

November 8, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-17-695

Dear Mr. Wolf:

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

Petition for Approval of Revisions to the Renewable*Connect Pilot Program.

The petition was filed on September 21, 2017 by:

Aakash Chandarana
Regional Vice President, Rates and Regulatory Affairs
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401

The Department continues to recommend that the Minnesota Public Utilities Commission (Commission) **approve the petition** and is available to answer any questions the Commission may have.

Sincerely,

/s/ STEVE RAKOW
Analyst Coordinator

SR/lt
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002/M-17-695

I. INTRODUCTION

On November 12, 2015, Northern States Power Company d/b/a Xcel Energy (Xcel or the Company) filed the Company's *Petition For Approval of a Renewable*Connect Pilot Program* with the Minnesota Public Utilities Commission (Commission) in Docket No. E002/M-15-985. The Petition stated that the Company proposed to offer customers the option to source their energy from dedicated renewable sources. Customers would pay to receive wind and solar energy, and the Company would retire the related renewable energy certificates (RECs) on behalf of each customer. The Petition requested that the Commission:

- approve the proposal for implementing the Renewable*Connect (R*C) pilot program;
- authorize the Company to dedicate a portion of recently contracted resources to the R*C pilot; and
- approve the Company's proposed R*C tariff and associated Customer Agreement.

On December 22, 2015, at the request of the Department, the Commission suspended the comment period.

On September 21, 2016, Xcel filed the Company's *Supplement to Petition for Approval of a Renewable*Connect Pilot Program* in Docket No. E002/M-15-985. The Supplement requested that the Commission:

- re-commence the comment period;
- approve, with modifications, the Company's Petition;
- approve the proposal for implementing a Renewable*Connect Government (R*CG) pilot program;
- authorize the Company to dedicate a portion of recently contracted resources to R*CG beyond the portion sought for R*C;
- approve the proposed R*CG pilot program tariff and associated Service Agreement; and
- authorize the Company's pilot tranche Service Agreement and Addendum with the Minnesota Department of Administration.

On February 27, 2017, the Commission issued its *Order Approving Pilot Programs and Requiring Filings* (Order) in Docket Nos. E002/M-15-985, E002/M-13-603, E002/M-13-716, and E002/M-14-162. The Order approved the R*C and R*CG pilot programs with conditions.

On September 21, 2017, Xcel filed the Company's *Petition for Approval of Revisions to the Renewable*Connect Pilot Program* (Petition). The Petition proposes two changes to the R*C tariff language. First, Xcel proposes to clarify that customer subscriptions to the R*C and R*CG tariffs end with the end of the pilot on December 31, 2026. Second, Xcel proposes to remove the 10 percent of tranche limit on subscription sizes. Finally, the Petition requests that the Commission approve the month-to-month and special event pricing update.

On September 29, 2017, the Commission issued its *Notice of Comment Period* requesting information from Xcel and indicating that comments from other parties are due November 9, 2017. The topic open for all parties is "should the Commission approve Xcel Energy's Petition for Approval of Revisions to Renewable*Connect Pilot Program?"

On October 13, 2017, Xcel filed comments providing the information requested by the Commission.

Below are the comments of the Department regarding the Petition.

II. DEPARTMENT ANALYSIS

A. GOVERNING STATUTE

Xcel filed and the Commission approved the R*C and R*CG tariffs pursuant to Minnesota Statutes § 216B.169 subd. 2 (Green Pricing Statute) which states:

- (a) A utility may offer its customers one or more options that allow a customer to determine that a certain amount of the electricity generated or purchased on behalf of the customer is renewable energy or energy generated by high-efficiency, low-emissions, distributed generation such as fuel cells and microturbines fueled by a renewable fuel.
- (b) Rates charged to customers must be calculated using the utility's cost of acquiring the energy for the customer and must:
 - (1) reflect the difference between the cost of generating or purchasing the additional renewable energy and the cost that would otherwise be attributed to the customer for the same amount of energy based on the

- utility's mix of renewable and nonrenewable energy sources; and
- (2) be distributed on a per kilowatt-hour basis among all customers who choose to participate in the program.
 - (c) The utility may acquire the energy demanded by customers, in whole or in part, through procuring or generating the renewable energy directly, or through the purchase of credits from a provider that has received certification of eligible power supply pursuant to subdivision 3.
 - (d) For the purposes of this section, "renewable energy" has the meaning given to "eligible energy technology" in section 216B.1691, subdivision 1, paragraph (a), but does not include energy recovered from combustion of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste.

In addition, Minnesota Statutes § 216B.16 subd. 1 requires 60 days' notice to the Commission of a proposed tariff change.

Minnesota Rules 7829.1300, subp. 3, contains the completeness requirements for miscellaneous tariff filings. The Department reviewed the Petition for compliance with the requirements and concludes that the Petition is complete.

B. DEPARTMENT REVIEW

1. Clarification of Term

In the Petition Xcel proposed two changes to the Commission-approved tariffs. Xcel's first change proposes to add language to the rider stating that:

Additionally, Xcel Energy may, upon reasonable notice to a Customer, cancel any Service Agreement applicable to the R*C Service to assure that the Service Agreement does not extend beyond the term of this R*C Pilot Program. The term of this R*C Pilot Program ends on December 31, 2026.

Similarly, the subscription agreement's clause defining the subscription term clarifies that the service term ends on or before the last day of the pilot program.¹

The Department reviewed Xcel's proposed changes to clarify the term of the R*C program and concluded that they do not impact the ability of the R*C tariff to meet the requirements of the

¹ Similar changes are not necessary for the R*CG tariff since it specifies a termination date.

Green Pricing Statute. In addition, the changes make clear to customers that subscriptions do not last longer than the pilot program. Therefore, the Department recommends that the Commission approve the changes to clarify the term of the R*C program.

2. Removal of Size Limit

Xcel's second change proposes to remove the 10 percent per tranche limit on subscription sizes through removing language describing the limit from the tariff. The Department agrees with Xcel that the sizing limitation ensured that, under a first-come, first-served allocation approach, the participation of a few large energy users did not effectively exclude the participation of other customers during the early stages of enrollment. For example, Table 1 of Xcel's October 13, 2017 comments indicates that 71 commercial and industrial class customers (3.4 percent of the total) account for 87.6 percent of the subscribed energy. Learning through obtaining a variety of customers' participation is an important part of a pilot and has been achieved.

At this time, all customers have had an opportunity to subscribe and Xcel reports that the pilot has attracted nearly 2,000 residential customers. The Department agrees with the Company that the size restriction has fulfilled its purpose and it is now reasonable to accommodate customers who are prepared to subscribe to a larger portion of the initial tranche. Therefore, the Department recommends that the Commission approve the Company's proposal to remove the participation limit.

3. Compliance Update

In the Petition Xcel noted that pricing terms of the R*C tariff, such as the neutrality charge and the price of the Month-To-Month R*C or Single Event R*C services changed. In response to Department Information Request No. 1 Xcel provided the calculation of the new tariff pricing terms. The Department reviewed Xcel's calculations and determined that the changes were reasonably due to updated inputs such as capacity factors. Based upon this review the Department recommends that the Commission approve the Month-to-Month and special event pricing compliance update.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve the Petition.

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CERTIFICATE OF SERVICE

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

**Minnesota Department of Commerce
Comments**

Docket No. E002/M-17-695

Dated this 8th day of November 2017

/s/Sharon Ferguson

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