

August 3, 2015

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-15-650

Dear Mr. Wolf:

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

Northern States Power Company d/b/a Xcel Energy's Request for Approval of an Amendment to Solar*Rewards Customer Contract with Addendum to Solar*Rewards Contract addressing Minnesota Bonus Rebate with Murphy Warehouse.

The request was filed on July 1, 2015 by:

Paul J. Lehman
Manager, Compliance and Filings
Xcel Energy
414 Nicollet Mall
Minneapolis, Minnesota 55401

The Department recommends **approval** and is available to answer any questions the Commission may have.

Sincerely,

/s/ SUSAN L. PEIRCE
Rates Analyst

SLP/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. E002/M-15-650

I. BACKGROUND INFORMATION

On December 20, 2011, Xcel Energy (Xcel or the Company) entered into a Solar*Rewards contract with Murphy Warehouse for a PV System. In addition to participation in the Solar*Rewards program, the contract provided for Minnesota Bonus payments (the precursor to the Made in Minnesota Program). The contract provides the customer an upfront incentive payment and five consecutive annual Minnesota Bonus payments. Contract language provides that “the PV system shall be located at the Customer’s facilities at the service address at all times during the term of this contract.”

On or about October 21, 2014, the customer removed the PV system from the service address. Xcel withheld any further incentives to the project.

On July 1, 2015, Xcel filed its current request to approve an amendment to the contract to resolve the removal and relocation of the PV system and address the remaining Minnesota Bonus payments.

II. SUMMARY OF THE AMENDMENT

The original Solar*Rewards contract was entered into on December 20, 2011 as part of Xcel’s first generation Solar*Rewards program. Under the terms of the contract the customer received an upfront incentive payment of \$2.25 per watt, and five consecutive annual payments through the Made in Minnesota program (Xcel refers to these payments as Minnesota Bonus payments). The contract was for a 20-year term, and called for the PV system to be located at the service address set forth in the contract for the entire term. On or about October 21, 2014, the customer removed the PV system from the service address. Xcel has withheld subsequent incentive payments.

The proposed contract amendment is intended to resolve non-compliance with the contract terms. Xcel indicated that the new location already has an existing Solar*Rewards

installation which was also installed under the initial Solar*Rewards contract. Current Solar*Rewards contracts require that PV systems be sized to no more than 120 percent of site load; however, the first generation contracts signed by Murphy Warehouse do not contain such a restriction. Because both projects were installed under the initial contract terms, the Company does not object to having them located at the same site.

Under the terms of the Amendment, the customer will submit an interconnection application, and pay any interconnection fees associated with the installation of the PV system at the new service address. The PV system must be interconnected at the new address by May 31, 2016, or the Amendment is cancelled and the Company may pursue remedies under the Solar*Rewards contract, including recouping upfront incentive payments.

The amendment provides for pro rata adjustment of the remaining Made in Minnesota bonus payments to reflect the period of time during which the PV system was not generating.

III. DEPARTMENT ANALYSIS

The Department has reviewed the contract amendment, and concludes that it is a reasonable means of resolving the removal of the solar PV system at the original address without burdening ratepayers. The customer will be required to pay the interconnection costs for reinstalling the PV system at the new location, and payment of Minnesota Bonus payments will be adjusted to reflect the period the PV system was not operational.

In its filing, Xcel stated that it “does not intend to signal to other customers that moving contracted PV systems is allowed or reasonable.” As currently written the Solar*Rewards contract states “the PV System shall be located on the Customer’s facilities at the Service Address at all times during the term of this Contract.” Although the current Solar*Rewards contract permits assignment of the contract to a subsequent purchaser of the customer’s premise, it does not appear to cover the current situation, namely a company moving to a different location and seeking to reinstall its PV system. The Department expects solar PV systems to become more widespread over the next several years, and anticipates that circumstances similar to the one reflected in this amendment will recur. Despite the Company’s statement that the current amendment is not a signal to customers that moving a system is allowed or reasonable, the Department does not foresee denying a similar contract amendment under similar circumstances in the future. Consequently, the Department recommends that Xcel be directed to develop language that covers terms and conditions for moving a PV system to a different location in its standard contract rather than seeking a contract amendment each time such a circumstance occurs.

IV. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission

- Approve the proposed Amendment to the Solar*Rewards contract with Murphy Warehouse;
- Direct Xcel to file standard contract language addressing terms and conditions for moving a PV system to a different location.

/lt

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-15-650

Dated this 3rd day of August 2015

/s/Sharon Ferguson

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