Sundial Solar

A Brighter Idea

Burl W. Haar ***December7, 2013***
Public Utilities Commission
PUC Docket Number: E-002/M-13-315

In the Matter of a Rate for Large Solar Photovoltaic Installations

Dear Dr. Haar-

Sundial Solar is perhaps the single company most affected by this docket. Most of our clients are commercial and industrial businesses located in the Xcel service territory. These businesses want to install solar PV. But without a clear, definitive, fair and lasting value ratified by the Commission, most of them will not follow through on their intentions.

We appreciate the ability to comment on the discussion in this matter. Our observations follow:

1. In Xcel's latest reply (December 6) to comments in the docket they stated *"To the best of our knowledge no study has been filed in this docket that supports an ELCC rating of 70-90 percent."*[1] It is curious that Xcel says this when, in footnote #3 they cite a reference that was a direct result of the study which produced the original arguments in favor of the $8.35 rate. [2]

That document, which was one of the key studies used to support the original ELCC arguments in the first place, was the 2008 *Photovoltaic Capacity Valuation Method*s by Perez, et.al which is a reference cited in the 2012 report by Clean Power Research. In it there is clear evidence with documentation for ELCC ratings of 70% or more.[3]

Although this study may not have been formally filed in this docket, it has been referred to many times and thus becomes a de facto part of the docket record.

2. It is understandable that Xcel would pick and choose those studies and statistics which point in its favor while suppressing those which are not. However, no matter how one looks at it, there is clear and quantifiable value to significant amounts of grid-connected PV. The methodology used in the original study of 2008 has proven sound and, if anything, points to adoption of the $8.35/kw/month as a more reasonable compromise than the current rate of $5.15. Xcel's approach appears to be one of endless halving of the value until it approaches zero and, only then, begrudgingly agree to go along.

3. We urge the Commission to recognize the unique provenance of the ELCC docket. Do not allow this to be confused with, or rolled into, the Value of Solar (VOS) rate currently being debated. This docket was created three years prior to the recent legislation and there is no reason that PV systems greater than 60kw in size need to be dragged into the VOS argument.

4. Insofar as this docket has had its own distinct tract for several years, we urge the Commission to ignore the entreaties of Xcel to wait on the results of the VOS discussions before making a final ruling in this matter. We see this is an attempt to diminish the efforts of everyone involved in the ELCC discussions and, as mentioned above, to comingle and confuse the issues. There is no reason to delay the final ruling for a Capacity Credit rate.

Ultimately it comes down not just to value, but values. We can argue all year about the best method to arrive at a value for solar contribution to the grid. But at the end of the day, what matters most is our core values. As a state we have paid nothing for the destruction we've enabled in huge tracts of land in Wyoming where our coal is mined in endless open pits. We voraciously burn that coal, polluting the air and sending the toxins across the globe. Yet we brag to the world about our pristine sky-blue waters, our golden prairies, and our peaceful woodlands. Nearly all Minnesotans agree that preserving our environment is a priority. But it is also time to recognize that we have been doing that at the expense of people and lands outside our borders.

We are asking you to hear the concerns of those in all Minnesota industries who want to help create a clean energy future. We ask that you institute a Capacity Credit that is not just a reflection of benefits to the utility, but one that is a benefit to the environment and empowers our futures as well. Please send that vital message with a Capacity Credit rate of at least $8.35/kw/mo. It will grow jobs, reduce carbon emissions, and promote economic security.

Sincerely,

Jon Kramer, CEO

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1. From Xcel's Reply Comments of December 6: *Further, the $8.35 per kW/month rate that some parties are advocating for was also not the result of a specific methodology or cost basis. Similar to the $5.15 rate, the $8.35 rate was based on the midpoint of an estimate used by the Department and the SRRG that estimated a range of PV capacity values of approximately 70-90 percent of solar rated capacity.*[2] *To the best of our knowledge, no study has been filed in this docket that supports an ELCC rating of 70-90 percent…*

2. [Footnotes 2 and 3] As cited by the Department's January 18, 2013 Reply Comments in Docket Nos. E002/M-10-1278 and E002/GR-10-971, the SRRG focused on Xcel's peak period and estimated a range of PV capacity values of approximately 70 to 80 percent of the solar rated capacity (this resulted in an estimated range of $7.13 to $8.14 per kW/month). The Department used MISO's peak period and estimated a range of PV capacity value of 70 to 90 percent of solar capacity (this resulted in an estimated range of $7.44 to $9.57 per kW/month). The $8.35 rate is the midpoint of the overall range identified by the Department and the SRRG.
November 2012, THE VALUE OF DISTRIBUTED SOLAR ELECTRIC GENERATION TO NEW JERSEY AND PENNSYLVANIA, Clean Power Research.

3. May 2008, **Photovoltaic Capacity Valuation Methods,** Hoff, Perez, Ross, and Taylor, SEPA report #02-08.

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