September 23, 2019

VIA ELECTRONIC FILING

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

Re: *In the Matter of a Rate for Large Solar Photovoltaic Installations*
PUC Docket Number: E-002/M-13-315

And

Re: *In the Matter of a Commission Inquiry Into Standby Service Tariffs*
PUC Docket Number: E-999/CI-15-115

Dear Mr. Wolf:

Vote Solar provides this letter in response to the notice of the Public Utilities Commission dated August 29, 2019 in Docket Numbers E-002/M-13-315 and E-999/CI-15-115 in which the Commission requested supplemental comments on what actions should the Commission take in response to the supplemental comments filed by the Department of Commence (DOC or the Department") on August 16, 2019.[1]

In particular, the Commission requested final recommendations on:

- Xcel's proposed Methodology for the PV Demand Credit going forward;
- The appropriate PV Demand Credit to apply in the interim period, prior to the establishment of a new methodology for the credit; and
- The potential Commission options provided by the Department of Commerce in their Supplemental Comments, filed August 16, 2019, pages 19-20.

Vote Solar is pleased to provide comments on each of these questions.

Xcel's Proposed Methodology

Vote Solar continues to believe that the appropriate credit should be tied to the underlying values to which the credits are being applied. The "value stack" methodology which has been proposed by the Xcel Energy ("the Company") calculates an economic avoided cost. This

---

[1] Department of Commerce, *Supplemental Comments in the Matter of a Commission Inquiry into Standby Service Tariffs*, PV Demand Credit Rider Methodology, Docket No. E99/CI-15-115. August 16, 2019.

Vote Solar
360 22nd Street, Ste. 730 Oakland, CA 94612
www.votesolar.org

methodology is appropriate in certain circumstances -- such as the Value of Solar calculation or in setting avoided cost rates for purposes of the Public Utilities Holding Company Act – but in this case, the purpose and intent of the credit are to correct a billing methodology mismatch.

Vote Solar believes that the methodology should reflect the offsets to the actual drivers of cost causation in the ratemaking process and be set at a level that is directly related to the costs that are being offset. As such, we continue to hold that it is appropriate to credit against exactly the same values that are being billed, which are the embedded generation, transmission, and distribution costs.

Department of Commerce Decision Options

In its August 16, 2019 Supplemental Comments, the DOC proposed several options for the Commission's consideration. The first option recommended Xcel be directed to file in its next rate case a pilot rate for commercial customers with behind the meter solar installations. Specifically, the Department proposed:

> Require Xcel in its next rate case to propose rate design for the Company's commercial customers with behind the meter solar installations. The pilot rate design project should include a coincident peak based generation and transmission demand rate and billing quantities, and a non-coincident based distribution demand rate and billing quantities.[2]

By way of background, in its February 2019 Comments, the Department recommended that Xcel develop a time of use demand billing rate design for all commercial customers. However, in response to Xcel's concerns that this would be a significant change in rate design for a very large group of customers, the Department proposed that this bifurcated demand billing methodology be proposed as a pilot for commercial customers with behind the meter (BTM) solar arrays.

Vote Solar agrees that changing the demand billing methodology to bill generation and transmission demand using coincident peaks and to bill distribution demand using non-coincident peaks would more closely align billing to cost causation. In general, we support time of use rates as more closely reflecting the system costs. In addition, we support the recommendation to resolve this issue in the context of a rate case where it can be fully considered.

There are several aspects of this recommendation about which we have concerns that can be considered in the rate case if the Commission adopts this approach. For example, we would be concerned about adopting a mandatory new rate applicable only to solar customers. In general, custom rate classes for sub-sets of customers (i.e. solar customers) raise issues of cost allocation that must be equitably resolved.

Interim Period

As observed by a number of commenters, the Commission should take action to ensure that the PV Demand Credit continues and provides a stable and predictable value for the billing issues being addressed via this credit. The argument for stability and extending the term of the credit as any revised mechanism is phased in is not a matter of entitlement or incentive, it is about fair billing and rate stability.

---

[2] DOC Supplemental Comments, pg. 19.

We concur with Xcel's point that the PV Demand Credit Rider is not a program nor is it intended to prop up the solar industry. That said, however, customers have made, and will continue to make during the pendency of the resolution to this issue, investment decisions based on the availability of this rider. As such, the regulatory principle of rate stability should apply and there should be an extension of the expiration rate for three years to reflect the same decision horizon that has pertained for the past several years.

Thus, Vote Solar recommends that the Commission adopt the Departments decision option 1.b, which reads:

> Until the Pilot project is approved, maintain Xcel's current PV Demand Credit Rider of $0.07139 per kWh of peak period solar PV generation [from 1:00 p.m. to 7:00 p.m.] but for the closed rate, A85, extend the expiration date from April 20, 2024 to April 20, 2027.

Conclusion

In conclusion, Vote Solar thanks the Commission once again for the opportunity to comment on this important proceeding. While we believe that the crediting methodology that we proposed in our initial comments would be a fair resolution to this issue, we believe that a fair and equitable conclusion could be achieved through the adoption of the Department's Option 1 with an extension of the interim credit as proposed in the Department's Option 1.b.

Thank you for your consideration,

Sincerely,

William D. Kenworthy
Regulatory Director – Midwest
Vote Solar