



414 Nicollet Mall
Minneapolis, MN 55401

July 1, 2013

—Via Electronic Filing—

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: STATUS UPDATE
RATE FOR LARGE SOLAR PHOTOVOLTAIC INSTALLATIONS
DOCKET NO. E002/CI-13-315

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits the following update on stakeholder review of the Effective Load Carrying Capability (ELCC) Study and progress on the Large Customer Photovoltaic Rate proposal ordered by the Commission.

ELCC Study

The Company convened a group of approximately 30 people, including environmental advocates, large customer representatives, solar installers, and staff from the Department and Commission to review the ELCC study. Specifically, we reviewed the study's methodology, the data used, and the results. We also provided an overview of the Midwest Independent System Operator (MISO) methodology for determining accredited capacity of intermittent resources.

Participants asked questions on the study assumptions, including the data used and the location and orientation of solar PV. The Company encouraged participants to identify other data sources, and agreed to run different configurations to test their effect on the ELCC modeling results. The Company received and has responded to approximately 22 information requests in this docket, and we have shared the questions and responses with all interested parties electronically. The new ELCC modeling results will also be shared with parties, and the Company

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plans to host another stakeholder meeting, potentially in mid-August, to discuss how to use the study results in future ratemaking.

Large Customer Photovoltaic Rate Proposal

Order Point Number 8 of the Commission's May 13, 2013 ORDER SETTING INTERIM RATE AND ESTABLISHING NEW SOLAR RATE DOCKET in this docket requires the Company on or before October 1, 2013 to file a large customer photovoltaic rate proposal that appropriately reflects the value of solar resources on the Company's system. In that filing, the Company is also directed to reevaluate the interim Standby Service tariff capacity credit established by the Order, which applies to bills issued after June 1.

After the Commission issued its Order, the Legislature passed new legislation affecting solar ratemaking. Specifically, the legislation requires the Department of Commerce by January 31, 2014 to develop a methodology for a Value of Solar rate that would apply to systems with capacity of less than 1,000 kW in lieu of net metering. The legislation also limits standby charges to systems greater than 100 kW if in accordance with a Commission Order.¹

Prior to the passage of the legislation, the Company's intent for the October 1 filing was to propose a Buy-all/Sell-all rate framework that reflects the value of solar on the system. Because the Department will be developing the methodology for a value of solar rate, which is based on the Buy-all/Sell-all approach, we believe it is reasonable to limit our October 1 proposal to an update to the solar Standby Service capacity credit based on the results of the ELCC study.

To comply with the new provision changing eligibility for standby charges, we expect to file a modification to the Standby Service tariff in July 2013 to limit mandatory standby charges (and the associated Standby Service capacity credit) to systems with capacity greater than 100 kW. However, since customers may have lower bills with the Standby Service capacity credit, we will propose to make Standby Service optional to customers with systems with capacity of 100 kW or less.

¹ HF 956, Article 3, Section 4- "A public utility may not impose a standby charge on a net metered or qualifying facility: (1) of 100 kilowatts or less capacity; or (2) of more than 100 kilowatts capacity, except in accordance with an order of the commission establishing the allowable costs to be recovered through standby charges.

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Please contact me at amy.a.liberkowski@xcelenergy.com or 612-330-6613 if you have any questions regarding this filing.

Sincerely,

/s/

AMY LIBERKOWSKI
MANAGER
REGULATORY ANALYSIS

c: Service List

CERTIFICATE OF SERVICE

I, Ketti Lindberg, hereby certify that I have this day served copies of the foregoing document or a summary thereof on the attached lists of persons:

xx by depositing a true and correct copy or summary thereof,
properly enveloped with postage paid, in the United States Mail
at Minneapolis, Minnesota; or

xx via electronic filing

DOCKET No. E002/CI-13-315

Dated this 1st day of July, 2013

/s/

Ketti Lindberg

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