

Staff Briefing Papers

Meeting Date November 18, 2021 Agenda Item 4**

Company Northern States Power d/b/a Xcel Energy

Docket No. **E002/C-21-126**

In the Matter of the Formal Complaint and Request for Expedited Relief by SunShare, LLC Against Northern States Power Company dba Xcel Energy regarding CleodSun Project.

Issues 1. What, if any, action should the Commission’s investigation of SunShare LLC’s Formal Complaint against Xcel Energy regarding the CleodSun Project take at this time?

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Relevant Documents

Date

PUC Order Finding Jurisdiction, Initiating Investigation, and Varying Timelines	Sept. 2, 2021
Xcel Energy, Answer (Public and Trade Secret)	Aug. 23, 2021
Xcel Energy, Comments (Public and Not Public)	Jun. 23, 2021
Sunshare, LLC, Reply (Public and Not Public) & Exhibit A	Sept. 2, 2021
Department of Commerce – Division of Energy Resources, Comments	Sept. 13, 2021

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

I. Statement of the Issues

What, if any, action should the Commission's investigation of SunShare LLC's Formal Complaint against Xcel Energy regarding the CleodSun Project take at this time?

II. Background

On August 12, 2021, the Commission addressed initial consideration of the Formal Complaint. The Commission determined it had jurisdiction and chose to initiate an investigation of the Formal Complaint as it relates to the interconnection cost estimate with expedited timeframes agreed to by Xcel Energy and SunShare. The Commission's decision is memorialized in its September 2, 2021 ORDER FINDING JURISDICTION, INITIATING INVESTIGATION, AND VARYING TIMELINES in the current docket.

On August 23, 2021, Xcel Energy filed the Company's Answer which referred to the Company's June 23, 2021 Comments and Attachment A (Parts 1-4.)

On September 2, 2021, SunShare LLC filed their Response.

On September 13, 2021, the Department of Commerce – Division of Energy Resources filed initial comments.

Staff Summary of September 2, 2021 Order Related to Commission Investigation

On September 2, 2021, the Commission issued its Order Finding Jurisdiction, Initiating Investigation, and Varying Timelines in the current docket which ordered, in part:

2. The Commission hereby opens an investigation of SunShare's CleodSun formal complaint as it relates to the interconnection cost estimate.

The September 2, 2021 Order describes the party positions on the interconnection cost estimate as such¹:

SunShare argues that Xcel has harmed SunShare in three ways. First, SunShare argues that the indicative interconnection costs are excessive, as evidenced by the fact that SunShare applied to interconnect a similar generator at the same site and received a lower cost estimate in 2017. Second, SunShare argues that Xcel has wrongfully withheld information necessary to evaluate whether a lower-cost option for interconnection exists...

...

Xcel argues that its estimate of the cost to interconnect the CleodSun project is reasonable. Xcel explains that costs have increased since SunShare's last interconnection application at this location, as reflected in Xcel's newer cost models and

¹ September 2, 2021 Order, pp. 3-5

model inputs. According to Xcel, updating the indicative cost estimate would likely increase the estimate due to escalating costs seen in recent months.

Xcel claims that it has provided SunShare with the information necessary to evaluate the indicative cost estimate for the CleodSun project, but contractual obligations and competitive dynamics prohibit the utility from disclosing certain details, such as sensitive pricing information. Instead of disclosing this information to SunShare, Xcel proposed that a third-party auditor agreeable to both sides audit Xcel's cost estimates, but SunShare has not agreed to this proposal.

While SunShare suggests that implementing a novel solution might provide a cheaper way to interconnect the CleodSun project, Xcel argues that this hypothesis overlooks the administrative cost of installing and managing multiple non-standard equipment and operations for the interconnection, and the cost of removing the equipment once the projects are no longer operating. Xcel also emphasizes that standardized installations promote safety and reliability, noting that its tariff state that "Xcel Energy will provide the final determination of the required modifications and/or additions." Finally, Xcel argues that it calculated the indicative cost of the CleodSun project in its standard manner, and relieving SunShare of the duty to pay the indicative costs would discriminate in favor of SunShare and against all other solar gardens.

...

III. Parties' Comments

The Commission's August 21, 2021 decision memorialized in the September 2, 2021 Order set an expedited timeline for Xcel Energy's Answer and SunShare's Reply which both parties met; however, as discussed below, SunShare argues Xcel Energy's Answer should not be considered an Answer under Minn. R. 7829.1800, subp. 2.

Xcel Energy Answer

Xcel Energy's Answer incorporated the Company's June 23, 2021 Comments which were summarized in staff briefing papers and reviewed for the August 12, 2021 Agenda Meeting.² The following is a summary of the remainder of Xcel's Answer.

Interconnection Cost Estimate

Xcel Energy maintains existing equipment modification is not an option for the CleodSun interconnection. The feeder in question has a hydraulic operated, oil-fill recloser which uses mechanical principles to operate and provide adequate overcurrent protection for a distribution system; however, when DER is present there is a risk of islanding and transients

² Staff Note: On August 3, 2021, Commission staff filed briefing papers for the August 21, 2021 Agenda Meeting which summarize SunShare's Formal Complaint and Xcel Energy's June 23, 2021 Response in this docket. These briefing papers only summarize new information not included in those initial briefing papers.

which can damage all equipment connected to the feeder. Voltage sensitive relay (VSR) is a microprocessor-based relay with greater voltage supervision capabilities and operational flexibility. Xcel describes the Company's policy³:

This [islanding] risk can be mitigated by using VSR to ensure the distribution system is completely de-energized prior to the reclose of the protective device. Xcel Energy requires VSR on protective reclosing devices when the applicable minimum load is less than 125 percent of the aggregate generation AC nameplate rating downstream from the device, as the aggregate generation could be capable of sustaining an island under such conditions.

Xcel Energy argues the equipment (hydraulic recloser) was not subject for replacement and that SunShare and the CleodSun project is the cost-causer for the equipment replacement work. The Company also argues the interconnection customer should pay the actual costs of distribution upgrade not net cost after depreciation and provides a discussion of this issue from Docket No. E002/M-18-714 where the Commission did not adopt the later. Xcel argues the Commission should not contemplate that approach in this case.⁴

Xcel Energy's engineering study also found the CleodSun project to cause reverse power flow on the feeder, and the existing voltage regulator on the feeder is not compatible with a new controller that enables "CoGen mode." This mode allows a regulator to identify reverse power flow conditions and unexpected system responses to a change in tap step required to ensure correct voltage response from the regulator.⁵

Xcel Energy continues to dispute SunShare's allegation the Company did not provide sufficient technical details citing a March 4, 2020 call summarized in an email the same day.⁶ Xcel Energy also provided what portion of total cost is related to the VSR and substation breaker replacement but contends the Company "cannot give any more specific cost details due to contractual obligations, including competitively sensitive pricing information from our suppliers."⁷

Xcel Energy continues to contend the indicative cost estimate was appropriate and the equipment represents the "least cost standard Xcel Energy equipment required to achieve the needed functionality... [and] [o]ther options, such as recloser control modifications, as suggested by SunShare, are unavailable for this site based on the need for compatibility and standardization."⁸

Xcel Energy disputes the comparability of the CleodSun cost estimate with SunShare's earlier Schiller project's 2017 cost estimate for the same site arguing: 1) project and time difference, 2)

³ Xcel Energy Answer, p. 2

⁴ Xcel Energy Answer, p. 3 and Att. A

⁵ Xcel Energy Answer, p. 4

⁶ Xcel Energy June 23, 2021 Comments, Att. B, pp. 1-4

⁷ Xcel Energy Answer, p. 4

⁸ Xcel Energy Answer, p. 5

additional DER capacity on the feeder; 3) improved engineering and cost estimates, and 4) reduced capacity did not alter upgrade needs at that site.⁹

Xcel Energy suggests SunShare is requesting a one-off solution or variance that threatens a standard interconnection process. Xcel Energy cites two sections of tariff in support of their approach with CleodSun. First, Sec. 9; Sheet No. 68.11 (Solar*Rewards Community (CSG) Program) states, in part:¹⁰

... Continuity and consistency of using Company standards is paramount for employee safety. The standards employed by the Company (and as used by the independent engineer) should not vary, where applicable, from the standards which the Company uses when constructing, maintaining, or repairing its distribution network for purposes of providing service to its own retail customers. ...

Second, Sec. 10, Sheet No. 139 (pre-MN DIP interconnection standards) states, in part:¹¹

For some unique interconnections, additional and/or different protective devices, system modifications and/or additions will be required by Xcel Energy. In these cases Xcel Energy will provide the final determination of the required modifications and/or additions. If any special requirements are necessary they will be identified by Xcel Energy during the application review process.

Procedure

Xcel Energy continues to recommend dismissal of SunShare's Formal Complaint. The Company continues to contend granting SunShare's request would be paramount to a violation of Xcel Energy's tariff and standardized interconnection process; and thus, violate Minn. Stat. 216B.06 (Receiving Different Compensation), Minn. Stat. 216B.07 (Rate Preference Prohibited), and Minn. Stat. 216B.1611 (Interconnection).¹² Xcel Energy would appreciate clear guidance from the Commission either affirming how the CleodSun interconnection application was handled or specifically directing the Company to do something else (**Decision Option 2.a**). Xcel argues this would help change Company practice or discourage further developer complaints on similar issues.¹³

SunShare Response

Interconnection Cost Estimate

SunShare claims that with the limited information Xcel Energy provided in the August 23, 2021 Answer, they identified an accessory that can be used with Xcel Energy's hydraulic recloser to

⁹ Xcel Energy Answer, pp. 5-6

¹⁰ Xcel Energy Answer, p. 7

¹¹ Xcel Energy Answer, p. 8

¹² Xcel Energy Answer, pp. 8-9

¹³ Xcel Energy Answer, p. 9

perform the functionality of a VSR without having to replace the recloser or install VSR. SunShare claims Xcel's argument that SunShare's request seeks to "install non-standard equipment configurations..." is "illogical" because the Company admits hydraulic reclosers are still used. SunShare suggests:¹⁴

Xcel is admitting that it is requiring CSG developers to replace a piece of equipment that does not need to be replaced to maintain the safety and reliability of Xcel's system, or that it is not maintaining the safety and reliability of its system by not replacing all of its hydraulic reclosers.

SunShare continues to argue Minn. Stat. 216B.03, Minn. R. 7835.011; subp 12, and the MN DIP and associated Company tariff require Xcel Energy to propose upgrades that are, in SunShare's words, "least cost necessary to interconnect the proposed project consistent with state, national and industry standards."¹⁵ SunShare maintains Xcel is not acting transparently or in "good faith" by withholding information developers (DER customers) need to evaluate proposed distribution upgrade costs and make go/no-go decisions before signing and funding an interconnection upgrade.¹⁶ SunShare adds that the Commission's December 15, 2015 Order allows Xcel Energy to implement alternative upgrades more restrictive than industry standards if the Company pays the incremental cost. SunShare notes:¹⁷

It would be unreasonable for a CSG developer to pay for the cost of upgrading facilities beyond what is *necessary* to safely and reliably interconnect a CSG.

Procedure

Like in the OsterSun Complaint (Docket No. 21-125), SunShare argues Xcel's August 23, 2021 Answer failed to answer each allegation of the complaint, and Minn. R. 7829.1800 does not allow a party to rely on statements made before the Commission has served the complaint on the respondent. SunShare suggests the Commission has two options: 1) make findings on factual and legal allegations to establish a clear record for any decision; or 2) refer to an Administrative Law Judge for a contested case.¹⁸

Other Issues

Like in the OsterSun Complaint, SunShare withdraws the rate adder request and requests the Commission consider CleodSun deemed complete in 2020 and eligible for the 2020 VOS rather than the 2019 VOS.¹⁹

¹⁴ SunShare Response, p. 7

¹⁵ SunShare Response, p. 8

¹⁶ SunShare Response, pp. 7-8

¹⁷ SunShare Response, p. 9

¹⁸ SunShare Response, pp. 4-5

¹⁹ SunShare Response, pp. 9-10

Department

The Department notes the Lester Prairie substation where CleodSun seeks interconnection is capacity constrained and has several CSG projects in queue. While the Department lacks engineering expertise to comment on the reasonableness of equipment replacement rather than modification; however, it is concerned at the lack of information Xcel Energy is offering SunShare. The Department argues Xcel Energy has not explained why the Company cannot intervene with its vendor to provide the requested information.

The Department recommends the Commission encourage the parties to develop a group study process to study interconnection of the CleodSun Project and others in the queue (**Decision Option 2.a**). The Department further recommends the Commission require Xcel to negotiate a non-disclosure agreement (NDA) with the vendor to allow SunShare to access requested cost information. (**Decision Option 4**).

IV. Staff Analysis

Interconnection Cost Estimate

Like in the OsterSun Complaint (21-125), the issue is not whether SunShare was treated unfairly compared to other CSG developers; rather, SunShare is challenging the Company's equipment replacement decision as not necessary to interconnect CleodSun safely and reliably. SunShare offers an accessory to existing equipment as an alternative, lower cost option. As of SunShare's Response, Xcel had not provided the make and model of the regulator and controller, nor had SunShare and Xcel Energy conferred on whether the alternative suggested by SunShare was viable.

Other Issues

As in the OsterSun Complaint, SunShare introduces new rationale, fair competition for subscribers with other CSG projects, and a new request for relief in asking for a 2020 VOS rate (**Decision Option 1.b**). No parties commented on this request or SunShare's rationale. The Commission will need to consider whether it will entertain new relief requests if it moves forward with the investigation.

Procedure

With this Complaint (CleodSun), the Department recommends additional steps before determining whether to refer to a contested case or dismiss. Namely, an NDA to allow SunShare to access additional information from the equipment vendor and possibly an additional comment period (**Decision Option 4**) and/or a group study (**Decision Option 3**). Otherwise, the procedural choices in this docket are the same as in the OsterSun Complaint (**Decision Options 1 and 2**).

V. Decision Options

1. Refer the following issue(s) to the Office of Administrative Hearings for a contested case proceeding: (*SunShare*)

a. whether the interconnection cost estimate provided by Xcel Energy was reasonable and consistent with tariff, statute, rules, and the MN DIP and TIIR. (*SunShare*)

[and]

b. whether CleodSun should receive the 2019 or 2020 VOS (*SunShare*)

[and]

c. Xcel Energy's Answer shall be considered a denial of all of the allegations in SunShare's complaint [related to the interconnection cost estimate]. (*SunShare [with staff modification to limit scope]*)

[OR]

2. Dismiss SunShare's CleodSun complaint and close Docket E002/C-21-126. (*Xcel Energy, Department*)

[and]

a. Affirms Xcel Energy's approach to interconnection cost estimates is appropriate. (*Xcel Energy*)

[OR]

3. Direct the parties to develop a group study process for evaluating interconnection and a cost sharing arrangement for the project and others in the queue. (*Department*)

[AND/OR]

4. Direct Xcel to negotiate a non-disclosure agreement with its vendor to permit SunShare access to its requested cost information for the CleodSun complaint. Once completed, Xcel shall file an update to the Commission, and the Commission shall establish further comment procedures, if needed. (*Department*)

Staff recommends: 1a or 2. If 1a, staff recommends 4. Staff takes no position on 1.b.