

## STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

### **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. E-002/M-13-867**

**Date: May 15, 2015**

### **REPLY COMMENTS OF KANDIYO CONSULTING, LLC**

#### **I. Reply Comments to Fresh Energy.**

The 2013-14 Annual Report of Fresh Energy identifies a contribution at the highest level of “more than \$10,000” from Sun Edison, a party to these proceedings. This contribution was for the fiscal period from July 1, 2013 to June 30, 2014. Fresh Energy has identified “Market Transparency” as an important goal for the solar energy industry in Minnesota. We believe this funding relationship should have been disclosed by Fresh Energy and brought to the attention of the Commission. The position of Fresh Energy in these proceedings has generally been aligned with and in support of the position of Sun Edison.

#### **II. Reply Comments to Minneapolis Council Member Cam Gordon**

We made an inquiry to the City of Minneapolis and were told that the position stated in comments from Council Member Cam Gordon, on his letterhead as Chair of the City Council’s Energy and Environment Committee, was not the official position of the City. There is an official process that is required for the City to take an official position on legislative and regulatory issues that does not appear to have been followed in this case. The comments made were solely those of Council Member Gordon and should not be construed otherwise.

A direct request for clarification of the City’s position on these proceedings was made two weeks ago to Council Member Gordon’s office but has been unanswered to-date.

#### **III. Issues related to the size and pricing of Community Solar Gardens.**

Kandiyo reiterates its belief that at some level of aggregation, large, co-located Community Solar projects are inconsistent with the intent of the Community Solar legislation. Xcel’s recent filing on the status of community solar applications made through April 30 shows that less than ½ of one percent of total community solar capacity with active applications is in Hennepin County and there are no applications at all in Ramsey County. This is despite the fact that Hennepin and Ramsey Counties represent approximately two-thirds of Xcel Energy’s total ratepayers. This further begs the question of how “community” is being represented in Xcel’s community solar program and whether it comports with the intent of the Legislature in authorizing this program.

A reading of the comments has lead Kandiyo to change its earlier position somewhat and we now urge the Commission to consider some action limiting the size of these Community Solar projects. To the extent that co-located sites are allowed with aggregate capacity greater than 1.0 megawatt, there is a compelling case to be drawn from the comments of Xcel Energy and others in these proceedings that the price for community solar should be adjusted to reflect the size of aggregated projects. We also believe emphatically that for purposes of further regulatory changes, the size determination for community solar projects should be based on the aggregate capacity at the point of common coupling as defined in the Commission's previous order.

In reviewing our notes from past PUC meetings on community solar, we noted that the addition of the language "point of common coupling" was presented as clarifying language in the PUC staff report and was made at the request of several developers. As we recall, there was little or no debate or discussion of this last-minute change in language and its effect on the ability of some developers to propose community solar projects with aggregate capacities of more than 1.0 megawatts. It is not clear from the proceedings to-date that the PUC, Xcel Energy and many of the stakeholders in these proceeding were fully aware of the ramifications of this change, even though that language is the basis for most of the current discussions regarding community solar.

To that end, we suggest that the Commission consider limitations on the size of projects permitted with common coupling consistent with legislative intent. In the alternative, we suggest the Commission consider instituting Xcel's proposed 2015 Value of Solar tariff of .1075 per kilowatt-hour for projects that in the aggregate exceed the 1.0 megawatt limit in the legislative language. The algorithm for this rate calculation includes the values associated with Solar Renewable Energy Certificates (SREC) and thus no further REC value should be added to this rate. The VOST is intended to reflect the "system benefit" and externalities of solar energy to the utility and the community as a whole, regardless of the size of any one solar facility. This would be a reduction in the rate of 9.77 percent when compared with Xcel's 2015 rates for general service plus a two-cent REC value.

#### **IV. Other issues related to Community Solar Gardens**

We further reiterate our earlier comments regarding RECs for unsubscribed energy, consistency in location for determining subscriber eligibility, and the amount of escrowed funds required as part of the application process.

**Sincerely,**

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