applicant provides updated drawings and prints showing the system as approved for normal operation by Xcel, within two months of interconnection.³¹ As discussed in greater detail below, this 11-step process is self-regulating and results in an optimal level of CSG development.

²⁵ Section 10, Original Sheet No. 97. Assuming the applicant proceeds, it must provide the following information: any upfront payment, a signed interconnection agreement, final proposed schedule, detailed one-line diagrams, detailed information on the proposed equipment, proposed relay settings, detailed site plan, drawings of the monitoring system, and proposed testing schedule.

²⁶ *Id.* The process must not take longer than 15 days, for a total of 30 business days. The applicant will be notified within 10 business days if the information under Step 6 is not complete, which will restart the 15-day clock.

²⁷ Section 10, Original Sheet No. 98.

²⁸ Section 10, Original Sheet Nos. 98-99.

²⁹ Section 10, Original Sheet No. 99.

³⁰ *Id.*

³¹ *Id.*

2. Xcel Demanded That CSG Applicants File Their Corresponding Interconnection Applications Serially

Based upon the agreed upon definition of Community Solar Garden Site, SGC members and other potential applicants discussed, pursuant to direction from the Commission, siting multiple CSGs in the same location during the workgroup process. Xcel agreed to study multiple CSGs proposed in the same location, provided each CSG has a distinct interconnection application and provided that the Section 10 timelines for review be based on the size of the group of CSGs as opposed to the 40-day limitation for projects sized 1 MW or less. Minutes from the October 29, 2014, implementation workgroup reflect this discussion and agreement, which states:

Multiple CSGs in the same location

Operators may notify Xcel Energy within their application that they have more than 1 CSG in close vicinity and request that those be studied together for the purposed [sic] of determining interconnection costs. The CSGs must still have distinct points of common coupling and distinct IAs. If projects are studied together, the Section 10 timelines for the size of the overall study apply rather than the 1 MW or under timelines.^[32]

Thus there should be no confusion as to whether CSGs could (or would) be sited in close proximity or the process by which CSGs sited in close proximity is to submit their respective interconnection applications. CSG applicants are to file their interconnection applications individually, but can indicate whether they have other proposed CSGs nearby to provide Xcel with the opportunity to better manage its resources in conducting the study.

3. Under the Commission's April 2014 CSG Order, Developers were Forced to File Interconnection Applications Without Sufficient Distribution System Information.

The Commission may recall that parties requested the Commission to require Xcel to provide information on its distribution system. Indeed, the April 2014 CSG Order states, "Fresh Energy and IREC suggested that Xcel could provide [distribution system] information either in a

³² Solar*Rewards Community Implementation Workgroup, Meeting Minutes, pg. 2 (Oct. 29, 2014) (emphasis added). A copy of these minutes is attached hereto as Ex. B. For clarification, SGC notes that the Section 10 timelines for review do not impact the timing for Xcel to determine completeness of an CSG application under Section 9.

preapplication report or by providing maps showing distribution circuits and areas of transmission constraints.”³³ Unfortunately, the Commission rejected the request, determining that the existing Section 10 process was sufficient. The Commission stated

the Commission concurs with Xcel that the existing process provides a workable way to evaluate the system’s ability to host proposed projects and that requiring Xcel to make more grid information available could pose a security risk. Further, the power grid is a dynamic system, and any information provided at an early stage of a project’s development would quickly become outdated.^[34]

Given the Commission’s conclusion, it should not come as a surprise that solar developers filed a number of CSG applications and interconnection applications, some of which are in close proximity, to evaluate the distribution system’s ability to host proposed projects in various locations. Without more information made public, the Section 10 process is the developers’ sole method to evaluate the level of development suitable in different geographies based on Xcel’s system and local load.

4. Any Interconnection Issues Will Be Self-Regulating

Xcel’s reference to MISO and PURPA are red herrings. The CSG Program is a distribution level program, interconnecting into Xcel’s distribution system, and the interconnection process under Section 10 is designed to avoid backflow onto the transmission system that is the jurisdiction of MISO. It is designed to be self-regulating: the study process would reveal the upgrades necessary to prevent undesirable power flows onto the transmission system. As explained above, there are points in time during the interconnection process (namely, Step 3 and Step 6) where the CSG applicant will be forced to make a decision to proceed or drop out. This decision will be highly dependent on the specific situation of the location (*e.g.*, number of CSG interconnection applications, capacity of the substation, local load, etc.). For example, a CSG applicant could submit 14 1-MW CSG interconnection applications in close proximity and learn through the interconnection process that significant upgrades are necessary for eight or more CSGs. That applicant may decide to proceed with the first seven CSG interconnection applications and forgo the other seven. The Section 10 interconnection process would be

³³ April 2014 CSG Order, pg. 12.

³⁴ *Id.* (emphasis added).

functioning as intended under this scenario. Furthermore, the Section 10 interconnection process as applied to the CSG Program should make the most efficient use of existing distribution capacity, whether it be a few MWs or less in some locations, or several MWs or more in other locations. And if the CSG applicant is willing to invest in reasonable distribution upgrades, doing so will provide a benefit to the Xcel's system. This interconnection process could undoubtedly be made more efficient if CSG applicants had information on Xcel's distribution system. But the trial and error approach will work, and any operational issues will be self-regulating.

III. CONCLUSION

SGC appreciates the opportunity to offer comments in response to Xcel's Letter and believe it would be unnecessary and highly premature to take action on Xcel's claims before the CSG Program has had a chance to begin. We do not believe a Commission hearing on the matter is necessary at this time, but respectfully request the Commission to reaffirm its prior Orders in this docket to provide market certainty.

Dated: February 24, 2015

Respectfully submitted,

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ATTORNEYS FOR THE SOLAR
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EXHIBIT A

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Subject: Revised Decision Alternatives
Date: Wednesday, August 06, 2014 6:01:01 PM
Attachments: [SunEdison Revised Decision Alternatives CSG Hearing August 7 2014.docx](#)

Sue/Andy-

Attached are SunEdison's proposed revised decision alternatives. I apologize for this taking so long. We had a productive call with Xcel this afternoon on the definition of Community Solar Garden Site and then exchanged a couple of e-mails afterward to come to agreement on that definition. Therefore, at least between SunEdison and Xcel, there is agreement on the revised definition of Community Solar Garden Site.

I believe the clarification to decision alternative C.3. reflects all parties' understanding, including Xcel. But I cannot say that for certain.

Our proposed revision to the definition of a subscriber is our attempt at a compromise. I do not believe Xcel agrees with our proposal. And I am not sure how other parties feel or if there will be other suggestions. We will be open to discuss the best way to arrive at a definition that comports with the CSG statute.

I hope this is helpful.

Thank you for all of your hard work on this docket. Truly a monumental effort.

See you tomorrow,

-Drew

Andrew P. Moratzka | Partner

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Docket No. E-002/M-13-867: Revised Decision Alternatives (SunEdison)

Staff Briefing Papers Part I: CSG Rate

C) Other Recommendations

C.3) Find that the CSG applicable retail rates and REC prices approved in the Commission's April 7, 2014 Order in the current docket will ~~continue to be~~ used for all CSG projects filing complete applications prior to the ~~until a future~~ date that the Commission issues an Order approving a VOS rate for CSGs.

Staff Briefing Papers Part II: CSG Compliance Filing

7) Definition of Community Solar Garden Site:

7.C) Require Xcel to revise the definition of "Community Solar Garden Site" as follows:

"Community Solar Garden Site" is the location of the single point of common coupling ~~interconnection~~ located at the production meter for the Community Solar Garden associated with the parcel or parcels of real property on which the PV System will be constructed and located, including any easements, rights of way, and other real-estate interests reasonably necessary to construct, operate, and maintain the garden. Multiple Community Solar Garden Sites may be situated in close proximity to one another in order to share distribution infrastructure.

13) Definition of "Subscriber"

13.A) Require Xcel to modify its definition of a "subscriber" in Tariff Sheet 72 to allow the subscriber to be any retail meter of an Xcel retail customer. Xcel may further clarify that multiple meters for the same retail customer and located on the same or contiguous parcels of land do not give rise to separate "subscribers."

EXHIBIT B

TO:
FROM: MNSEIA
SUBJECT: SOLAR*REWARDS COMMUNITY IMPLEMENTATION WORKGROUP
DATE: OCTOBER 29, 2014
CC:

**Meeting Minutes
October 29, 2014**

Attendees

x	Thor Bjork	x	Marty Morud		Lynn Hinkle		Mike Harvey
x	John Wold		Ralph Jacobson	x	Allen Gleckner		Madeleine Klein
	Ian Dobson		Michael Krause		Dan Rogers		J.W. Postal
x	Holly Lahd	x	Steve Coleman	x	Duane Hebert		Tom Hunt
	Susan Peirce	x	Tom Green	x	Craig Konz		Ralph Kaehler
	Jessie Peterson	x	Dean Leischow	x	Patrick Dalton	x	Bode Falade
x	Andy Catania	x	Betsy Engleking	x	Virginia Rutter	x	Shawn Bagley
x	Kaya Tarhan	x	Ross Abbey	x	Andrew Catania	x	Dan Patry

Administration

- Reviewed Past Minutes
- Approved
- **Garden Operator Training** will occur on Thursday Nov. 13, 2014 from 8am – 10am at:
Xcel Energy
Bay 1, 414
414 Nicollet Mall
Minneapolis, Minnesota 55401

Training will include a step-by-step walkthrough of the application process

Interconnection

The working group recapped our earlier discussions on the interconnection process and clarified the treatment of Section 10 interconnection applications (IAs) prior to program launch.

Previous Section 10 DG interconnection applications

- Applications currently submitted for Section 10 DG interconnection will be treated accordingly depending on whether or not they conform to S*RC program requirements: IAs that are currently in the queue conforming to the S*RC program requirements (1MW AC or less) will maintain their queue position (or their claim to the necessary distribution system capacity) and can be 'converted' to a CSG.

- IAs that are currently in queue that do not conform to S*RC program requirements (single applications that are greater than 1MW AC) will hold their place in the queue as per Section 10 rules, but would not hold their place in the queue if they were to be converted to the CSG program. If no other DG IAs have been applied for which impact the same distribution system area, then that project would not be impacted. However, if additional DG IAs have a secondary claim to the capacity, those would have precedent.

Interconnection Process and Timeline

The Working Group also walked through the Distributed Generation Interconnection Process found in Section 10, Sheet 101 and discussed how the timelines there interact with the S*RC program. We also discussed and came to a consensus on when the two year timeline begins. Consistent with the tariff, the two year timeline begins following Xcel Energy finding that the application information is complete, and application fee, deposit fee and IA fee have been paid.

Multiple CSGs in the same location

Operators may notify Xcel Energy within their application that they have more than 1 CSG in close vicinity and request that those be studied together for the purposed of determining interconnection costs. The CSGs must still have distinct points of common coupling and distinct IAs. If projects are studied together, the Section 10 timelines for the size of the overall study apply rather than the 1MW or under timelines.

Document Review

Application Fee Form – no comments or changes requested

Reservation Letter – Main purpose of the Reservation letter is to clearly define the bill credit structure that a specific CSG will be under for the full life of the contract. The reservation letter will be made available to the Garden Operator when the application is deemed complete following payment of application fee and deposit and engineering deeming the interconnection application information complete. We clarified that the two year deadline begins when all of those actions have been completed.

Deposit Form – Some in the Group requested changes, specifically mentioning the need for an ‘investment grade’ document for the deposit form. Xcel Energy requested that the group send suggested edits to Thor and we would discuss at a future meeting.

Subscriber Fair Disclosure

The Working Group decided to focus on Subscriber fair disclosure issues at the next Working Group meeting on Nov. 12th.