

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Dan Lipschultz	Commissioner
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
John A. Tuma	Commissioner

In the Matter of Xcel Energy’s Tariff Revisions Updating Interconnection Standards for Distributed Generation Facilities Established under Minn. Stat. §216B.1611

ISSUE DATE: May 9, 2019

DOCKET NO. E-002/M-18-714

In the Matter of Xcel Energy’s Application for Approval of Solar*Rewards Tariffs

DOCKET NO. E-002/M-13-1015

In the Matter of Xcel Energy’s Petition for Tariff Modifications Implementing Rules on Cogeneration and Small Power Production

DOCKET NO. E-002/M-16-222

In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of its Proposed Community Solar Garden Program

DOCKET NO. E-002/M-13-867

ORDER APPROVING REVISED TARIFFS WITH MODIFICATIONS AND REQUIRING COMPLIANCE FILINGS

PROCEDURAL HISTORY

On August 13, 2018, the Commission issued its Order Establishing Updated Interconnection Process and Standard Interconnection Agreement, approving a distributed energy resource (DER) interconnection process (the MN DIP) and a standard agreement (the MN DIA).¹ The order required Xcel Energy (Xcel) to file updated tariffs within 135 days. The Commission established Docket No. E-002/M-18-714 (the Xcel Compliance Docket) for filings and proceedings related to Xcel’s compliance with the August 13 order.

¹ *In the Matter of Updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established Under Minn. Stat. § 216B.1611*, Docket No. E-999/CI-16-521 (the Interconnection Standards Docket).

On November 14, 2018, the Minnesota Department of Commerce issued a decision approving changes to Xcel’s Solar*Rewards² Program. That decision was filed in the Solar*Rewards Docket on November 21.

On November 30, 2018, the Commission issued a notice with a clean version of updated MN DIP and MN DIA documents, which incorporated additional details arising from continued work of the Distributed Generation Workgroup established consistent with the Commission’s August 13 Order.

On December 14, 2018, Xcel filed tariff revisions. The tariffs were submitted to comply with the August 13 order, and to make changes to the Solar*Rewards and Solar*Rewards Community programs.

On January 4, 2019, the Commission issued notices in the Xcel Compliance Docket and the Solar*Rewards Community Docket³ requesting comments on the revised tariffs. And on January 10, the Commission issued a notice in the Solar*Rewards Docket clarifying the status of that program while the proposed tariff revisions were under consideration.

On January 29, 2019, the Minnesota Department of Commerce – Division of Energy Resources (the Department) filed comments in the Solar*Rewards Community Docket, recommending approval of the revised tariffs, with a revised Terms and Conditions page reducing the basis for the determination of CSG subscription size from 24 months to 12 months of historical data.

On February 4, 2019, The Department and the City of Minneapolis filed comments in the Xcel Compliance Docket. The Department recommended approval of the filed tariffs with minor modifications. The City of Minneapolis’s comments urged modifications to the tariffs to address treatment of costs borne by individuals and developers.

Between February 4 and 8, 2019, SolarStone Partners, LLC; Sunrise Energy Ventures, LLC; and SunShare, LLC (the “CSG Developer Group”) and Novel Energy Solutions filed comments in the Solar*Rewards Community Docket.

On February 22, 2019, the following parties filed reply comments:

- Xcel
- the Department
- The Institute for Local Self-Reliance
- The Minnesota Solar Energy Industries Association (MnSEIA)

² Docket No. E-002/M-13-1015 (the Solar*Rewards Docket). Solar*Rewards is Xcel’s implementation of the requirements under Minn. Stat. § 116C.7792, which requires Xcel to operate a program to provide solar energy production incentives for solar energy systems of no more than 40 kilowatts per premise. Xcel describes Solar*Rewards as a program that “encourages small solar development by paying a financial incentive to owners of rooftop or on-site systems.”

³ Docket No. E-002/M-13-867. Solar*Rewards Community is Xcel’s implementation of the requirements of Minn. Stat. § 216B.1641, which required Xcel to file a plan to operate a community solar garden program.

Xcel’s reply comments included additional modifications to its initially filed tariffs, including the change to the Solar*Rewards Community tariff recommended by the Department.

On March 28, 2019, the Commission met to consider the revised tariffs.

FINDINGS AND CONCLUSIONS

I. Introduction

Xcel has filed a number of revised tariffs. Some of the revisions were required by the Commission’s August 13, 2018, Order Establishing Updated Interconnection Process and Standard Interconnection Agreement. Xcel also proposes changes to statutory programs that were not required by a Commission order. The Department generally recommends approval of the latest-filed version of the revised tariffs.

In this order, the Commission will approve the revised tariffs, subject to additional modifications discussed below, and require Xcel to make a compliance filing of tariffs reflecting the modifications.

II. Interconnection Tariff Revisions

Xcel filed tariff revisions to, among other reasons, comply with the requirements of the August 13 order.⁴ Having reviewed the tariffs—including the further modifications in Xcel’s reply comments—particularly for whether they satisfy the requirements of the August 13 order, the Commission finds that with certain modifications they satisfy the requirements of the August 13 order and will approve them.

The Commission will require modifications to Section 9, Sheet 5 of Xcel’s Minnesota Electric Rate Book that are clarifying in nature. These changes will serve the goals of consistency and transparency of application of the tariff. The Commission in all other respects accepts and adopts the recommendation of the Department to approve the tariff modifications.

Xcel will be required to file updated tariffs reflecting the approved tariff modifications.

III. Solar*Rewards Tariff Revisions

Xcel filed tariff changes that would (1) implement the Department of Commerce’s November 14, 2018 Decision, and (2) clean up and align the contracts with the Company’s Cogeneration and Small Power Production tariffs.

Xcel also requested extension of a “negative check off” process adopted for the 1st and 2nd generation Solar*Rewards contracts in E002/M-15-650 for the third generation contract and expand it to the Solar*Rewards contract for eligible Community Solar Gardens. The negative check-off process allows Xcel to proceed under amended standard Solar*Rewards contracts 32

⁴ See August 13 Order at 23–30.

days after they are filed with the Commission under certain conditions, including that no objection or intent to object is filed.⁵

The Department recommended approval of the Solar*Rewards tariff revisions, and approval of the negative-check off process.

The Commission finds reasonable and consistent with the public interest the proposed tariff revisions shown in red-lined edits in Xcel Energy's December 18, 2018 filing, and will therefore approve them.

The Commission will also authorize Xcel to proceed with amended Solar*Rewards and Solar*Rewards Community Contracts for Those Receiving Solar*Rewards customer contracts 32 days after they are filed with the Commission, under the conditions specified in the ordering paragraphs. The negative check-off process allows Xcel to proceed quickly under amended contracts without waiting for prior Commission approval, and the conditions ensure that amended contracts are transparent and appropriately subject to an opportunity to object and further Commission scrutiny if warranted.

IV. Solar*Rewards Community Tariff Revisions

Xcel's proposed tariff revisions include changes to the process for resolving community-solar-garden interconnection disputes, the annual Solar*Rewards Community participation fee, and the interconnection timelines and late fees. In reply comments, Xcel proposed updated tariff language that adopted changes recommended by the Department and the CSG Developer group.

Novel Energy Solutions, CSG Developer Group and MnSEIA opposed several of the changes, which are discussed below. The Department supported Xcel's proposed changes.

The Commission will adopt Xcel's proposed tariff revisions as updated by Xcel's February 22 reply comments, with one exception.

A. Dispute Resolution Process

Currently, interconnection disputes arising under the Solar*Rewards Community program are addressed using a process established in an August 6, 2015 Commission order.⁶ The process provided for an independent engineer selected by the Department to resolve disputes, with appeals of the engineer's decision brought to the Commission. In practice, all of the engineer's decisions were appealed to the Commission, and as a consequence, timely resolutions of the dispute were not reached.

⁵ This process was approved by the Commission for first- and second-generation Solar*Rewards contracts in a September 25, 2015 order in Docket No. E-002/M-15-650.

⁶ *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, Order Adopting Partial Settlement as Modified (August 6, 2015). The order further provided that "a clear dispute resolution process shall be identified by the Parties following the Effective Date of this Agreement," Order, at 27.

Under Xcel's new tariff, interconnection disputes for community solar gardens would be handled using the same process as all of Xcel's interconnection applicants. That process is a mediation process that includes the involvement of the Commission's Consumer Affairs Office.

The Department's comments reflected challenges in securing the services of qualified engineers to serve the role required by the process, and in shortcomings of the process itself for successfully resolving disputes in a timely fashion.

Xcel's proposed changes to the dispute resolution process are a warranted change. Experience with the independent engineer process has revealed shortcomings that should be improved upon. As the parties recognized in 2015 when the Commission first authorized the independent engineer process, delay in processing solar garden applications and interconnections is a primary concern.⁷ The process currently in place has not adequately addressed that concern.

Additionally, the challenge in securing the services of qualified engineers to serve in this unique adjudicatory role, only to often present the engineer with mixed questions of engineering and policy that are then routinely appealed to the Commission, suggests that the process approved in 2015 is not capable of meeting the needs of participants or the Commission.

An alternative interconnection dispute resolution process already exists, and the Commission concludes that at this time that existing alternative is a superior way to timely resolve disputes that arise in the interconnection process. The Commission will therefore approve this tariff change.

B. Process Timelines, Fees, and Parental Guarantee

Xcel's new tariff reflects modifications to the process timelines and fees. The modified tariff also would require certain unified filings from subsidiaries to include a financial guarantee from the subsidiary's parent. In its reply comments, Xcel modified one proposed change to handling program deposits in response to comments.

The Commission concludes that the tariff changes are reasonable and justified. The fee increase is supported by evidence of the cost of administering the program, and the timeline and late fee changes are reasonable to ensure timely performance of necessary interconnection process steps. Accordingly, they will be approved.

The reasonableness of the parental guarantee language is supported by Xcel's reasoning that without it unified reporting may have the effect of obscuring the viability of individual projects, to the detriment of participants. The parental guarantee would facilitate unified financial reporting while providing some reassurance of viability for individual projects. The Commission will approve this language with the understanding that there will be more discussion of this topic in the existing Community Solar Garden Stakeholder Working Group.

⁷ See Order Adopting Partial Settlement as Modified, at 17.

ORDER

Docket No. E-002/M-18-714

1. The Commission hereby approves Xcel Energy's tariff revisions as proposed in the December 14, 2018 Initial Petition with the modifications proposed by the Company's Response to MN PUC Information Request #1-7 and Reply Comments and subject to the following additional modifications.
2. The Commission hereby approves Xcel Energy's proposed addition under "Application of the MN DIP" at Section No. 9; Sheet No. 5, as modified:

APPLICATION OF THE MN DIP

To the extent that an application or interconnection is subject to the MN DIP, and there is any inconsistency between the ~~provisions~~ interconnection requirements of this Section 9 related to Cogeneration and Small Power Production and the MN DIP as set forth in the Section 10 tariff or the MN Technical Requirements, the ~~provisions~~ interconnection requirements of the MN DIP and MN Technical Requirements shall control over the ~~provisions~~ interconnection requirements of this Section 9 tariff related to Cogeneration and Small Power Production. Notwithstanding this, for purposes of interpreting this Section 9 tariff related to Cogeneration and Small Power Production the MN DIP or MN Technical Requirements will not control over the ~~provisions~~ interconnection requirements of this Section 9 tariff related to Cogeneration and Small Power Production that define the terms "Qualifying Facility" and "Generation System".

3. Xcel shall amend Section No. 9; Sheet No. 67.2 last paragraph to replace "the application being Deemed Complete" with "the date the MN DIA has been signed by both parties".

Docket Nos. E-002/M-13-1015 and E-002/M-16-222

4. The Commission hereby approves the proposed tariff revisions shown in red-lined edits in Xcel Energy's December 18, 2018 filing.
5. Xcel Energy may proceed with amended Solar*Rewards and Solar*Rewards Community Contracts for Those Receiving Solar*Rewards customer contracts 32 days after they are filed with the Commission if all three of the following conditions are met:
 - a. The filing amends a third generation Solar*Rewards contract or the Solar*Rewards Community Contract for Those Receiving Solar*Rewards Incentive;
 - b. The filing includes a red-lined version showing the changes to the standard contract; and
 - c. No objection or intent to object is filed within 30 days of the filing.

Docket No. E-002/M-13-867

6. The Commission hereby approves Xcel's proposed tariff revisions filed December 14, 2018, and the following two revisions to the proposed tariffs filed by the Company on February 22, 2019 in reply comments: (1) a correction to Tariff Sheet No. 65 to account for the oversight noted by the Department, and (2) the revision to the Company's initially proposed language on deposits in Section 9, CSG Tariff Sheet No. 66.1.

Every Affected Docket

7. Within 10 days of the date of this order, Xcel shall make a compliance filing consistent with the decisions herein.
8. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



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