



Introduction

The MN DIP program, which was supposed to expedite the Interconnection process for solar projects is causing material adverse effects to the MN Solar Industry, especially Community Solar Gardens (“CSGs”). We agree with the CAO complainant that Xcel’s implementation of the MN DIP process is flawed. If the systematic delays from Xcel continue, there will be dire financial impacts to the industry as projects cannot be built, layoffs will occur; and Minnesotans will lose the option to be a part of this historical impact of solar in Minnesota.

Novel Energy Solutions is measuring the current Interconnection Agreement (“IA”) delays in years and months, not days or weeks, Xcel has missed almost every IA deadline with NES. Based on the circumstances, it is now necessary for our business and our customers for Novel to seek relief outside of the relationship with Xcel. We have tried for over a year on numerous calls, e-mails (see Exhibit A) to address these issues with Xcel, but have had no material success.

We ask the PUC to:

Demand that Xcel follow tariff and return IA’s to developers so that projects can be built rather than using delays to induce financial distress and halt building of additional projects

As a small business developer, we can’t effectively plan or grow our business without being able to rely on agreed upon deadlines and milestones. For all these projects, we have spent tens of thousands of dollars on development costs along with paying salaries and interest on the refundable deposits, so there is a real economic cost to these delays.

We aren’t alone, as almost every other Minnesota solar company we’ve spoken with has told us that Xcel has also delayed their projects. The vast majority of our delays are measured in months or years (not weeks). We have not heard of one developer or installer who has been happy with Xcel’s implementation of the MN DIP program.

These delays have become a systematic tactic to subvert the rules of the program by Xcel.

Key Bullet Points Summarizing Our Issues

The key bullet points are:

1. Over 85% of our Xcel Interconnection Agreement Studies (IAs) for both CSGs and small distributed solar are late, and it's not by days or weeks, it is months (over a year sometimes).
 - a. Under MN DIP, nearly 90% of our applications are behind schedule (most by months)
 - b. Many times, the day a study is due, we will receive a notice from Xcel stating that the project has been "Put on Hold" or is experiencing other difficulties. Sometimes, we receive no notification at all, and need to contact Xcel to inquire why a project has not met the deadline.
 - c. Xcel provides data that contradicts earlier information it provided us. More than once, we have received early-stage capacity screen reports that confirm Xcel's substation has room for a CSG to plug-in, only to find out later, after investing tens of thousands of dollars, that the initial report was incorrect and our time and dollars wasted.
2. We feel strongly that MN DIP is not an improvement over the prior program. While there were delays under the old program (which caused significant pain) at least we could receive IAs in a somewhat timely fashion.
 - a. i.e. we currently have a 32 KW AC system on hold due to two CSGs ahead of it, there is no reason that this should happen.
3. We've been charged for telemetry on projects equal to or under 250 KW AC.
 - a. When we disputed the charges, we were told that if we wished to contest them, we could simply not interconnect.
 - b. We were only informed of these telemetry charges after signing an IA and paying a deposit that specifically did NOT include telemetry as a requirement.
 - c. The total change in costs to our company on the 4 projects (total of ~700 KWs between them) was ~\$300,000 just in Xcel expenses and another ~\$100,000 in overhead and 3rd party costs. Our refunds from Xcel are only a small fraction of the IA cost change (we have significant unanswered questions as to how Xcel calculated their telemetry costs).

A List of Sample Problems

Project Name	Length of Delay	Issue
a. Caroline (SRC070933) IA was due – 5/30/19	13 months: <ul style="list-style-type: none"> • Caroline (SRC070933) IA was due – 5/30/19 Nearly 12 months: <ul style="list-style-type: none"> • Swenson (SRC071173) IA was due – 7/11/19 	<ol style="list-style-type: none"> 1. Xcel stated that all CSGs that were in study prior to MN DIP would not be affected by the new milestones and deadlines. 2. MN DIP took effect June 2019 for new applications.
b. Swenson (SRC071173) IA was due – 7/11/19		
c. Gwendolyn (SRC071722) IA was due – 8/7/19		

<p>d. Tuhy (SRC072629) IA was due – 8/27/19</p>	<ul style="list-style-type: none"> • Gwendolyn (SRC071722) IA was due – 8/7/19 • Tuhy (SRC072629) IA was due – 8/27/19 <p>See Exhibit B for proof of IA due dates (screenshot of Xcel's CSG website portal from 7/21/19 taken by Novel Energy Solutions)</p>	<p>3. Xcel was late on the IAs, and then in June said they were going to be studying them under MN DIP, despite one of the projects already being overdue when MN DIP took effect. Our new IA dates are end of 2020 to beginning of 2021.</p> <p>4. Additionally, we were told that all projects submitted under the old program would not be affected by MN DIP. As you will find on Exhibit B, a screenshot of Xcel's CSG web portal, taken by Novel on 7/21/19, shows that the IAs were due between May-August of 2019 because they were submitted under pre-MN DIP program. Accordingly, an IA due in August 2019 would still be due that day, as it was submitted under the old program. However, all of our summer 2019 IAs were pushed well into 2020 or even into 2021.</p>
<p>Eiler CSG</p>	<p>4 months (& counting)</p>	<p>We have no clarity from Xcel why this is delayed or when we can expect the issue to be resolved.</p>
<p>Andersen CSG</p>	<p>4 months (& counting)</p>	<p>We submitted it assuming it would be studied at the Sedan Substation. Xcel then changed it to the Glenwood Substation and the project was placed on hold. Then it got transferred back to the Sedan Substation.</p>
<p>Groh Farms</p>	<p>2 months (& counting)</p>	<p>This is a 32 KW AC project that is being put on hold because of 2 larger CSG projects. Because this is based on where the load is generated, there should be no reason for a delay.</p>
<p>Luhmann</p>	<p>1 months (& counting)</p>	<p>The day the facility study was due, we received an email from Xcel stating that it was found that an error was made in the first steps of the process for this study and the project was not properly assigned to move forward.</p>

Again, almost every project we have submitted is experiencing problems similar to the above.

We have 8 long overdue IAs (that were submitted in August / September of 2019) that are supposed to be received in July / August (luckily at least 6 should require minimal upgrades based on Xcel's most recent studies). We do have concerns that these will be delayed into 2021, and that XCEL will yet again miss a promised date.

Conclusion

If this process is not remedied, it will significantly damage the solar industry in Minnesota. The path that Xcel is choosing puts companies at risk. Workers are going to be laid off and companies are being under dire financial stress due to Xcel preventing them from building and earning revenue via systematic delays. Without IAs, we still have all our costs, but none of our revenues. Consumers are being denied access to a program that was promised to them via Xcel and legislation.

Solar developers have paid upfront costs for projects, yet have garnered no return and have no reliable measure as to when you will receive your interconnection agreement back? We are trying to create good paying local jobs to help build our clean economy, but we are stymied at every turn with this engineering process.

For these reasons, Novel and the Minnesota solar industry urgently need a fix from the PUC.

I repeat our ask of the PUC:

Demand that Xcel follow tariff and return IA's to developers so that projects can be built rather than using delays to induce financial distress and halt building of additional projects

Signed,



CEO, Novel Energy Solutions

Exhibit A – An email Sent in February, 2020 after repeated attempts at resolving these issues

Cliff Kaehler

From: Mena Kaehler
Sent: Friday, February 7, 2020 4:56 PM
To: Klemm, Kerry R
Cc: Dan Dillon; Cliff Kaehler
Subject: Situations needing resolution with NES
Attachments: 2019.11.04_Brooten Substation_capacity.pdf; CSG213_Schlomann_FinalNotice-100918.pdf; Brooten Sub Upgrades Notice (SRC074638).pdf; Brooten Sub Upgrades SOW (SRC074638).pdf; Final Costs - Winona-Final-103017.pdf

Importance: High

Dear Kerry & Team,

Novel Energy Solutions is committed to being good partners in our endeavors to put solar on the grid in Minnesota. However, due to a myriad of compounding issues we have encountered with Xcel, we are now at a point of critical concern and find it necessary to escalate these issues.

To start, the Xcel front-line team is great to work with and we feel they are likely not the responsible party regarding our difficulties. Novel values our working relationship and its proven that by working toward win/win solutions.

This following list details the issues and situations where Xcel has breached the tariff. Additionally, we've include the times where Xcel has failed to acknowledge mistakes and/or has been unwilling to rectify a situation that arose due to Novel's reliance on the inaccurate information provided by Xcel. This is not an exhaustive list, as there are still some areas of overcharge that we have been trying to come to an agreement with Xcel.

1. Ongoing failure to issue refunds in connection with telemetry:

- a. We have had conversations for over a year regarding the telemetry charges that Xcel places on CSGs that are \leq 250 kW AC.
- b. The amount of labor necessary with respect to projects where telemetry was employed increased significantly more than the increased percentage of the materials used. Meanwhile, Xcel stated that it assigns all labor proportional to the material's line item. From our experience, that is not a fair or accurate portrayal of actual costs on any project (e.g., A light bulb may cost \$100, but takes 1 minute to install. However, the canister the bulb screws into may cost \$20, but takes 1 day to install. Therefore, labor is disproportionately placed on the light bulb vs canister.).
- c. We have 3 CSGs with telemetry included when it should not be, amounting to \$35,118.89 in funds due back to Novel.
 - i. Jessen/Tyler: \$10,491.77
 - ii. Winona: \$12,351.65 (attached document)
 - iii. Schlomann: \$12,275.47 (attached document)
- d. This January is the first time we received a refund request document for ONE of the CSGs where telemetry was erroneously charged.

2. True-ups occurring more than 3-months after a project goes live:

We have some projects, which were identified several years ago, that received large increases in the IA true-ups many months after the project went live.

- For example, the Buhl CSG went live on 4/26/16 with a cost of \$7000. On 5/11/17 (more than 1 year later) we received a bill stating the actual cost was \$32,301.82, and we owed the balance of \$25,301.82. That is a 361.45% increase that was sent to us more than 12 months after the final interconnection.
- Additionally, we have the Tyler/Jessen CSG that went live on 9/20/17 with the estimated costs of \$73,500. The final true up came 3/12/18 (6 months later) at a cost of \$202,378.98. This included the telemetry, which was not required. This increase amounted to a 175%.35 increase.

1. **Xcel is either unable or unwilling to send actual costs of a deployment of its teams to site:**

- a. Novel had an issue at the Winona site where Xcel had to deploy its team a several times due to an inverter manufacturer issue.
- b. The inverter manufacturer agreed that it would bear the cost, and that if we supplied the details of the overall cost of the Xcel team's deployments to that site that Novel could be reimbursed.
- c. Xcel stated that it could not supply daily totals for its team to Novel:
 - I. We were initially told that we cannot have the breakdown due to the alleged breakdown containing salary information.
 - II. We acknowledged that, as were never requested that information; rather, our request was specifically for the daily total amount.
 - III. After several more attempts, we were told that Xcel cannot drill down into a specific day and can only provide a monthly total.
 - IV. This raises the question: If Xcel cannot track labor and materials by project and day, how accurate are any of the true-ups?

4. **Past Due IAs:**

Novel had several CSGs that had IA due dates established months prior to the effective date of the MNDIP . Additionally, we were told that the changes to the IA dates would only occur on projects submitted after MNDIP went into effect. Further, those projects submitted under pre-MNDIP rules would follow the pre-MNDIP process. The following details the projects awaiting IA's that were submitted prior to the MNDIP:

- a. Caroline (SRC070933) IA was due – 5/30/19
- b. Swenson (SRC071173) IA was due – 7/11/19
- c. Gwendolyn (SRC071722) IA was due – 8/7/19
- d. Tuhy (SRC072629) IA was due – 8/27/19

We continually inquired as to when these IAs would be received, both via phone and in-person at our bi-weekly meetings. However, no notice was provided until after the MNDIP went into effect and at that time we were told that we may have the IAs until 2021. These IAs were due prior to June 1, 2019, which puts Xcel out of tariff with respect to these projects.

5. **Albany Substation:**

In late 2018 Novel received capacity screen results for the Albany project (12MW available) and submitted a project (Hendrickson), but then received a no capacity letter from Xcel in July of 2019.

- a. An additional capacity screen was requested in July 2019, which resulted in 0.71 MW available.
- b. Novel attended a meeting with Xcel around this time and a few other developers at the meeting raised an issue regarding this substation, noting that they had also received capacity screens stating that there was plenty of capacity to accommodate their projects.

Novel requests an explanation as to why Xcel has not adequately addressed this issue and why the info is changing so quickly between the capacity screens and the actual project applications. In the foregoing instance (prior to MNDIP) no other projects entered the queue before Novel submitted its application.

6. **Customer Service Issues:**

Please be advised that Novel is encountering increasing landowner frustration due to Xcel's conduct and delays. The landowner aggravation is currently being directed towards Novel, despite the cause of the delays being out of our hand; specifically, Novel is encountering this on the Caroline, Tuhy, Swenson, and Gwendolyn projects. The relationship with the landowners begins at lease signing with Novel Energy, and, consequently, Novel's reputation is damaged when it cannot deliver results based on the dates Xcel initially provides. A detailed explanation as to why Xcel causing these delays and a firm timeline as to when the projects will be addressed by Xcel would help immeasurably with managing our customers and their expectations.

7. **Frequent changing of / varying information from Xcel:** The varying information we have been receiving has resulted in unnecessary costs and great frustration; specifically, with respect to the Brooten substation and our projects there. (several attachments)

- a. Novel completed the pre-application process for capacity in June of 2019 and saw that there was approximately 2.6 MW available.
- b. Subsequently, we submitted our Terpstra CSG (SRC074648) and Bast CSG (SRC 074727), which both feed from the Brooten substation, which cost us engineering fees, application fees, etc.
- c. We received notification on 11/4/19 that our Terpstra CSG (SRC074638) had Brooten substation capacity.
- d. We elected to move forward with the Impact Study (which cost \$12,000) based upon Xcel notifying us that the Supplemental Review results showed there was capacity.
- e. On 1/9/20, we received a notice from Xcel stating there was no capacity available at Brooten (please see the attached documents, which contradict the original information from Xcel that clearly stated that there was available capacity for our projects).
- f. We reached out to Xcel regarding the refund of our fees associated with this error on Xcel's part, but, to date, we have not received any proposed resolution from Xcel.

The above issues cause Novel great concern along many lines:

- If Xcel cannot supply accurate information, how can we be confident anything is correct?
- If Xcel cannot justify costs, how do we have confidence in what is sent to us?
- Xcel is to be the keeper of the grid, but it appears they do not understand its capacity. This is troubling.

We would like to sit with you and discuss timely resolutions for all of the above situations. Ideally, Novel would get the funds due back, along with all the IAs promised, and have a clear explanation as to why Terpstra was rejected.

If it is not possible to work towards a timely resolution regarding all of the above, Novel will deem it necessary to escalate these issues, along with the many other situations we have encountered. As you know, that is not our first option, but we are quickly finding our other options exhausted. In particular, the issues with Terpstra and Bast represent the tipping point to where we feel we must take additional action.

This was not a pleasant email to craft, but it had to be done. Thank you for taking the time to hear us out and we hope that we can move forward towards finding a speedy resolution.

Mena

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Exhibit B

The screenshot shows a Salesforce table with the following columns: Solar Garden, Solar Garden ID, Garden Name, Garden Street, Garden City, Status, Completeness Review Due, SOW for Study Due, Expedited Ready, Study Results Due, IA w/ Payment Due, and Application Required Completion Date. The table contains four visible rows, each with a red circle around the 'Study Results Due' date.

Solar Garden	Solar Garden ID	Garden Name	Garden Street	Garden City	Status	Completeness Review Due	SOW for Study Due	Expedited Ready	Study Results Due	IA w/ Payment Due	Application Required Completion Date
SRC070933		Novel Caroline Solar	36220 KOST TRL	North Branch	Step 4: Engineering Scoping Study	-	2/1/2019	3/20/2019	5/30/2019	-	3/20/2021
SRC071173		Novel Svenson Solar	37715 KOST TRL	North Branch	Step 4: Engineering Scoping Study	-	3/14/2019	4/30/2019	7/11/2019	-	4/30/2021
SRC071722		Novel Gwendolyn Solar	11460 375th Street	North Branch	Step 4: Engineering Scoping Study	-	4/9/2019	5/28/2019	8/7/2019	-	5/28/2021
SRC072629		Novel Tuhy Solar	11626 Wilcox Road	North Branch	Step 4: Engineering Scoping Study	-	5/1/2019	6/17/2019	8/27/2019	-	6/17/2021

8:51 PM
7/21/2019