



January 5, 2024

Mr. Will Seuffert

Executive Secretary  
Minnesota Public Utilities Commission  
121 East Seventh Place, Suite 350  
Saint Paul, MN 55101

RE: DOCKET E002/M-13-867 XCEL PROPOSAL TO MOVE ARR-ERA CSG TO VALUE OF SOLAR RATES

Dear Mr. Seuffert:

The City of Saint Paul is submitting this letter to express opposition to Xcel Energy's proposal to replace the Applicable Retail Rate (ARR) with the Value of Solar (VOS) rate for legacy community solar gardens. If approved, this rate shift would have a significant financial impact on the City of Saint Paul's operating expenses and, therefore, its taxpayers.

Saint Paul was an early supporter of solar garden development within the region when the City made a commitment in 2017 to purchase up to 8 megawatts of electrical generation capacity to advance its renewable energy goals and generate utility savings that could be redistributed to other municipal services. Xcel's proposed rate change would impact solar garden subscriptions for 23 city-owned buildings that collectively purchase nearly 6 million kWh annually – resulting in an unexpected additional expense for the City of **\$215,000** during the first year. Over the remainder of the 25-year contract terms, the total additional costs to the City of Saint Paul would **be several million dollars**. This dramatic increase in utility expenses for municipal operations would equate to reduced expenditures elsewhere in the Saint Paul community.

Xcel's proposal punishes the early adopters of community solar who led by example and were the driving force for renewable energy growth in Minnesota. Saint Paul was an anchor subscriber to multiple solar gardens, enabling them to be financed and constructed in the region—however, the City analyzed subscription opportunities based on the ARR credit rate structure in place when executing the contracts. The unexpected change to these *existing* long-term contracts is unfair to community solar customers, and is particularly problematic for municipalities that have already adopted their annual utility budgets and would experience significant shortfalls in 2024 and beyond.



The City of Saint Paul urges the Public Utilities Commission to reject Xcel Energy's proposal for replacing the Applicable Retail Rate with the Value of Solar credit rates. While we understand that there are valid reasons for changing the terms of community solar gardens moving forward, we firmly believe that retaining the existing ARR structure for legacy community solar subscribers is in the best interests of the public.

On behalf of the City of Saint Paul, thank you for your consideration of these comments.

Sincerely,

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