


Staff Briefing Papers

Meeting Date	March 28, 2019	Agenda Item **3C
Company	Xcel Energy (Xcel or the Company)	
Docket No.	E-003/M-13-867	
	In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of its Proposed Community Solar Garden Program	
Issues	Should the Commission approve Xcel's proposed tariff revisions for its Community Solar Garden (CSG) Program?	
Staff	Susan Mackenzie	susan.mackenzie@state.mn.us 651-201-2241

 Relevant Documents	Date
Docket No. E-002/M-13-867:	
Xcel Energy petition	December 14, 2018
Department of Commerce	January 29, 2019
Novel Energy Solutions	February 4, 2019
CSG Developer Group	February 8, 2019
MnSEIA	February 8, 2019
Xcel Energy	February 22, 2019
Department of Commerce	February 22, 2019

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

 **Relevant Documents**

Date

MnSEIA

February 22, 2019

Docket No. E-002/M-18-714:

Xcel Energy Petition

December 14, 2018

Department of Commerce

February 4, 2019

I. Statement of the issues

Should the Commission approve Xcel's proposed tariff revisions for its Community Solar Garden (CSG) Program?

II. Background

The Commission's August 13, 2018 *Order Establishing Updated Interconnection Process and Standard Interconnection Agreement*, in E999/CI-16-521, approved the Minnesota Distributed Energy Resource Interconnection (DER) Process and Agreement (MN DIP and MN DIA). The Order called for a 90-day timeframe for rate-regulated utilities to file updated tariffs per Minn. Stat. § 216B.1611, Subd. 3, and established an effective date of June 17, 2019.

On November 30, 2018, the Commission issued a Notice updating the MN DIP/DIA and incorporating additional detail from the Distributed Generation Workgroup (DGWG). The Commission approved this version of the MN DIP/DIA at the March 5, 2019 Agenda Meeting (Order forthcoming).

On December 14, 2018, Xcel made three separate filings as part of the update to implement revisions to MN DIP/DIA. Each filing related primarily to a single docket, with some overlap. The filings were as follows:

- A petition in Docket No. E-002/M-13-867 proposing changes to the Community Solar Garden (CSG) Program Tariffs that do not arise directly from the MN DIP/DIA updates
- A petition in Docket No. E-002/M-18-714 to implement the updated MN DIP/DIA
- A petition in Docket E-002/M-13-1015 proposing changes to the Solar*Rewards Program Tariffs that do not arise directly from the MN DIP/DIA update

These Staff Briefing Papers discuss the issues pertaining to the first item above (in Docket No. E-002/M-13-867) and proposed tariff revisions in Docket No. E-002/M-18-714 related to the CSG Program based on party comments filed in this docket (13-867). The other issues pertaining to the second and third items are addressed in separate Staff Briefing Papers scheduled for the same agenda meeting.

On January 4, 2019, the Commission issued a Notice in Docket No. E-002/M-13-867 seeking comments on whether to approve Xcel's proposed revisions to the CSG Program Tariffs, and setting out comment periods. On February 4, 2019, the Commission issued a Notice extending the initial comment period to February 8, 2019 at the request of the CSG Developer Group.

On January 29, 2019, the Department of Commerce (Department) filed comments. On February 4, 2019, Novel Energy Solutions (NES) filed comments. On February 8, 2019, Minnesota Solar Energy Industries Association (MnSEIA) and the CSG Developer Group filed comments. On February 22, 2019, Xcel Energy, the Department and MnSEIA filed reply comments.

III. Xcel's Petition and CSG Tariff filing

On December 14, 2018, Xcel filed proposed tariff revisions to its CSG Program as part of the Company's review of its CSG Tariff (Section 9) in compliance with the Minnesota Distribution Interconnection Process (MN DIP) as set forth in Docket No. E-002/M-18-714. Xcel asked the Commission to review the revisions in parallel with the separately filed Petition in Docket No. E-002/M-18-714. It indicated that the Commission's simultaneous consideration of all proposed tariff changes for the CSG Program would be the most efficient way to update the Company's IT system and make program adjustments.

Xcel explained that the CSG Program (Solar*Rewards Community Program) is implemented through the Company's Section 9 Tariff. The CSG provisions in Section 9 are program-specific and supplement the Company's general interconnection rules and requirements for distributed generation in Section 10.

Xcel provided redlined and clean tariff sheets as Attachment A to its December 14, 2018 filing. The redline tariff changes in the CSG docket filing are incremental to those in Docket No. E-002/18-714. Where there are revisions from both dockets on the same tariff sheet, the revisions from Docket No. E-002/18-714 are noted in blue font for ease of reference.

The Company explained that the CSG Tariff will continue to have many interconnection processes and requirements that apply to CSG applications submitted before the effective date of the MN DIP (June 17, 2019).¹ However, there is significant change to the CSG Tariff so that the MN DIP/DIA can be applied to CSG applications filed on or after June 17, 2019. Some tariff provisions remain unchanged, some current provisions will only apply to those applications that are not subject to the MN DIP, and some new provisions will only apply to those applications that are subject to the MN DIP.

In the December 14, 2018 Petition filed in E-002/M-13-867, the Company proposed incremental edits for CSG Program clarification.² These included changes related to:

- 12-month accrual for bill credits
- deposit language
- subscription size
- participation fee

The CSG Program has several Standard Contract amendment options. By adjusting the tariff language to reflect some of these amendments, Xcel noted that it can limit additional paperwork for interconnection participations as they begin to fall under the new interconnection guidelines.³

¹ MN DIP 1.1.3 further outlines when the MN DIP applies during the transition.

² These edits are described on pages 6-7 in Xcel's Petition.

³ Xcel adjusted tariff language to reflect the following amendments: (1) adding a six month grace period in conjunction with a late fee, (2) allowing for only a single meter to record production sent to the

The other amendments to the tariffed Standard Contract currently available to CSG Garden Operators will remain available for those applications under the current interconnection process. However, these amendments will no longer be applicable to those projects under the MN DIP requirements beginning on June 17, 2019.

In response to the Department, the Company proposed additional redline edits on Sheet No. 65 to address inconsistency in the proposed tariff revisions regarding changing the assessment of a customer's annual average consumption to 12 months from the current 24 months.⁴

IV. Issues

Changes to the one-time refundable deposit [Sheet 66.1, k(2)]

Parties' comments

In its initial filing, Xcel proposed to revise tariff language to allow for the return of the one-time refundable program deposit (\$100/kW per garden) at an earlier point in the application process. Xcel noted that this change had been requested by developers. Xcel also proposed revised tariff language that would allow the Company to use the deposit to offset costs that a developer or any of its corporate affiliates owed the Company. Although MnSEIA, NES, and CSG Developer Group supported an earlier return of the deposit, they objected to deposits for one garden project being applied to another, and not returned in full.

The CSG Developer Group and the other parties argued that the proposed change would remove the assurance financing parties currently have that their deposits will be returned upon completion or cancellation of the project.⁵ The Group maintained that CSG developers depend on a guarantee that their financing partners will recoup their deposits to obtain financing. If Xcel can apply the deposit to outstanding payments of the developer or one of its affiliates (which may have projects backed by different financing parties), financiers will be exposed to an unacceptable level of risk, potentially increasing their cost of capital. Parties noted that the Commission has previously been careful to guard against actions that would create obstacles to financing, and should reject this proposal as unnecessary, because it would increase financing risk and costs for CSGs.⁶

Xcel responded to the comments by CSG Developer Group, MnSEIA and NES, stating:

Company and also energy that the Company sends to the garden, and (3) allowing Garden Operators to combine reporting in a single Annual Report and to provide Annual Reports at a Parent Company level.

⁴ Xcel reply, February 22, 2019, p. 2.

⁵ The CSG Group objected to the additional language on Sheet No. 66.1, Section k(2), which allows Xcel, before returning a deposit to a garden operator, to "apply[] the deposit towards any past due amounts that the garden operator (or any corporate affiliate of the garden operator) owes to the Company pursuant to the Solar*Rewards Community Program."

⁶ CSG Developer Group, February 8, 2019, p. 3.

We are sensitive to the objections raised by certain developers that allowing Deposits issued for one project to be used for another rather than returned in full may impair the financing of future projects. Additionally, upon further reflection it appears that some of our proposed revisions would have been in conflict with MN DIP as they would provide additional security, on top of what is provided in MN DIP, for our costs in building out our network to accommodate interconnections under this program.

Accordingly, we will agree to the revisions proposed by the developers...⁷

Xcel proposed the redlined changes below in place of the initially proposed tariff language for the one-time refundable program deposit:

(2) Prior to the Company processing the application, the garden operator must submit a deposit of an amount equal to \$100/kW to the Company. This deposit may be submitted by check or wire transfer. The deposit will be eligible for release upon any of the following conditions: 1) full execution of the Interconnection Agreement, 2) garden operator withdrawal of Solar*Rewards Community application in the online application system, or 3) Company cancellation of the application due to non-compliance with program or interconnection timelines or tariffs. For deposits held by the Company w~~Within thirty (30) days of receipt of the required deposit refund request paper work after either the project is completed or the date when the garden operator informs the Company that it will no longer continue pursuing completion of the garden project, or if the project is not completed within the twenty four (24) month timeline (including day-for-day extensions) detailed below,~~ the Company shall return to the garden operator the deposit. When the deposit qualifies to be returned to the garden operator, it shall also include interest.

Staff discussion

Staff assumes that the redlined tariff language proposed by Xcel in reply comments is acceptable to the commenting parties since Xcel has removed the objectionable language. However, the Commission may wish to confirm that parties support the revised language.

Independent Engineer (IE) dispute process (Sheet No. 68.19)

Parties' comments

The CSG Developer Group objected to Xcel's elimination of the Independent Engineer (IE) dispute process, arguing that it was a material component of the Partial Settlement Agreement approved by the Commission in its August 6, 2015 Order in Docket No. E-002/M-13-867. It also argued that Xcel's proposed revision to eliminate the IE dispute process is unnecessary in order to implement the MN DIP/MN DIA. The Group argued that the IE process has served as a technical check on Xcel's upgrade and interconnection procedures, assisting more CSGs to reach commercial operation. At the same time, the CSG Group welcomed the MN DIP mediation process (although it questioned whether the mediator would have adequate

⁷ Xcel Energy, February 22, 2019, pp. 3-4.

technical expertise). The Group suggested retaining the IE process and incorporating it into the third-party mediator step outlined in Section 10, Sheet Nos. 195-196 (MN DIP Section 5.3.6).

MnSEIA also supported the continuation of the IE process, which it argued has helped to resolve a number of interconnection disputes, and suggested that there was no inherent conflict with the MN DIP third-party mediation process. MnSEIA's proposal largely eliminates the extended tariff language originally provided for in the IE process. In its place, it proposes an interconnection dispute mechanism for Xcel's new Tariff Sheet No. 68.19 (Section 9 Community Solar Garden Program) that retains an attenuated provision allowing any CSG applicant to submit a dispute to an independent engineering mediator. This mediator would be selected or approved by the Department under MN DIP Section 5.3.6. If challenged by Xcel, the Department would hear and decide on the matter with a time-limited right of appeal to the Commission. The mediator would have authority to request information necessary to resolve the dispute and make a determination describing pertinent facts and the reasons for its conclusions.

Like the CSG Group, MnSEIA argued for integrating the IE process with the MN DIP process. It supported the CSG Group's comments on the value of the independent engineer, and made specific reference to the 2015 settlement agreement.⁸ As noted, MnSEIA proposed revised language to provide for an "independent engineering mediator" to be approved by the Department for CSG projects.⁹

Both the DOC and Xcel responded with detailed arguments for eliminating the IE process in favor of a uniform MN DIP process covering both CSG and non-CSG disputes. In its reply comments, the DOC noted that: (1) it had experienced significant difficulty in obtaining qualified IEs, (2) the IE process had been delayed well-beyond the 30-day timeframe provided for in the Settlement (in part because, contrary to MnSEIA's claim, all IE disputes have been appealed to the Commission), and (3) parties had raised legal issues before the IE that were beyond its technical purview. Therefore, the Department supported Xcel's proposed elimination of the IE process in favor of the MN DIP process.

In reply, Xcel rejected the argument that the Commission's August 6, 2015 Order adopting the Settlement requires a continuation of the IE process. It pointed to language in the Settlement Agreement (paragraph 3.1) making its obligations contingent on a Commission Order that would make "all terms and conditions hereof applicable to all future participants in the Community Solar Garden Program." The Agreement went on to say that if the Commission did not accept it "consistent with the requirements of the foregoing sentence," the Agreement "is to be deemed to be null and void and of no force or effect..." (Xcel February 22, 2019, p. 5). Since the Commission's Order only adopted parts of the Partial Settlement and made additional changes to them rather than retaining "all terms and conditions," Xcel argued that the Settlement Agreement itself is void. Xcel went on to argue that modifications to the CSG program fall under the Commission's general statutory authority over the CSG program and not

⁸ MnSEIA, February 22, 2019, p. 2.

⁹ MnSEIA, February 8, 2018, p. 5.

under the Settlement Agreement, as noted by the Appellate Court order affirming the Commission's August 6, 2015 Order.¹⁰ The Company endorsed replacing the IE process with the MN DIP mediation process going forward, noting Stakeholder Working Group discussions of inconsistencies between the two processes, and that the new process under MN DIP ensures that CSGs and non-CSGs will receive uniform treatment.

Staff discussion

Parties' analysis and discussion suggests the most salient questions are whether to: (1) maintain some aspects of the current IE dispute process structure as they relate specifically to the CSG program, as proposed by MnSEIA, (2) maintain some aspects of the IE process and incorporate them into Xcel's Section 10 dispute process for all interconnection applicants, as proposed by CSG Developer Group, or (3) replace the current CSG IE dispute process with the MN DIP mediation process for both CSG and non-CSG applicants, as proposed by Xcel and the Department. Further, the Commission could consider incorporating some aspects of the IE process into the MN DIP through a future update to the MN DIP.

In sum, MnSEIA and the CSG Group supported maintaining some aspects of the IE dispute process. MnSEIA suggested specific language to modify the Section 9 CSG Tariffs to this effect (see Appendix B to these Briefing Papers). Both the Department and Xcel fully rejected the continuation of the IE dispute process in favor of the MN DIP mediation alternative, and provided no support for incorporating aspects of the IE process into either Xcel's Section 9 or 10 tariffs or as an update to the MN DIP.

Staff suggests a number of options for the Commission to consider.

The first option would be to undertake a "hybrid approach" as proposed by MnSEIA. MnSEIA proposed that the Commission "seek to integrate Section 9 with the MN DIP's third-party mediator dispute-resolution process in a way that honors and preserves the essential elements of IE mechanism....".¹¹ In order to retain aspects of the IE mechanism, MnSEIA proposed specific language for the new Tariff Sheet No. 68.19 as proposed by Xcel. It also asserted that the proposed language is compatible with MN DIP Section 5.3.6. The changes would provide for an "independent engineering mediator," preserving the idea of mediation central to MN DIP, also retaining the idea that the mediator should possess understanding of the engineering issues surrounding interconnection.

MnSEIA argued that they do not anticipate a strong need for this process, but that the option will reassure developers, financiers and the public that the utility will act fairly when disputes arise. This option does raise the issue of whether programmatic exceptions to MN DIP are permitted or appropriate in this case. The issue is further discussed in the Staff Briefing Papers for Docket No. E-002/M-18-714. As noted, MnSEIA does not believe the proposed language is in conflict with MN DIP.

¹⁰ Minn. App. Ct., May 31, 2016. p. 14.

¹¹ MnSEIA, February 8, 2019, p. 4.

The second option would be to undertake a “hybrid approach” but eliminate the IE dispute process from Xcel’s Section 9 CSG Tariffs and modify Xcel’s proposed Section 10, Tariff Sheets 195-196 (MN DIP 5.3 Disputes), to incorporate aspects of the current IE process into the dispute mediation process. This option was proposed by the CSG Developer Group. The revisions might be similar to those proposed by MnSEIA but would be available to all Xcel’s interconnection customers.

The third option is to adopt Xcel’s proposal, supported by the Department, to eliminate the IE dispute resolution process for the CSG Program and replace it with the MN DIP dispute resolution process for all interconnection applicants.

The fourth option could be combined with any of the above options and would refer the matter to the Distributed Generation Working Group (DGWG) for further consideration in order to reach consensus. If the working group recommended such an option and the Commission accepted it, all interconnection customers of utilities subject to the MN DIP might eventually have access to the independent engineering mediator.¹²

The fifth option is for the Commission to consider making it a practice to engage an independent engineering mediator, if and when it is determined that one is needed, as part of a dispute mediation resolution process outlined in the MN DIP. If staff engineering resources are unavailable, the Commission could offer to procure independent engineers as consultants for specific, disputed technical issues either at the expense of the parties as allowed in MN DIP 5.3.6 or through agency resources.

Staff believes that the Department’s objections to proposals for a hybrid IE process, especially given its primary responsibility for implementing the process, should be given weight in the Commission’s decision in this matter. However, the Commission should note that MnSEIA’s proposal to incorporate only certain aspects of the IE process is limited in scope, resulting in a simple appeal process, seemingly consistent with MN DIP Section 5.3, but responsive to the concerns of CSG developers. The Commission may therefore find that there are sufficient reasons to provide CSG developers with this alternative appeal process as reassurance to MnSEIA members, the CSG Developer Group, and the broader developer community.¹³

¹² See Order, in Docket No. E-999/CI-16-521, August 13, 2018, Ordering Point 21 (p. 32):

The Commission delegates to its Executive Secretary the authority to establish and maintain an ongoing Distributed Generation Workgroup to meet annually, or more frequently as needed, to review implementation and technical issues that arise with implementation of the MN DIP, MN DIA, or emerging DER technology. Updates to the MN DIP and/or MN DIA may be accomplished by Commission order in response to a petition.

<https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={C0323565-0000-CF14-B986-6AF2782E8723}&documentTitle=20188-145752-02>

¹³ Staff notes that typically tariffs define the relationship between a utility and its customers related to services, rates, and terms/conditions. It could be argued that a dispute resolution process might be

Alternatively, the Commission may find that a single dispute process applied to all of Xcel's interconnection applicants is more efficient and fair, whether the process includes an independent engineering mediator or not. Staff notes that the second option, as proposed by the CSG Group, would put Xcel's CSG and non-CSG interconnection applicants on an equal footing.

However, staff also notes that in Docket No. E-999/CI-16-521, the working assumption was that public utilities would not make changes to the statewide application of MN DIP/DIA. Options three and five preserve the statewide uniformity and consistency of the MN DIP across all state utilities.

If the Commission finds the argument that the IE process, even in the reduced form proposed by MnSEIA and the CSG Group, is incompatible with MN DIP (or the Commission does not wish at this time to make programmatic or utility-specific exceptions), this could lead it to remove the IE dispute process (third option) or refer the question of revisions to Section 5.3 (Disputes) to the MN DIP working group assigned to review and propose updates (fourth option).

If the Commission finds the argument that the IE process, even in the reduced form proposed by MnSEIA and the CSG Group, is incompatible with MN DIP (or the Commission does not wish at this time to make programmatic or utility-specific exceptions), this could lead it to remove the IE dispute process (third option) or refer the question of revisions to Section 5.3 (Disputes) to the MN DIP working group assigned to review and propose updates (fourth option).

Lastly, it would be consistent with any of the options for the Commission to support seeking additional resources to procure technical engineering consultants, as needed, if disputes arise (fifth option).

Staff further notes that the Partial Settlement Agreement, as interpreted and altered by the Commission's August 6, 2015 Order, in no way constrains the Commission's general authority over the CSG program, including issues of dispute resolution. In its August 6, 2015 Order, the Commission made its decisions based on the record, largely apart from the Settlement. These or any decisions can be altered or adjusted under the CSG Statute whenever the Commission finds that new evidence justifies such changes to the program.

Increased participation fee (Sheet No. 77)

Xcel Energy (Xcel) initial comments

The Company proposed to increase the annual participation fee for the CSG program from \$300 to \$500 to recover the costs incurred in administering the program, including increasing costs

more appropriately considered outside of a tariff. In some cases, statutes and rules dictate a particular process for dispute resolution.

related to staffing time and the online application system.¹⁴ The current requirement is for Garden Operators to pay a yearly participation fee of \$300 per garden beginning in February following the first full year of commercial operation.¹⁵ The fee is intended to recover the costs of log-in and maintenance of the subscriber management system.

Minnesota Solar Energy Industries Association (MnSEIA)

MnSEIA opposed Xcel's increase in the annual participation fee, arguing that the Company provided no evidence that the increase was necessary. It observed that the amount currently collected, assuming 505 applications (\$151,000/year), was sufficient to pay one full-time staffer. While the increase may seem minor, MnSEIA noted that CSGs have a 25-year contract. The change would represent an additional \$5,000 per application over the life of the project (\$200/year x 25 years), which MnSEIA argued is enough to require support and justification by the Company.¹⁶

Xcel Energy (Xcel) reply comments

In reply, the Company explained that when the program was initially proposed, it estimated a total of about 72 community solar gardens, a moderate number of subscriptions associated with these 72 gardens, and one person working full-time on program management.¹⁷ Currently, the program has surpassed 500 completed applications, with over 12,000 subscriptions.¹⁸ There are three staff working full-time on program management, with a number of others supporting the program. Therefore, administrative and application management costs have increased significantly. Xcel noted that a full-time staff member was hired specifically to manage subscriber billing concerns and help Garden Operators manage the online system. In addition, further updates to the Company's online application tool will be needed to continue meeting the needs of these customers.

According to Xcel, the participation fees collected in 2019, estimated at \$168,300 (561 applications x \$300), no longer cover the ongoing costs of the program. As shown in Table 1 below, the Company reports ongoing program administration costs much higher than the participation fees currently collected.¹⁹

¹⁴ Xcel Petition, December 14, 2018, p. 7. Xcel reply, February 22, 2019, p. 9.

¹⁵ In February 2017, 40 gardens were assessed this fee, and Xcel reported in its annual report for 2017 that these fees remained adequate to cover the cost of software licensing for the online application system. At the end of 2016, only one Garden Operator had paid an annual participation fee.

¹⁶ MnSEIA, February 8, 2019, pp. 3-4.

¹⁷ Xcel, February 22, 2019, p. 9.

¹⁸ Xcel's CSG Monthly Update, February 12, 2019, p. 7.

¹⁹ Xcel noted that only costs that are known to be ongoing and fully dedicated to the program have been included in the summary of costs in Table 1.

Table 1: Ongoing Administration of the Solar*Rewards Community Program

	Annual Expense
Subscription Management	\$ 99,500
Support and Development (IT)	\$ 32,000
Labor Forecast	\$ 200,000
Total	\$ 331,500

Xcel noted the proposal to increase the current participation fee from \$300 to \$500 will cover only part of the ongoing costs of the program.²⁰ Therefore, Xcel believes its request to increase the fee is both reasonable and conservative.

Staff discussion

Staff notes that the Department supported all of Xcel's proposed tariff revisions, including an increase in the annual participation fee, although it provided no specific comments on this issue.²¹

In its April 7, 2014 Order, the Commission approved the \$300 participation fee but noted that the fee structure may need to be adjusted in the future as Xcel gained experience with CSGs and the true cost of administering the program.²² In approving the initial \$300/year participation fee, the Commission found that Xcel would incur significant costs in developing the CSG application and subscriber-management system, processing applications, and administering bill credits and that these costs should be borne by CSG developers.²³ The Commission asked Xcel to provide annual reporting on CSG program costs, including the participation fee and further justification for these fees going forward.²⁴

Staff notes that in reply comments, Xcel provided support for its request to increase the participation fee. As noted, the fee covers the cost of the subscriber management system, including log-in and management of all subscriber accounts. The initial participation fee was

²⁰ At the forecasted annual expense in Table 1, a Participation Fee of \$591 would be required to fully recover costs for ongoing administration.

²¹ Department, 13-867, January 29, 2019, pp. 1-2.

²² *Order Rejecting Xcel's Solar-Garden Tariff Filing and Requiring the Company to File a Revised Solar-Garden Plan*, in 13-867, April 7, 2014, pp. 9-10.

²³ Also included in the April 2014 Order was the issue raised by commenting parties that for small developers the burden of fees should be lifted by scaling participation fees with the size of a solar-garden project. Xcel responded, however, that the administrative cost of processing applications does not vary in direct proportion to the size of the garden project.

²⁴ In its Annual Report for 2017, Xcel indicated that the Participation Fee remained adequate to cover the cost of software licensing for the online application system. By the end of 2017, there were about 246 MW of completed gardens. See *Xcel's 2017 Annual Report, March 30, 2018, p. 2 and p. 16.*

based on early estimates of the number of garden applications and program subscribers, both of which have increased significantly.

Currently, in order to participate in the program, a Garden Operator would pay fees as shown in the table below:

Xcel's Community Solar Garden Fees		
Fee	Amount	Period
Program Application	\$1200	One-time, Non-refundable
Program Deposit	\$100/kW	One-time, Refundable
Metering	Single phase: \$5.50 Three Phase: \$8.00	Monthly
Program Participation	\$300	Annual, Non-refundable
Interconnection	Variable	One-time, Non-refundable

Requirement for a Parent entity guarantee in the Annual Report (Sheet No. 77)

Parties' comments

The CSG Developer Group objected to proposed language in Tariff Sheet No. 77, Section 6(F), requiring that Annual Reports by CSG Operators include “a Parent guarantee that [the Parent entity] has financial responsibility or the obligation to pay debts on behalf of subsidiary companies.” The Group argued that Xcel provided no explanation for the requirement and that the provision will complicate financing. CSG financing can take many forms and is often done at an individual CSG level, rather than at a parent company level. The proposed language could therefore result in unintended consequences. Instead, the CSG Developer Group recommended approval of proposed changes to Tariff Sheet No. 77, Section 6(F), with the following language removed: “and includes a Parent guarantee that it has financial responsibility or obligation to pay debts on behalf of the subsidiary subscribers.”

MnSEIA agreed that the new language was not supported or explained and is overly broad and unnecessary for aggregated annual reporting. Like the CSG Group, MnSEIA argued that financing could be adversely affected by requiring that all gardens under a Parent entity be jointly underwritten through the guarantee. The language will have the unintended consequence of making financing very challenging, because all gardens are being underwritten through the guarantee. The unintended costs would be greater than the benefit from aggregated annual reporting, which should be standard practice and available to all developers. Ownership and control by a Parent entity of a down-line garden should be a sufficient basis for allowing a combined Annual Report.²⁵ MnSEIA therefore recommended that the Parent Guarantee requirement be eliminated.

Xcel acknowledged that financial reporting for each individual garden that is a subsidiary of the same parent company could place an undue burden on Garden Operators. For this reason, on August 1, 2018, it proposed an amendment option to the CSG standard contract allowing the

²⁵ MnSEIA. February 8, 2019, pp. 5-6.

parent company of one or more down-line Garden Operators to combine financial statements and management information. Included was a requirement for a Parent to guarantee to pay the debts on behalf of its subsidiaries. Xcel included the amendment language in its revised Tariff Sheet 77. It argued that this provision would be a quid-pro-quo for the developer not being required to provide audited financial information for each LLC garden owner. The language creates an option for Garden Operators and is not binding unless the developer chooses to file the combined annual reports at the Parent level.²⁶

Staff discussion

Staff notes that the Commission can either adopt the language in Sheet 77 [Section 6(F)] as proposed by Xcel, adopt Sheet 77, Section 6(F) with the removal of the language requiring the Parent Guarantee as proposed by the CSG Developer Group, or take no action and ask Xcel to discuss the issue at a future CSG Stakeholder Working Group meeting.

Staff notes that Xcel's proposal to revise the annual reporting requirements in Tariff Sheet No. 77 [Section 6(F)] is not necessary as part of the MN DIP update. However, Xcel indicated that combining this revision with the MN DIP updates will result in more efficient overall upgrades to its system and less paperwork for Garden Operators. If the Commission prefers to defer a decision on this matter, staff notes that the option for Garden Operators to sign an amendment to the Standard Contract to obtain aggregated annual reporting in exchange for the Parent Guarantee will continue to exist.²⁷

Including language requiring a Parent Guarantee in tariff language is objectionable to developers. For this reason, the Commission could delay the adoption of the tariff language proposed by Xcel, and ask Xcel and the CSG Stakeholder Working Group to take up the issue and further develop the record.

Company interconnection timelines and late fees (Sheet No. 67.3, and 67.1)

Parties' comments

Xcel's proposed new Tariff Sheet No. 67.3 incorporates into tariff what is already an option for Garden Operators who sign an amendment to the Standard Contract.²⁸ Xcel is proposing to

²⁶ Xcel reply, February 22, 2019, pp. 6-7.

²⁷ Xcel explained that the Commission's April 7, 2014 Order in the current docket (Ordering Point 21.i.), allows Xcel and CSG Operators to negotiate variations from the tariffed S*RC Standard Contract. Garden Operators can file such a proposed amendment, and if no objection is filed within 30 days, the amendment goes into effect. Of the seven individual amendments that have been approved through this process, the Company proposed tariff revisions that put the substance of three of these previously approved amendments into its tariff. The CSG Developer Group has objected to two, including language in Tariff Sheet No. 77 related to combined annual reporting and the required Parent Guarantee, and language in Tariff Sheet No. 67.3 related to giving Garden Operators an option to avoid cancellation of projects where Mechanical Completion within the 24-month deadline has not been reached.

²⁸ See the approved amendment to the S*RC Standard Contract, filed by Xcel on June 19, 2017, in 13-

make this option available through the new tariff sheet. The change was not required as part of the MN DIP updates to Xcel's tariffs, but Xcel explained that by adjusting tariff language to reflect the amendment, the Company can limit additional paperwork for interconnection participants as they begin to come under the MN DIP.

The provisions of Tariff Sheet No. 67.3 therefore replicate the approved amendment to the CSG standard contract. They provide for late fees paid to avoid project cancellation due to failure to meet Mechanical Completion prior to a 24 month deadline, established with the signing of the Interconnection Agreement. The tariff would give CSG projects an additional 6 months, past the 24-month deadline, if Substantial Progress has been achieved, but would require that the Garden Operator agree to pay a late fee of \$200 per day per MW. Under the current amendment to the Standard Contract, Xcel noted that to date 45 CSG projects have been able to avoid cancellation using the late fee extension policy.²⁹ The new tariff language offers this option to developers but does not obligate them to pay the late fee if they do not want additional time to achieve Mechanical Completion. Failure to achieve Mechanical Completion would result in the CSG project being withdrawn from the program and interconnection queues as proposed by Xcel.

The CSG Developer Group asked the Commission to consider whether day-for-day extensions with late fees should apply if Xcel is the cause of the delay. The Group also asked the Commission to consider whether Xcel should be directed to meet its own specific timelines for deliverables related to interconnection.³⁰ MnSEIA supported the CSG Group, arguing that Xcel should face late fees or penalties if it fails to meet tariffed timelines.³¹

The CSG Developer Group thus argued for more equal sharing of responsibility for meeting deadlines for milestones such as energization and witness testing and possibly others. It argued that not all delays are due to the applicant, and in some cases developers and subscribers wait months beyond Xcel's scheduled interconnection dates without recourse. This can lead not only to monetary losses of over \$100,000 per month, but also to losses in developer reputation as subscribers are left waiting. The overall objective of the CSG Group and MnSEIA's proposed changes would be to rebalance the obligations of developers and Xcel in achieving interconnection deadlines and bring greater "parity to the interconnection process."³²

The CSG Group therefore proposed that the Commission direct Xcel to revise its proposed tariff to include specific timelines for Xcel's own deliverables related to interconnection.

Xcel responded that the proposed Tariff Sheet No. 67.3 incorporates into tariff a day-for-day extension originally requested by CSG developers themselves as an alternative to project

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²⁹ Xcel, February 22, 2019, p. 8.

³⁰ CSG Developer Group, February 8, 2019, p. 4.

³¹ MnSEIA, February 22, 2019, p. 2.

³² CSG Developer Group, February 8, 2019, p. 4.

cancellation if Mechanical Completion is not achieved within the 24-month period (and qualifying day-for-day extensions).

Xcel also noted that Mechanical Completion (based on developer readiness) and in-service dates (when the project is interconnected) are not the same and are not tied to one another. The Mechanical Completion date was chosen as the deadline of the 24-month period because achieving this deadline is unrelated to whether the project is actually in-service. Xcel noted that a scheduled in-service date is worked out between the developer and Xcel, and is the estimated date by which both parties will have their own construction complete. The energization and acceptance testing dates necessary to achieve operation can be scheduled within eight weeks prior to the expected in-service date. The eight week window for scheduling these dates was initiated in the second half of 2018, and has been very successful at eliminating cancelled appointments.

Xcel thus argued that Mechanical Completion (based on developer readiness) and In-service dates (when the project is interconnected) are unrelated, and that the late fee is associated with Mechanical Completion timelines defined by a different area of the tariff. There is therefore no connection between the late fee and in-service dates.

The Company denied that any projects were delayed for energization and witness testing apart from those due to weather events, safety issues, or the actions of developers themselves.³³ It cited as examples one developer's failure to obtain needed easements and another developer's lost equipment.³⁴ It added that if the Company fails to meet its tariffed deadlines, the Garden Operator is entitled to the day-for-day extension beyond the 24-month deadline. Xcel emphasized its willingness to work out a scheduled in-service date with developers.³⁵

Staff discussion

The CSG Developer Group asked the Commission to reject Xcel's proposal to revise tariffs that are not necessary to integrate the MN DIP, and specifically requested that Xcel's tariff be revised to include deliverable timelines for Xcel, as well as developers, to reach interconnection.

³³ Xcel explained that when a developer is not ready for the previously set in-service date, they need to negotiate with Xcel and reschedule for the next available in-service date. In some cases, this may be several months out. Xcel argued that in these types of situations it is not the Company's conduct that would impact or delay when a garden achieves Mechanical Completion. (Xcel, February 22, 2019, pp. 7-8.)

³⁴ Xcel, February 22, 2019, p. 8, fn. 6.

³⁵ Xcel provided instructions for the requirements for Commercial Operation at this link:

<https://www.xcelenergy.com/staticfiles/xcel-responsive/Working%20With%20Us/Renewable%20Developers/SRC-MN-Commercial-Operation-Process.pdf>

As noted, the language proposed by Xcel for the new tariff sheet was part of an approved amendment to the S*RC Standard Contract (filed on June 19, 2017). Although not required for the MN DIP update, Xcel noted the move into tariff can help to reduce paperwork for participants as they begin to fall under MN DIP. The Department provided overall support for Xcel's tariff revisions but did not provide comments on this issue.

Staff believes that the CSG Developer Group wants to retain the option to extend projects beyond 24 months but would like their own obligations to be accompanied by additional obligations for Xcel. However, the developers do not offer specific alternative tariff language for the Commission to consider. The CSG Group and MnSEIA therefore provide only a request in concept for more specific deliverable timelines and possible penalties for Xcel. Without more precise tariff language, it will be difficult to know how the Commission can implement their requests at this time.

Therefore, staff believes it might be difficult for the Commission to move forward and adopt specific language to address issues raised by CSG Group and MnSEIA when none has been proposed. Moreover, it is unclear how responsibility for delay is to be determined and by whom. At the same time, staff believes it is important to incorporate the new tariff language in order to allow CSG applicants under MN DIP to retain the option of a day-for-day extensions in exchange for a late fee, assuming the Mechanical Completion step is preserved in CSG Program. Although Xcel has noted certain complications in formulating tariff language to achieve what the CSG Group and MnSEIA have proposed, this does not reduce the importance of taking up the issue promptly.

The Commission may wish to direct Xcel to offer additional language that the Company finds acceptable in committing to deadlines and deliverables as part of the design and construction step in the interconnection process.

Another option is for the Commission to adopt Xcel's new tariff sheet as proposed, but require Xcel to offer additional clarifying language for discussion in the CSG Stakeholder Working Group that captures the parallel obligations that Xcel might fulfill during the construction phase of the interconnection process. This will result in a continuation of the 24-month deadline extension with the payment of a late fee, but also consideration of specific language to amend the tariffs, once language is clarified and agreed to by Xcel and stakeholders. This sequence assumes that the CSG Group and MnSEIA do not want the extension option terminated altogether, only rebalanced to reflect developer interests and Xcel's obligations.³⁶

Neither the concept of Mechanical Completion nor construction deadlines are included in the MN DIP. It requires the establishment of milestones and communication, but does not have a

³⁶ If the Commission does not adopt the new Tariff Sheet 67.3, the Company will either need to remove the day-for-day extension period as an option or propose an updated amendment to the Standard Contract for those projects that are subject to the MN DIP. For projects not subject to the MN DIP, the Company would need to update the existing amendment to be consistent with the correct pages in the updated Standard Contract.

two year Mechanical Completion deadline as required in the CSG Program Tariffs.³⁷ The MN DIP does include other deadlines on both the Interconnection Customer and the utility for various steps in the Interconnection Process. Failure to meet a deadline or request a timeline extension can result in an Interconnection Customer's application being withdrawn; whereas, failure by the utility to meet the deadlines requires communication to the customer and some reporting. The DGWG discussed this issue,³⁸ and supported the treatment of customer deadlines to ensure the queue continued to move for all customers. There were several suggestions, but no consensus on how to address utility deadlines. All parties agreed it can be difficult, though not impossible, to determine which party caused the delay. Staff is unsure what the additional specific timelines for deliverables related to interconnection would be. This too would benefit from further discussion in the CSG Stakeholder Working Group.

Opening a comment period to address programmatic changes

Parties' comments

The CSG Developer Group asked that the Commission open a comment period to analyze additional program improvements in light of other programmatic changes in the docket. The objective would be to make important program goals more attainable; such as, including more residential subscribers and bringing costs down. The CSG Developer Group anticipates that some changes may be reasonably easy to implement, while others might be somewhat more controversial or complex, but could add substantial value.

³⁷ **MN DIP 5.6** (Design, Procurement, Installation and Construction of Interconnection Facilities and Upgrades)

5.6.2 The Interconnection Customer and the Area EPS Operator shall agree on milestones for which each Party is responsible and list them in an attachment to the Interconnection Agreement. To the greatest extent possible, the Parties will identify all design, procurement, installation and construction requirements associated with a project, and clear associated timelines, at the beginning of the design, procurement, installation and construction phase, or as early within the process as possible.

5.6.3 A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and 1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and 2) request appropriate amendments to the Interconnection Agreement and its attachments. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless 1) it will suffer significant uncompensated economic or operational harm from the delay, 2) attainment of the same milestone has previously been delayed, or 3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment. If the Party affected by the failure to meet a milestone disputes the proposed extension, the affected Party may pursue dispute resolution pursuant to 5.3.

³⁸ DGWG Meeting #3 Summary, pp. 15-16; and DGWG Meeting #4 Summary, pp. 3-4. Also mentioned in DGWG Meeting #5 Summary, pp. 12-13; DGWG Meeting #7 Summary, p. 7.

The CSG Group proposed seeking comments on the following: (1) whether to allow new electric vehicle owners to upsize their CSG subscription more quickly without waiting for a year's usage data, (2) how to provide technical or online solutions that would make the process of signing up for residential subscribers more clear and efficient, (3) allowing for the use of advanced inverter functionality, (4) considering whether the program deposits should be released earlier in the process when the interconnection agreements are executed and estimated interconnection costs paid, (5) analyzing whether 5 year renewal periods could be added to material contracts to bring them more in line with the useful life of solar facilities, and (6) bringing interconnection study fees more in-line by capping them at a level reasonable for the scale and complexity of a project.

MnSEIA agreed with the proposal by the CSG Group to open a comment period. It noted that the program has seen many changes which might suggest further adjustments, including the current revisions to incorporate the MN DIP. Illustrative of the evolving changes in the CSG program are changes in the initial program design, which called for unlimited co-located 1 MW gardens at an Applicable Retail Rate (ARR). Then, as part of the 2015 Partial Settlement Agreement, gardens were reduced to 5MW of co-located gardens and additional program rules for the viability of applications went into effect. As part of the settlement, gardens were required to prove they were or were not co-located. Eventually, gardens were required to be no more than 1 MW in size. Starting in 2017, the program transitioned to the Value of Solar (VOS). Since then, Xcel's applications and interpretations of the VOS methodology have been routinely disputed by MnSEIA and others. Currently, the transition to the new interconnection standards process (MN DIP) poses new challenges over how to integrate and make consistent the provisions of the CSG Program with the new MN DIP tariffs.

MnSEIA noted that the SR*C Working Group (CSG Stakeholder Working Group) has played a role in each of these transitions and in many of the important program changes, leaving the Commission to deal with the more controversial items. MnSEIA believes that the SR*C Working Group has been of tremendous value to the Program, especially given the constantly changing rules, regulations, and goals. However, much of the work of the group has been "reactive." For this reason, MnSEIA believes there is merit in having a comment period to reflect on program direction and the regulatory framework.

MnSEIA raised issues with current program implementation, and supported the CSG Developer Group,³⁹ noting that scheduling a comment period requires considerable Commission resources. It suggested that the comment period therefore begin as soon as possible, pending staff workload. It proposed that comments be divided into an initial inquiry into potential program changes, followed by a Commission decision on which issues are of relatively high priority and worthy of further development. Those issues selected by the Commission should then be sent to the SR*C Working Group to be discussed and developed. Substantive conflicts

³⁹ For example, the issue related to electric vehicles seems uncontroversial and fixable with some guidance from the Commission, and some work with Xcel on program details.

could be directed back to the Commission for decision, allowing developers and Xcel to continue to focus on agreed developments, saving staff and Commission time.⁴⁰

Xcel supported putting Stakeholder Working Group consideration before Commission review, and sending at least some of the issues proposed by CSG Group to the Working Group. This could be followed by a comment period if some issues cannot be resolved. Xcel also provided specific reaction to each of the issues raised by CSG Group:

New electric vehicle owners. The CSG Developer group suggests that the Company allow new electric vehicle owner's to upsize their CSG subscription more quickly than waiting for twelve months of annual usage data. Minn. Stat. §216B.1641 requires the Company to verify whether a subscriber has no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed. Xcel agreed to discuss options for adjusting the process to accommodate a change in usage within the statute requirements as part of the quarterly Workgroup meetings.

Technical and online solutions for signing up residential customers. The CSG Developer Group asked for a technical or online solution to make the process of signing up residential subscribers more efficient. It proposed integrating the Company's management of CSG bill credits with an electronic mechanism to automatically update subscription records. Xcel responded that this would need to take into account customer data-privacy requirements. Additional software or technical solutions also could be costly depending on what exactly is being proposed, and this in turn might require additional increases in participation fees. Xcel believes the cost of such efforts belong with the Garden Operators, not Xcel Energy customers, and should be further examined.

Advanced inverter functionality. Xcel noted that advanced inverter functionality is already being addressed in the Phase 2 Technical Subgroup of the DGWG (Docket No. E999/M-16-521). The Company is currently a participant in the Technical Subgroup on this issue. It pointed out that there should be a uniform statewide process, not program specific adoptions, for implementation of this technology.

Release of deposits earlier in the process. Xcel noted the Company's proposed revisions to tariff have already addressed the earlier release of deposits.

Renewal period. Xcel opposed the request to extend the 25-year S*RC Community contracts by five years. The Company had originally proposed a 20-year term; developers wanted a 25-year term. The Company determined that a 25-year term was appropriate in part because this term length is consistent with the VOS methodology. The Commission supported this in its April 7, 2014 order. If the PV System is still in operation at the end of the 25-year term, it might then be appropriate to consider whether to enter in to a PPA consistent with the law at that time. Xcel believes that no Commission action is necessary now.

⁴⁰ MnSEIA, February 21, 2019, pp. 2-3.

Interconnection study fees. Xcel noted that interconnection fees and study analysis will change under MN DIP beginning June 17, 2019. These fees will be determined by interconnection type, based on the study type needed. Some CSG projects will go through the Fast Track process while others will require a more in-depth analysis. The Company argued that there is no need to revisit this subject in future proceedings under the CSG docket as the MN DIP process will apply uniformly to utilities across the state.

Staff discussion

The CSG Group's proposed list of issues for consideration include both specific issues, such as the treatment of subscription size for subscribers with new electric vehicles, technical issues such as allowing the use of advance inverter functionality, and broader policy issues such as possible five year extensions of the 25-year S*RC contract. It is unclear what order of priority is attached to these issues, and whether they are best dealt with by putting them out for comment at this time.

By contrast, MnSEIA emphasized utilizing the existing CSG Stakeholder Working Group structure, which has proven its ability to sort out technical as well as some broader policy issues. MnSEIA observed in reply comments that the working group has been of "tremendous value" in the face of the CSG Program's changing rules. MnSEIA added it was largely concerned with only a handful of issues that would have the effect of making a "good program even better."⁴¹ The CSG Stakeholder Working Group has also been relatively efficient in the use of Commission resources and staff time. Xcel emphasized in its reply comments that the working group is an appropriate first line of response to the CSG Group's calls for comment, and that issues should be raised there first, and only then be put out for comment if they are not resolved.⁴²

Xcel's comments on the issues raised by the CSG Group underline the lack of clarity over which issues should be heard, noting that some are already under consideration in other dockets. In short, it may be too soon to identify specific questions for Commission review. Xcel, like MnSEIA, supported the use of the working group structure to overcome disagreement, where possible, and set priorities before these matters come to the Commission. Based on these comments, staff suggests that it may be too soon to identify specific questions for Commission review.

Staff also notes that the Legislature is considering significant changes to the statute establishing the CSG Program in the current session that may affect its overall structure. This legislative review creates uncertainty over how the program may function at the end of the legislative session. This uncertainty creates questions around whether the Commission should seek comments on further changes to the program at this time.

⁴¹ MnSEIA, February 22, 2019, p. 2.

⁴² Xcel, February 22, 2019, p. 10.

In direct response to these challenges, the Commission may wish to ask Xcel to discuss programmatic changes with the CSG Stakeholder Working Group, decide on jointly held priorities, and report back on which issues would benefit most from a comment period. At that point, the Commission could decide best how to proceed. Staff believes that parties' comments indicate that there may already be agreement on some program design issues. The CSG Stakeholder Working Group therefore may be able to help narrow issues and set priorities for further Commission consideration.

VI. Decision options

1. Adopt Xcel's proposed tariff revisions filed December 14, 2018, and the two revisions to the proposed tariffs filed by the Company on February 22, 2019 in reply comments. These two revisions include: (1) a correction to Tariff Sheet No. 65 to account for the oversight noted by the Department, and (2) the revision of the Company's initially proposed language on deposits in Section 9, CSG Tariff Sheet No. 66.1. In addition, adopt some or all of the following modifications or motions:

One-time refundable deposit

Note: Xcel agreed in reply comments to remove language initially proposed in Tariff Sheet No. 66.1 that would allow deposits for one garden project to be used for another rather than returned in full. The Company provided redlined changes in its reply comments to reflect removal of the language. If the Commission adopts Decision Option #1 above, it will be adopting the change to Tariff Sheet 66.1 proposed by Xcel in reply comments.

Independent Engineer dispute process

2. Adopt MnSEIA's recommended language, for new Tariff Sheet No. 68.19, as proposed in the attachment to MnSEIA's comments filed February 8, 2019. (*MnSEIA*)
(Note: New Tariff Sheet No. 68.19 is included in Xcel's December 14, 2018 filing in Docket No. E-002/M-18-714.)
3. Direct Xcel to propose modifications to its Section 10, Tariff Sheets 195-196 (MN DIP 5.3 Disputes) to incorporate aspects of the current Independent Engineer process into the dispute mediation process. (*CSG Developer Group*)
4. By taking no action, adopt Xcel's proposal to eliminate the Independent Engineer resolution process for the CSG Program and to replace it with the MN DIP dispute resolution process for all Xcel's interconnection applicants. (*Xcel Energy, Department*)
5. Refer the matter of possible future changes to the dispute mediation process, including but not limited to retention of independent technical support, to the MN DIP working group for further consideration.

Requirement for a Parent Guarantee in the Annual Report

6. Adopt Xcel's proposed Tariff Sheet No. 77, Section 6(F), with the following language removed: "and includes a Parent guarantee that it has financial responsibility or obligation to pay debts on behalf of the subsidiary companies." (*CSG Developer Group, MnSEIA*)
7. By taking no action, adopt Tariff Sheet No. 77, Section 6(F), as proposed by Xcel, including the language requiring a Parent Guarantee. (*Xcel Energy, Department*)

8. Direct Xcel to discuss at a future CSG Stakeholder Working Group meeting its proposal for the revised language in Tariff Sheet No. 77, Section 6(F), regarding annual reporting and the requirement for a Parent Guarantee to pay debts for subsidiary companies.

Company interconnection timelines and late fees

9. Direct Xcel to revise its Section 9 CSG Tariff Sheet No. 67.3 to include specific deliverable timelines by which the Company must interconnect a project so long as the developer requested in-service date is reasonable and the developer has met its obligations. *(CSG Developer Group, MnSEIA)*
10. Take no action to adopt the proposal by CSG Developer Group to require specific deliverable timelines that apply to the Company and adopt Section 9 CSG Tariff Sheet No. 67.3 as proposed by Xcel. *(Xcel Energy, Department)*
11. Direct Xcel to discuss at a future CSG Stakeholder Working Group meeting the CSG Developer Group proposal to add language to Section 9 CSG Tariff Sheet No. 67.3 that would include specific deliverable timelines by which the Company is required to interconnect a project so long as the developer requested in-service date is reasonable and the developer has met its obligations.

Opening a comment period on program changes

12. Direct the Executive Secretary to open a comment period seeking comments on programmatic improvements to Xcel's CSG Program, including issues proposed by CSG Developer Group: (1) allowing new electric vehicle owners to upsize their CSG subscription more quickly without waiting for a year's usage data, (2) providing technical or online solutions that would make the process of signing up for residential subscribers more clear and efficient (3) allowing for the use of advanced inverter functionality, (4) considering whether the program deposits should be released earlier in the process when the interconnection agreements are executed and estimated interconnection costs paid, (5) analyzing whether 5 year renewal periods could be added to material contracts to bring them more in line with the useful life of solar facilities, and (6) bringing interconnection study fees more in-line by capping them at a level reasonable for the scale and complexity of a project. *(CSG Developer Group)*
13. Direct Xcel to hold at least two separate CSG Stakeholder Working Group meetings, the purpose of which is to discuss, prioritize, and make recommendations on programmatic improvements to the Company's CSG Program. Xcel should report back to the Commission in writing concerning joint priorities for programmatic improvements, reflecting both agreement and disagreement by August 1, 2019. *(Staff modification of recommendations made by Xcel and MnSEIA)*
14. Take no action or take some other action after considering MnSEIA's proposal.

Timing of compliance filing

15. Require Xcel Energy to submit a compliance filing consistent with the Commission's decisions in this matter no later than 10 days from the issuance of the Order.

Appendix A

Xcel proposed tariff pages, Section 10, Sheets No. 195-196 (Find these tariff pages in Xcel's December 14, 2018 petition, in Docket No. E-002/M-18-714)

5.3 Disputes

- 5.3.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process and associated study and Interconnection Agreements according to the provisions of this article and Minnesota Administrative Rules 7829.1500-7829.1900. More information on the Commission's Consumer Affairs Office dispute resolution services is available on the Commission's website:
<https://mn.gov/puc/consumers/help/complaint/>
- 5.3.2 Prior to a written Notice of Dispute, the Party shall contact the other Party and raise the issue and the relief sought in an attempt to resolve the issue immediately.
- 5.3.3 In the event of a dispute, the disputing Party shall provide the other Party a written Notice of Dispute containing the relevant known facts pertaining to the dispute, the specific dispute and the relief sought, and express notice by the disputing Party that it is invoking the procedures under this article. The Interconnection Customer may utilize the Commission's Consumer Affairs Office's complaint/inquiry form and Informal Complaint dispute resolution process to assist with the written Notice of Dispute. The notice shall be sent to the non-disputing Party's email address and physical address set forth in the Interconnection Agreement or Interconnection Application, if there is no Interconnection Agreement. If the Interconnection Customer chooses not to utilize the Commission's Consumer Affairs Office dispute resolution process, the Interconnection Customer shall provide an informational electronic copy of the Notice of Dispute to the Consumer Affairs Office at the Commission at consumer.puc@state.mn.us.
- 5.3.4 The non-disputing Party shall acknowledge the notice within three (3) Business Days of its receipt and identify a representative with the authority to make decisions for the non-disputing Party with respect to the dispute.
- 5.3.5 The non-disputing Party shall provide the disputing Party with relevant regulatory and/or technical details and analysis regarding the Area EPS Operator interconnection requirements under dispute within ten (10) Business Days of the date of the Notice of Dispute. Within twenty (20) Business Days of the date of the Notice of Dispute, the Parties' authorized representatives will be required to meet and confer to try to resolve the dispute. Parties shall operate in good faith and use best efforts to resolve the dispute.

5.3.6 If a resolution is not reached in the thirty (30) Business Days from the date of the notice described in section 5.3.3, the Parties may 1) if mutually agreed, continue negotiations for up to an additional twenty (20) Business Days; or 2) either Party may request the Commission's Consumer Affairs Office provide mediation in an attempt to resolve the dispute within twenty (20) Business Days with the opportunity to extend this timeline upon mutual agreement. Alternatively, both Parties by mutual agreement may request mediation from an outside third-party mediator with costs to be shared equally between the Parties.

5.3.7 If the results of the mediation are not accepted by one or more Parties and there is still disagreement, the dispute shall proceed to the Commission's Formal Complaint process as described in Minn. Rules 7829.1700-1900 unless mutually agreed to continue with informal dispute resolution.

5.3.8 At any time, either Party may file a complaint before the Commission pursuant to Minn. Stat. §216B.164, if applicable, and Commission rules outlined in Minn. Rules Ch. 7829.

Appendix B

MnSEIA proposal

VII. Black line version (insert into Section 9 Tariff at Xcel's proposed new Sheet No. 68.19, sub. 9)

9. Requests for Independent Engineer to Resolve Material Disputes Affecting Interconnection Application

- a. Any applicant may submit interconnection disputes materially affecting the application to an independent engineering mediator selected or approved by the Department to ensure neutrality, under MN DIP Section 5.3.6. A Company challenge over the suitability of the applicant's selected mediator shall be decided in the first instance by the Department, with a time-limited right of appeal to the Commission. The independent engineering mediator may request additional information from parties necessary to resolve the dispute. The independent engineering mediator will make a determination of the issues in a written report which provides a description of the pertinent facts, the conclusions and basis for the conclusions.

VIII. Redline version (from current approved Section 9 Tariff at Sheets 68.11-13)

9. Requests for Independent Engineer to Resolve Material Disputes Affecting Interconnection Application

- a. Any applicant may submit interconnection disputes materially affecting the application to an independent engineering mediator selected or approved by the Department to ensure neutrality, under MN DIP Section 5.3.6. A Company challenge over the suitability of the applicant's selected mediator shall be decided in the first instance by the Department, with a time-limited right of appeal to the Commission. ~~The independent engineer shall be available on a standing basis to resolve disputes on the study process, including material disputes related to the Company's determination of application completeness, timeliness of application and study processing, and the cost and necessity of required study costs and distribution system upgrades. The applicant requesting such an independent engineer review shall share 50% of the costs of the independent engineer. The safety and reliability of the Company's system should be given paramount consideration in any analysis. The review of the independent engineer must consider industry standards for interconnection, including the current version of the National Electric Safety Code, National Electric Code as adopted in Minnesota, FERC rules, NERC rules, Minnesota rules and Minnesota Interconnection Standards and must consider, on a case-by-case basis, the Company's standards for building, safety, power quality, reliability and long-term stable operations for building facilities even where such standards are more restrictive than the minimum requirements set forth in the codes, standards and rules. Continuity and consistency of using Company standards is paramount for employee safety. The standards employed by the Company (and as used by the independent engineer) should not vary, where applicable, from the standards which the Company uses when constructing, maintaining, or repairing its distribution network for purposes of providing service to~~

its own retail customers. However, if the independent engineer determines that a particular piece of equipment or engineering alternative proposed by Xcel is more restrictive than industry standards but does not discourage cogeneration or small power production, the Company may implement that alternative, if the Company pays the incremental cost in excess of the amount necessary to implement the industry standard. The additional incremental costs paid by Xcel cannot be included in the \$1 million material upgrade limit. Xcel would continue to have the burden of proof to show that it is reasonable for its ratepayers to pay for the costs of the more restrictive standards. This engineering review specifically excludes appeals relating to Co-Location Determination addressed in par. 4 above, and excludes disputes not related to the interconnection application such as disputes after interconnection has been achieved.

- b. ~~The applicant shall initiate such a request by submitting via email any such dispute to the Department. The Company must be copied on this email for this request to be effective. The submission of a such a dispute to the independent engineer may take place before the applicant is Expedited Ready, after being Expedited Ready but before a signed Interconnection Agreement, or after the Interconnection Agreement is signed but only related to issues occurring prior to initial energization of the Generation System.~~
- e. ~~Such a dispute which is submitted before the applicant is Expedited Ready or after the Interconnection Agreement is signed shall not affect Study Queue position.~~
- d. ~~A dispute which is submitted after an Interconnection Agreement is signed is limited to disputes on the actual costs incurred by the Company to interconnect the Community Solar Garden. A condition precedent to filing such a dispute is that the applicant must have first paid the amount in controversy. Such a dispute must be brought within 60 days of the date the bill is mailed or electronically sent by the Company under Section 10, Sheet 117, par. V.2.b.iii.~~
- e. ~~A dispute which is submitted after an application is Expedited Ready but before the Interconnection Agreement is signed may impact processing in the Study Queue for the applicant and for those behind the applicant in queue. If the issues presented to the independent engineer are in the Company's judgment so significant that they may impact the results of the engineering indicative cost study or impact as a practical matter how the Company studies the application or those in queue behind the applicant, then the Company may send notice to the applicant and to those behind the applicant in queue that it will not sign an Interconnection Agreement until the dispute raised to the independent engineer is resolved. Similarly, if the consequence of the independent engineer's determination (or any determination as affirmed or reversed by the Commission if any such appeal is taken) is that the scope of assumptions in the Engineering Scoping Cost study must be redone, then such studies will be redone and the Interconnection Agreement Time Line will be reset accordingly for all applications impacted by this determination.~~
- f. ~~Once a dispute is submitted and an independent engineer selected (i.e., the contract between the applicant, Company and independent engineer has been signed), the Company shall file a notice in Docket No. E-002/M-13-867 that includes (1) the filing and date, (2) the developer, (3) the engineer assigned, and (4) a brief summary of the disputed issues.~~

~~g. Once a dispute is submitted, the independent engineer will determine what additional information is needed from the applicant and/or the Company and when that information is needed. Both the applicant and the Company shall be included on all emails and communications to and from the independent engineer. The independent engineer should address only those issues necessary to resolve the dispute between the parties. The independent engineering mediator may request additional information from parties necessary to resolve the dispute before the independent engineer. The independent engineering mediator will make a determination of the issues in a written report which provides a description of the pertinent facts, the conclusions and basis for the conclusions.~~

~~h. There is an expectation that the independent engineer will issue its written determination on such a dispute within 30 calendar days of the dispute being submitted to it. As part of this program, the Company shall work with the Department and developers to develop a standardized format for independent engineer reports, including the independent engineer's credentials and licensure, and once that is developed the most current version of the standardized format should be used as the format for independent engineer reports. The independent engineer will provide a copy of the independent engineer report with its written determination via email to both the applicant and the Company. Once an independent engineer report is issued, the Company shall file it with the Commission within ten business days.~~

~~i. The applicant or the Company may appeal to the Commission the determination of the independent engineer by making a filing in Docket No. 13-867 (or such other docket as designated by the Commission) within 10 business days of the delivery of the independent engineer's written determination. A report delivered after 4:30 pm (central standard or central daylight savings time, as applicable) shall be considered to be delivered on the next business day. If an appeal is filed, notice shall be given to those on the E-002/M-13-867 service list, and the Commission will open a new docket. When a party appeals an independent engineer's report, each party must identify the documents submitted to the independent engineer in the record necessary for the Commission's record. Such an appeal should include all information relied upon by that party. Responses to any such appeal are due 10 business days from the date of the filing of the appeal. No reply to the response will be allowed.~~