

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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April 2, 2015

**In the Matter of the Petition of Northern States
Power Company, dba Xcel Energy, for Approval of
its Proposed Community Solar Garden Program**

Docket No. E002/M-13-867

**COMMENTS IN RESPONSE TO THE COMMISSION'S MARCH 13, 2015 NOTICE BY
FRESH ENERGY,
ENVIRONMENTAL LAW & POLICY CENTER, INSTITUTE FOR LOCAL SELF-RELIANCE, AND
IZAAK WALTON LEAGUE OF AMERICA**

Fresh Energy, Environmental Law & Policy Center, Institute for Local Self-Reliance, and Izaak Walton League of America respectfully submit these Comments in response to the Commission's March 13, 2015 Notice Seeking Comments in this docket. These Joint Commenters have addressed the topics open for comment in the above groups' various comments filed December 2, 2014, December 4, 2014, February 24, 2015, March 2, 2015 and March 4, 2015, which we include by reference here. Therefore, in these comments we respond to certain issues raised in Xcel Energy's ("Xcel") March 4, 2015 Reply Comments and March 13, 2015 Letter to the Commission. Specifically, we respectfully suggest that:

- Xcel's proposal to completely disallow co-located 1 MW S*RC projects should be rejected.
- The Implementation Workgroup is not a proper venue to make major policy decisions without changes to ensure independent facilitation and decision-making.

COMMENTS

Xcel's Proposal to Completely Disallow Co-Located 1 MW S*RC Projects Should be Rejected

In its March 4, 2015 Reply Comments Xcel proposes to only process co-located projects if the projects do not exceed 1 MW in aggregate and not consider any applications for 1 MW projects that are co-located.¹ As the Commission considers potential adjustments to the program, it is important to reiterate that any adjustments should not be retroactive to already filed S*RC applications.² Multiple companies and subscribers have made investments, entered contracts, hired employees in Minnesota, and made business decisions in reliance on the Commission's September Order approving the S*RC program. Any changes that apply to these projects would not only threaten to derail these projects and investments, but would endanger future investment in the state if Minnesota is perceived as not providing regulatory certainty.

¹ At 4.

² See our February 24, 2014, March 2, 2015 and March 4, 2015 Comments.

As the Commission considers potential adjustments for future projects, it should not adopt Xcel's blanket proposal to disallow any co-location of 1 MW projects.³ Xcel's proposal ignores that all S*RC applications must be individual 1 MW projects to be approved and instead attempts to brand co-located projects as "utility-scale" based on its own, narrow interpretation. As we stated in our February 24th Comments:

Co-locating individual S*RC projects is not circumventing statutory intent. Each 1 MW S*RC project has its own subscriber mix assigned to it and each is electrically unique: each has its own S*RC application, interconnection application, interconnection agreement, and engineering analysis. Locating these projects next to each other achieves efficiencies for securing property and allows coordination for interconnection engineering. If an application has more 1 MW projects than that site's distribution infrastructure can handle, the developer can decide whether to fund necessary upgrades. The costs are borne by developers and subscribers, with the upgraded distribution system benefiting all customers. Again, allowing for these program efficiencies fits the statute and its intent by lowering costs and making project finance easier. These attributes allow for the creation of more economical projects, which also increase accessibility.⁴

Contrary to Xcel's branding, each individual co-located project is electrically unique and co-location is organically limited by the inherent limits of the distribution system. Again, we are not suggesting that treatment for co-located S*RC projects should not be evaluated for future projects and welcome discussions on how to best structure co-location to maximize benefits to Xcel's system and customers. For example, the bill credit formula for larger co-located projects could potentially be modified to reflect economies of scale associated with those projects. However, any future adjustments to co-location rules or bill credit formulas should be set through an open transparent process led by the Commission, not through unilateral interpretations of the intent of the statute reached by Xcel or any other party.

The Implementation Workgroup Should be Modified if it is to Have a Larger Role in Resolving Major Policy Issues.

In its March 13, 2015 Letter Xcel states that it will convene the Implementation Workgroup ("Workgroup") to discuss: i) S*RC project size; ii) interconnection practices; and iii) other issues raised by Commission Staff and the Department of Commerce. In our experience, the stakeholders in the Workgroup, besides Xcel, are developers, MnSEIA, the Department of Commerce, Office of Attorney General, PUC Staff and Fresh Energy. The Workgroup meetings are planned and facilitated by Xcel, and the agenda is set by Xcel. Meeting throughout the fall, it seems that the group has been most successful determining administrative issues regarding applications. On issues that are more contentious with Xcel, some of which have been raised in previous comments, the group has not been able to reach consensus, largely because the Workgroup arrangement gives Xcel quasi-veto power over each decision point.

We appreciate Xcel's willingness to work with developers and certain stakeholders to discuss routine issues and questions that arise in Xcel's implementation of the S*RC program. However, the Workgroup as currently constituted is unlikely to be a successful forum for resolving larger policy issues or program adjustments. First of all, not all stakeholders are represented in the Workgroup, including some of the undersigned groups here. Moreover, under its current structure, the Workgroup is convened and facilitated by Xcel and Xcel is also the ultimate Workgroup arbiter. This structure might be able to deal with administrative application issues, but is not well suited for reaching consensus or making decisions on important program design issues on which Xcel is certainly not a neutral party. The Workgroup is unlikely to be a fair or effective decision-making venue on major issues without a neutral facilitator and/or decision-maker.

³ Xcel, March 4, 2015 Reply Comments at 4.

⁴ At 3-4.

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