

**STATE OF MINNESOTA  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

**In the Matter of a Request by Xcel Energy )  
to Issue Renewable Development Fund )  
Cycle 4 Requests for Proposals and Petition )  
for Approval of a Standard Grant Contract )**

Docket No. E-002/M-12-1278

**PETITION TO INTERVENE, INITIAL COMMENTS AND REQUEST FOR A  
CONTESTED CASE PROCEEDING OF MINNESOTA GO SOLAR LLC**

**September 12, 2013**

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Minnesota Go Solar LLC (“Go Solar”) submits these initial comments in accordance with the Commission’s August 13, 2013, Notice of Comment Period on Renewable Development Fund (“RDF”) Selection Report. In addition, Go Solar petitions to intervene as a full party pursuant to Minn. Rule 7829.1400, and pursuant to Minn. Rule 7829.1400, subp. 9, requests a contested case proceeding for the reasons described herein.

As discussed below, Go Solar’s proposal was ranked #1 overall by the independent evaluator, garnered the highest percentage of available points in RDF history, requested the lowest grant per kW, and would create more jobs than all recommended project combined. In addition, the independent RDF evaluator concluded that the Go Solar proposal provided the largest “potential benefit to Minnesota citizens, businesses, and Xcel Energy’s ratepayers” (*see*, Minn. Stat. § 116C.779(h)).

In spite of its highest ranking, Xcel is recommending no award for Go Solar, instead awarding over 45% of the amount awarded for energy projects to the three projects that the independent evaluator concluded provided the lowest benefits to Minnesota citizens and

ratepayers in the recommended group. If Xcel's recommendations are allowed, it would mark the first time in the history of the RDF that the top-ranked proposal was not selected for funding.

## **I. EXECUTIVE SUMMARY**

The Minnesota Legislature ("the Legislature") established the Renewable Development Fund ("RDF") in 1994 to administer funds collected from the ratepayers of Xcel Energy ("Xcel") in order to promote the development of renewable generation in Minnesota. On February 15, 2013, Xcel issued its request for proposals ("RFP") for funding from the RDF. On April 1, 2013, Go Solar submitted its proposal. On June 29, 2013, Xcel filed its selection report (the "Selection Report").

The Go Solar proposal was ranked #1 overall by the independent evaluator, and #1 in almost all categories reviewed. After the independent evaluator review, according to Xcel, the advisory group met with Xcel and the independent evaluator on June 12, 2013, to develop a list of recommended and reserve projects.<sup>1</sup> According to Xcel, the group eliminated various projects from consideration leaving the list contained in Table 1 of Xcel's August 9, 2013 Filing. Go Solar was at the top of the list.

Despite being rated #1, the lowest cost per watt of RDF funding, creating more jobs than all other selected projects combined, and offering to sell at avoided costs, Xcel has not recommended any (even partial) funding for the Go Solar proposal. *This marks the first time in the history of the RDF that the top-ranked proposal was not recommended for any funding.*

Furthermore, the uniqueness of the Go Solar proposal cannot be understated, particularly as it compares to the other recommended projects. With a single grant that is proportionate to what other #1 ranked proposals have received in each of the three prior RDF cycles, the State of

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<sup>1</sup> See, Xcel Selection Report—Supplement filing ("Xcel August 9 Filing"), August 9, 2013, p.2.

Minnesota would almost *triple* its currently installed solar resources and create highly visible projects using 20 different sites across a diverse set of communities.

The Go Solar project's focus was fivefold:

- promote the expansion and attraction of solar renewable energy projects and companies in the Xcel Energy service area;
- increase the market penetration of solar renewable energy resources on a scale not done before in Minnesota at reasonable costs, by almost tripling Minnesota's installed solar resources;
- Provide the largest potential benefit *by far* to Minnesota citizens, businesses, and Xcel Energy's ratepayers as compared to any other project that would be proposed. Minn. Stat. § 116C.779(f);
- Provide solar resources at the most cost-effective for a particular energy source. Minn. Stat. § 116C.779(h); and
- create highly visible projects using 20 different sites across a diverse set of communities.

Because Go Solar asked for such a low per kW grant based upon a low per kWh production incentive, a bonus of the Go Solar project was that it would also illustrate how a solar renewable energy credit market would enable the rapid deployment of solar in Minnesota at reasonable costs, which fits in line exactly with the RDF mission.

As the administrator of the RDF, Xcel is charged with fiduciary duties in the administration of the fund. As a fiduciary it must administer the fund in a neutral and transparent manner, guided by the criteria set forth by the Legislature and the Commission, and without regard to any bias against a particular project proponent. By recommending that the Go Solar

Minnesota proposal not be awarded any RDF funds, it appears that Xcel has failed to administer the funds in an impartial manner. Before approving Xcel’s proposed selection of RDF proposals, Go Solar requests that the Commission fully evaluate whether the selection process was based on the individual merits of each of proposal, or as it appears, unduly tainted by bias.

**II. XCEL DID NOT FOLLOW MINN. STAT. § 116C.779 AND THE 2012 RDF STATUTORY CHANGES.**

The Legislature established the RDF in 1994 in order to promote the development and investment of renewable energy in the state. In 2012 various changes were made to the statutory framework of the RDF. The 2012 statutory changes mandate that Xcel “must strongly consider . . . the potential benefit to Minnesota citizens, businesses, and Xcel Energy’s ratepayers.” Minn. Stat. § 116C.779(f). In addition, the 2012 statutory changes require that for renewable electric energy generation projects Xcel “must, when feasible and reasonable, give preference to projects that are the most cost-effective for a particular energy source.” Minn. Stat. § 116C.779(h).

Finally, the 2012 statutory changes codified the use of the independent evaluator, which finds its roots in the first RDF Docket E002/M-00-1583. There, the Department of Commerce (the “Department”) set forth the basic framework regarding the fairness of the RDF selection process. The Department set forth three overriding criteria<sup>2</sup>:

*B. THE FAIRNESS OF THE SELECTION PROCESS*

For the selection process to be fair the following conditions must be met:

1. The selection process should follow as closely as practical the guidelines of the Request for Proposals (RFP);
2. The selection process should avoid potential conflict of interest; and
3. The final selection of projects should not eliminate any project that appears to be superior to anyone of the selected projects.

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<sup>2</sup>See, Docket No.M-00-1583, Department of Commerce Comments, January 22, 2002, p. 2.

The role of the independent evaluator was created specifically because the Department concluded in the RDF 1<sup>st</sup> cycle that “the fairness of the selection process was somewhat questionable.”<sup>3</sup> The use of an independent evaluator was put in place for all future RDF cycles, and was codified by the Legislature in 2012 for this 4<sup>th</sup> cycle.

Although Xcel retains the discretion to make final selections, its discretion is not absolute and unfettered. It must exercise its discretion (and its fiduciary duty) adhering to the guidelines and commands of the statute. That Xcel did not do.

Here, Go Solar was ranked #1 by the independent evaluator. The independent evaluator concluded that Go Solar provided the largest potential benefit to Minnesota citizens, businesses and ratepayers. Go Solar represented the most cost-effective project for solar energy.

### **III. THE INDEPENDENT EVALUATOR RANKED GO SOLAR #1.**

Sargent & Lundy (“S&L” or the “Independent Evaluator”) acted as the independent evaluator, and in that capacity conducted a detailed evaluation of each proposal taking into account every reasonable factor given the criteria outlined by Minn. Stat. § 116C.779 and the Commission. Based upon their review, Sargent & Lundy gave the Go Solar proposal a score of 187.45, the highest of all 64 energy production and research and development proposals submitted.

Table 1<sup>4</sup> shows the relative ranking and total score of the energy production projects recommended for funding by Xcel (the “Recommended Projects”) and Go Solar. Go Solar was ranked #1.

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<sup>3</sup> See, Docket No.M-00-1583, Department of Commerce Comments, January 22, 2002, pp. 5-6.

<sup>4</sup> Reference to Tables here is from the same Tables provided by Sargent & Lundy in its report, limited, however, to only those energy production proposals being recommended by Xcel and to the Go Solar proposal. Although, to be



**TABLE 1**

Proposal	Organization	Technology	S&L Total Score	S&L Category*
EP4-038	Minnesota Go Solar, LLC	solar	187.45	1
EP4-020	Target Corporation	solar	182.85	1
EP4-043	Cornerstone Group	solar	171.45	1
EP4-013	Metropolitan Airports Commission	solar	163.25	1
EP4-039	Goodwill Solar, LLC	solar	160.71	1
EP4-011	Innovative Power Systems, Inc.	solar	158.32	1
EP4-042	Aurora St. Anthony Limited, LLC	solar	155.92	1
EP4-007	Anoka Ramsey Community College	solar	151.8	1
EP4-005	Best Power, Int'l, LLC	solar	149.02	1
EP4-003	Minneapolis Public School	solar	141.64	1
EP4-009	Mondovi Energy Systems	biomass	135.03	2
EP4-024	Bergey Windpower Co	wind	129.57	2
EP4-004	SGE Partners LLC	biomass	129.09	2
EP4-022	Minneapolis Park and Recreation Board (MP	solar	122.95	2

**IV. GO SOLAR WAS #1 IN TOTAL JOBS CREATED, CREATING APPROXIMATELY 12 TIMES MORE JOBS PER RDF DOLLAR THAN THE CLOSEST RECOMMENDED SOLAR PROJECT.**

Minn. Stat. § 116C.779(f) mandates that Xcel “must strongly consider . . .the potential benefit to Minnesota citizens, businesses, and Xcel Energy’s ratepayers.” This criterion is manifested, among other places, in the independent evaluator’s category of how many jobs each proposal will create. Table 2 shows the Independent Evaluator’s relative ranking based upon Total Jobs Created between Go Solar and the Recommended Projects. Go Solar was ranked #1.

In fact, Sargent & Lundy found that the Go Solar proposal creates 1½ times the jobs of all the other Recommended Projects combined.

**TABLE 2**

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clear, Go Solar was ranked #1 overall of out all energy production and research and development proposals submitted.

Proposal	Organization	Technology	Jobs Created (person- years)
EP4-038	Minnesota Go Solar, LLC	solar	745
EP4-004	SGE Partners LLC	biomass	400
EP4-009	Mondovi Energy Systems	biomass	51
EP4-024	Bergey Windpower Co	wind	20
EP4-039	Goodwill Solar, LLC	solar	9
EP4-011	Innovative Power Systems, Inc.	solar	8.8
EP4-005	Best Power, Int'l, LLC	solar	2.8
EP4-013	Metropolitan Airports Commission	solar	2.6
EP4-003	Minneapolis Public School	solar	1.8
EP4-020	Target Corporation	solar	1.7
EP4-007	Anoka Ramsey Community College	solar	1.3
EP4-043	Cornerstone Group	solar	1
EP4-042	Aurora St. Anthony Limited, LLC	solar	1
EP4-022	Minneapolis Park and Recreation Board (MP	solar	0.8

Moreover, as shown in Table 3A, on a per grant dollar basis, the Independent Evaluator found that the Go Solar proposal created approximately *12 times more jobs* than the closest recommended solar project, more than 120 times the lowest job creating recommended solar project and, by far, the largest opportunity for Minnesota electricians to work on solar on a large scale.

**TABLE 3A**

Proposal	Organization	Technology	Jobs Created (person -years) per grant \$100,000
EP4-038	Minnesota Go Solar, LLC	solar	10.01
EP4-039	Goodwill Solar, LLC	solar	0.84
EP4-011	Innovative Power Systems, Inc.	solar	0.48
EP4-043	Cornerstone Group	solar	0.32
EP4-005	Best Power, Int'l, LLC	solar	0.31
EP4-020	Target Corporation	solar	0.29
EP4-042	Aurora St. Anthony Limited, LLC	solar	0.25
EP4-007	Anoka Ramsey Community College	solar	0.16
EP4-013	Metropolitan Airports Commission	solar	0.13
EP4-022	Minneapolis Park and Recreation Board (MP	solar	0.08

When all Recommended Projects are included, the Go Solar proposal still ranked #1 in terms of jobs created as shown in Table 3B.

**TABLE 3B**

Proposal	Organization	Technology	Jobs Created (person -years) per grant \$100,000
EP4-038	Minnesota Go Solar, LLC	solar	10.01
EP4-004	SGE Partners LLC	biomass	8.00
EP4-009	Mondovi Energy Systems	biomass	2.55
EP4-024	Bergey Windpower Co	wind	1.81
EP4-039	Goodwill Solar, LLC	solar	0.84
EP4-011	Innovative Power Systems, Inc.	solar	0.48
EP4-043	Cornerstone Group	solar	0.32
EP4-005	Best Power, Int'l, LLC	solar	0.31
EP4-020	Target Corporation	solar	0.29
EP4-042	Aurora St. Anthony Limited, LLC	solar	0.25
EP4-003	Minneapolis Public School	solar	0.20
EP4-007	Anoka Ramsey Community College	solar	0.16
EP4-013	Metropolitan Airports Commission	solar	0.13
EP4-022	Minneapolis Park and Recreation Board (MP	solar	0.08

Moreover, in addition to the job impact, as detailed in the Go Solar proposal (at p. 19), the NREL JEDI model estimates local economic impacts from the construction of the Go Solar

projects to total over \$99.7 million, a more than 13-fold return on the requested grant amount, and creating approximately double the economic impact of all the Recommended Projects combined.

In not selecting the Go Solar proposal, Xcel did not fulfill the requirements of Minn. Stat. §116C.779(f) that mandates that Xcel “must strongly consider . . . the potential benefit to Minnesota citizens, businesses, and Xcel Energy’s ratepayers.”

**V. GO SOLAR WAS RANKED #1 IN CRITERION A-PROJECT METHOD, SCOPE, AND DELIVERABLES.**

The RFP stated that “[p]roposals will be evaluated in a two-stage process – a preliminary eligibility screening process and a quantitative technical scoring process. The screening will be based on whether or not the proposal contains a sufficient amount and quality of information in response to the RFP.”<sup>5</sup> The RFP states:

To assist the Xcel Energy with the evaluation of 4th Cycle RDF proposals, an independent evaluator will review all eligible proposals. Projects will be reviewed and evaluated based on how well a proposal fulfills several weighted criteria and how they comport to the preferences discussed in this RFP. These criteria will be used to guide the independent evaluator’s review of proposed projects. After completing the evaluation, findings and recommendations for funding will be presented to Xcel Energy, including all rationale, scoring forms and written comments for each proposal. In making its funding decisions, Xcel Energy will utilize these results, together with its own judgment and input from the advisory group concerning the mix of projects within the 4th Cycle funding portfolio.

The criteria and preferences according to which proposals will be evaluated are below:

**Project Method, Scope, and Deliverables (10% weight)**

All of the following criterion will be treated equally with no bias or preference for scoring differences of any criterion within this category. This category will evaluate the proposed scope of work in relation to the funding request, considering the following:

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<sup>5</sup> See, RFP, p. 26.

- Quality of Work – The degree to which the scope of work demonstrates a clear, appropriate and complete plan for achieving program goals and objectives.
- Well-defined Product or Project – The degree to which RD work products or EP development projects are well defined and the applicant has explained or demonstrated the anticipated use of such products or projects.
- Realistic Schedule – The extent to which a realistic schedule is presented through the use of charts, tables, and/or lists, and includes all dates, deliverables, and milestones.
- Performance Metrics – The extent to which the management plan incorporates an appropriate set of measurable, realistic performance metrics for assessing project progress and success.

As shown in Table 4, the Go Solar proposal was ranked #1 by the Independent Evaluator.

**TABLE 4**

Proposal	Organization	Technology	Criterion A S& L Score- Project Method, Scope, and Deliverables
EP4-038	Minnesota Go Solar, LLC	solar	16.25
EP4-022	Minneapolis Park and Recreation Board (MP	solar	16.25
EP4-013	Metropolitan Airports Commission	solar	15
EP4-024	Bergey Windpower Co	wind	13.75
EP4-039	Goodwill Solar, LLC	solar	13.75
EP4-020	Target Corporation	solar	13.75
EP4-042	Aurora St. Anthony Limited, LLC	solar	13.75
EP4-007	Anoka Ramsey Community College	solar	13.75
EP4-004	SGE Partners LLC	biomass	12.5
EP4-005	Best Power, Int'l, LLC	solar	12.5
EP4-003	Minneapolis Public School	solar	12.5
EP4-011	Innovative Power Systems, Inc.	solar	11.25
EP4-043	Cornerstone Group	solar	11.25
EP4-009	Mondovi Energy Systems	biomass	10

**VI. GO SOLAR WAS RANKED #1 IN CRITERION B-TECHNICAL REQUIREMENTS.**

The next factor evaluated by the Independent Evaluator was technical requirements, which would comprise a 35% weighting. The RFP stated:

Technical Requirements (35% weight): All of the following criterion will be treated equally with no bias or preference for scoring differences of any criterion within this category. This category will evaluate the feasibility of and preparation for the proposed project, considering the following:

- Technical Risk Level (RD projects only) – The probability that the proposed research activity will achieve its stated goal, based on the scientific/engineering or socioeconomic complexity, and stage of the technology or process. This criterion does not consider market barriers or market adoption issues, or characteristics of the project team or technical approach.
- Technical Leverage – The degree to which the proposed activity builds off of, combines with, or adds to other completed, current, or planned activities leading to commercial viability.
- Soundness of Technical Basis, Assumptions, and Approach – The extent to which the applicant demonstrates sound technical ideas in its description of the EP project or RD project it is proposing, and in its assumptions and approach for applying the technology or conducting the development and research activity, respectively. For the RD category, this criterion also addresses how logical and necessary a step the activity is in the path to technical success and commercial use.
- Technical Duplication(RD projects only) – The extent to which the proposed research and development activity avoids duplicating other past or ongoing work, or is not being adequately provided by competitive or regulated markets. Prospective applicants are encouraged to visit the RDF website at [www.xcelenergy.com/rdf](http://www.xcelenergy.com/rdf) and view 1st, 2nd, and 3rd Cycle RDF project reports and summaries.
- Documentation of fuel source and supply at project site (i.e. sufficient solar irradiance, adequate biomass feedstocks, wind estimates, river volume and flow rates, etc.).
- Identification and plan to overcome barriers for successful project performance including access to project critical facilities and complete site control.
- Demonstrated understanding of interconnection costs and requirements pertaining to delivery of power, metering, and other features to maintain a safety and reliability (EP projects only).

As shown in Table 5, Go Solar was ranked #1 by the Independent Evaluator.

**TABLE 5**

Proposal	Organization	Technology	Criterion B S&L Score - Technical Requirements
EP4-038	Minnesota Go Solar, LLC	solar	59.5
EP4-024	Bergey Windpower Co	wind	56
EP4-020	Target Corporation	solar	52.5
EP4-039	Goodwill Solar, LLC	solar	49
EP4-013	Metropolitan Airports Commission	solar	49
EP4-011	Innovative Power Systems, Inc.	solar	45.5
EP4-042	Aurora St. Anthony Limited, LLC	solar	45.5
EP4-043	Cornerstone Group	solar	42
EP4-007	Anoka Ramsey Community College	solar	42
EP4-022	Minneapolis Park and Recreation Board (MP	solar	42
EP4-004	SGE Partners LLC	biomass	38.5
EP4-005	Best Power, Int'l, LLC	solar	38.5
EP4-003	Minneapolis Public School	solar	38.5
EP4-009	Mondovi Energy Systems	biomass	35

**VII. GO SOLAR WAS RANKED #2 IN CRITERION C- MANAGEMENT TEAM, SCHEDULE, AND COST.**

The next factor was management team, schedule and cost, which would comprise 15% weight. The RFP stated:

**Management Team, Schedule, and Cost (15% weight):** All of the following criterion will be treated equally with no bias or preference for scoring differences of any criterion within this category. This category seeks to weigh the feasibility of the project from a management, cost and timing perspective, considering the following:

- Team Structure – The extent to which the management plan provides clear roles and responsibilities, and ensures the project can stay on schedule and within budget.
- Team Member Skills, Experience and Knowledge – The level of skills, experience and knowledge available to execute the work plan.
- Organizational ability, history of successful past projects and reputation of organization in the relevant community.
- Project Oversight and Evaluation – The extent to which project activity is monitored and evaluated.
- Efficient Use of Project Funds
- Appropriate Budget Level – The extent to which the budget size and allocation is sufficient to achieve the goals, objectives, and scope of the project, but not in excess of what is needed. Budget detail is sufficient and appropriate.

- Cost Sharing Level – Percentage of budget cost shared.
- Project contractors have been engaged or at least identified.
- Financing Plan: Sources of co-funding have been identified and engaged or identified and rejected as unavailable or inappropriate. Includes extent to which the proposal seeks to structure project financing to accept lump sum payment at end of project.

As shown in Table 6 below, the independent evaluator ranked the Go Solar proposal #2 in this category, behind the Minneapolis Public School district proposal. With no disrespect to the school district, we respectfully disagree with the evaluator on this one. Compared to the Go Solar proposal, the school district proposal had a higher cost sharing, was double the cost per watt than the Go Solar proposal, and unlike Go Solar, whose affiliate owns and operates Minnesota’s largest solar project along with other solar projects throughout the country, appears to have little solar project management experience. As a result, we submit that the Go Solar proposal should also have been ranked #1 in this category. In any event, the independent evaluator gave the Go Solar proposal very high marks for management team, schedule and cost.

**TABLE 6**



Proposal	Organization	Technology	Criterion C S&L Score - Management Team Schedule and Deliverables
EP4-003	Minneapolis Public School	solar	25.5
EP4-038	Minnesota Go Solar, LLC	solar	24.75
EP4-043	Cornerstone Group	solar	22.5
EP4-013	Metropolitan Airports Commission	solar	21.75
EP4-011	Innovative Power Systems, Inc.	solar	21.75
EP4-020	Target Corporation	solar	20.25
EP4-005	Best Power, Int'l, LLC	solar	20.25
EP4-039	Goodwill Solar, LLC	solar	19.5
EP4-022	Minneapolis Park and Recreation Board (MP	solar	19.5
EP4-024	Bergey Windpower Co	wind	18.75
EP4-007	Anoka Ramsey Community College	solar	18.75
EP4-004	SGE Partners LLC	biomass	18.75
EP4-042	Aurora St. Anthony Limited, LLC	solar	18
EP4-009	Mondovi Energy Systems	biomass	15.75

**VIII. GO SOLAR WAS RANKED #1 IN CRITERION D- POTENTIAL BENEFITS TO MINNESOTA AND RATEPAYERS.**

The next factor was the potential benefits to Minnesota and ratepayers, which would comprise 10% weighting for energy production projects but 40% for R&D projects. The RFP stated:

**Potential Benefits to Minnesota and Ratepayers (40% weight for RD and 10% weight for EP):** All of the following criterion will be treated equally with no bias or preference for scoring differences of any criterion within this category. This category seeks to identify the cost-effectiveness of the project and benefits to Minnesota and Xcel Energy’s ratepayers in accordance with the RDF’s mission, considering the following:

- Increase in Market Competitiveness – The level of increase of cost effectiveness or any other measure of value in the market through any combination of increased energy production, decreased capital costs or annual operating expenses, increased durability or reliability, or any other characteristic that makes the technology targeted more competitive in the market.
- Barriers to Market Deployment – The extent to which key barriers are identified and shown to be overcome by the project activity. Barriers that may be considered include (but may not be limited to) the following:
  - Environmental: air pollution, thermal discharge, waste disposal, noise, water pollution, habitat disturbance, scenic impacts;

- Fuel and Resource: availability, competing demands for resource, variations in quality;
- Governmental: agency coordination, local codes, planning, permitting, regulatory requirements (state or federal);
- Utility Integration: lack of demonstrated performance, complexity of operation, interconnection requirements, lack of utility incentives or regulatory bias;
- Location Constraints: fuel delivery constraints, availability of transmission capacity, availability of water;
- Building/Installation Constraints: adverse structural impacts, adverse appearance;
- Public Safety Constraints: catastrophic failure risk, fire hazard, toxic gas hazard, health risks;
- Socioeconomic Constraints: poor public opinion, low public awareness.
- The level of novelty of the proposal
  - Job Creation – Potential level of jobs created within the Xcel Energy service territory in Minnesota and parts of Wisconsin. For EP proposals, reviewers will use standard estimates of gross jobs per unit of market penetration (jobs per MW of installed capacity) and a standard proscribed method to estimate potential market penetration. The impact of the proposed project on commercialization of the associated technology(s) is also considered in this criterion.
  - Tax and Other Fiscal or Economic Benefits – Potential level of gross tax revenues generated within the Xcel Energy service territory in Minnesota, including sales, property, and income taxes.
  - Benefits to Minnesota ratepayers – How the project will benefit Xcel Energy’s ratepayers, other than the project sponsor, on a short-term and long-term basis. This includes the shifting of risks of project completion from Xcel Energy to the project sponsor and includes the ability of the proposed project to accept a lump sum grant payment upon completion of the project.
  - Emissions Level – The level of air and water emissions, and solid waste generated by the project or reduced by the project compared to fossil fuel power generation.

As shown in Table 7, Go Solar was ranked #1 by the Independent Evaluator. It is noteworthy that in this category the non-solar projects scored at the bottom of the list, recognizing that those projects have the lowest potential benefit to Minnesota and ratepayers. It is therefore surprising that within the recommended group over 45% of the amount awarded for energy projects went toward the three projects that provide the lowest benefits to Minnesota and ratepayers. Such a large amount to energy projects that provide the lowest benefit to Minnesota

citizens, businesses and ratepayers appears to be in direct conflict with the statutory requirement in Minn. Stat. §116C.779(f) that Xcel “must strongly consider . . . the potential benefit to Minnesota citizens, businesses, and Xcel Energy’s ratepayers.”

**TABLE 7**

Proposal	Organization	Technology	Criterion D S&L Score - Potential Benefits to Minnesota and Ratepayers
EP4-038	Minnesota Go Solar, LLC	solar	17.5
EP4-003	Minneapolis Public School	solar	16.67
EP4-011	Innovative Power Systems, Inc.	solar	14.17
EP4-022	Minneapolis Park and Recreation Board (MP	solar	14.17
EP4-043	Cornerstone Group	solar	13.33
EP4-005	Best Power, Int'l, LLC	solar	13.33
EP4-042	Aurora St. Anthony Limited, LLC	solar	13.33
EP4-013	Metropolitan Airports Commission	solar	12.5
EP4-020	Target Corporation	solar	12.5
EP4-039	Goodwill Solar, LLC	solar	12.5
EP4-007	Anoka Ramsey Community College	solar	12.5
EP4-004	SGE Partners LLC	biomass	12.5
EP4-009	Mondovi Energy Systems	biomass	11.67
EP4-024	Bergey Windpower Co	wind	9.17

**IX. GO SOLAR SHOULD HAVE BEEN RANKED #1 WITH RESPECT TO COST PER KWH BUT FOR A CALCULATION ERROR.**

The next factor—criterion E—was the total resource cost per kWh, which comprises 30% weight for energy production projects. The Go Solar proposal should have received a top score of 60 points instead of 45 points, but for an obvious calculation error of Go Solar’s total resource cost.<sup>6</sup> The RFP stated:

<sup>6</sup> As also discussed below, one of the two projects within the recommended group that received the top score of 60 points was EP4-043, the Cornerstone project. As shown in Table 8, its ranking was based upon an erroneous calculation of its energy output, skewing not only its ranking but the results in general.

**Total Resource Cost (30% weight for EP only):** For projects in the Energy Production category, a Total Resource Cost will be calculated from information provided about initial capital costs, the proposed bid price, projected energy production, and, for biomass projects, emissions rates. The Total Resource Cost is calculated as the net present value of the annual costs of the project, divided by the sum of the energy produced over a 15-year period. Total costs include the requested grant amount, the applicant's cost of developing the energy production portion of the project and the energy price proposed net of Xcel Energy's avoided energy costs. For biomass projects, the total cost will also include costs associated with emissions from the project including SO<sub>2</sub>, PM-10, CO, NO<sub>x</sub>, lead, and CO<sub>2</sub>. These costs will be based on externality values that are updated regularly by the MPUC for three areas in the state – the urban area, the Metropolitan Fringe, and rural areas. The most recent maximum values, updated in June 2011 are shown in Table A.

A. The total resource cost for Go Solar was incorrectly calculated.

The total resource cost for Go Solar was listed as \$81,316,151 (or \$0.16/kWh<sup>7</sup>), which is clearly erroneous. It seems as if Xcel calculated that amount by assuming that Go Solar proposed a price premium for a PPA which is incorrect. Go Solar's proposal was absolutely clear that it proposed to sell at avoided costs and not at a premium<sup>8</sup>. In fact, the main aspect of the Go Solar proposal was that it needed no subsidy above avoided cost except the \$0.022/kWh represented by the proposed RDF grant. As stated in Go Solar's proposal, its all-in cost was \$57,200,000, and its proposed PPA price was at Xcel's avoided costs based upon the avoided costs reviewed in the RDF Final Report for the Slayton Solar project, which would result, even without

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<sup>7</sup> The \$0.16/kWh was apparently calculated as \$81,316,151 divided by the aggregate kWhs assumed to be generated over 15 years.

<sup>8</sup> From the beginning, the operating rules of the RDF provide that "Xcel Energy retains a right of first refusal to purchase all electricity available for sale that is generated by funded projects." It does not require Xcel to enter into a PPA. *See, e.g.,* First Cycle RFP; Xcel Energy's Rights and Obligations. While NSP retains a right of first refusal to purchase all electricity available for sale that is generated by funded projects, the RDF rules make it clear that a "decision by the Board to fund a project does not impose obligations on NSP to purchase electricity from funded projects beyond what is already required under Minnesota Rules parts 7835.0100 through 7835.9910 (Cogeneration and Small Power Production). *See, Order Adopting Proposal for Oversight and Operation of Renewable Development Fund.* April 20, 2001, Docket E-002/M-00-1583, April 20, 2001, Attachment at p. 3.

accounting for the value of solar RECs (due to the Omnibus Energy Act of 2013), in a \$0.11/kWh cost, not \$0.16/kWh.

As a result of the erroneous calculation, Go Solar received a score of 45 instead of the 60 points it should have received, which would have put Go Solar's total overall score at 204.7, even farther ahead of the nearest project, and garnering the highest percentage of available points in RDF history.<sup>9</sup>

*B. Certain Recommended Project benefitted from calculation errors.*

Whereas the Go Solar proposal was adversely affected by certain calculation errors, other proposals actually benefitted from other errors

*1. The Cornerstone Project.*

Table 8 below shows the relative ranking of the "Ratio of Energy Generation to kW AC size" of Go Solar and the Recommended Projects. The Cornerstone Group project (EP4-043), which received a top score of 60 points in the TRC category, was evaluated using what is clearly an erroneous production number.

**TABLE 8**

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<sup>9</sup> In addition, although not needed for Go Solar to receive the highest score within the TRC category, the use of only a 15-year period to determine the TRC neither reflects reality nor the cost and value to Minnesota citizens, business or ratepayers, or properly compares different technologies. As the Slayton Solar Final RDF report states, the useful life of a ground mount solar project is at least 45 years. A biomass project would have a shorter useful life. Moreover, while solar panels on a roof mounted system would last as long as a ground mount, the roof itself would likely require resurfacing in 20-30 years (assuming a new roof at commencement), which would limit the effective economic useful life of a roof mounted solar array to 20-30 years.

Proposal	Organization	Technology	project size (kW AC)**	DC solar project sizes (kW)	Annual Energy Generation (MWh) (EP Only)	Ratio of Energy Generation to kW AC size	
EP4-043	Cornerstone Group	solar	129.20	152	361.16	2.80	tenK
EP4-038	Minnesota Go Solar, LLC	solar	20,000.00		34,560.00	1.73	
EP4-007	Anoka Ramsey Community College	solar	389.30	458	672.46	1.73	tenK
EP4-020	Target Corporation	solar	350.00	418	590.84	1.69	
EP4-042	Aurora St. Anthony Limited, LLC	solar	214.20	252	361.16	1.69	tenK
EP4-013	Metropolitan Airports Commission	solar	1,003.00	1180	1,682.49	1.68	
EP4-003	Minneapolis Public School	solar	412.25	485	668.00	1.62	tenK
EP4-011	Innovative Power Systems, Inc.	solar	821.95	967	1,300.00	1.58	tenK
EP4-022	Minneapolis Park and Recreation Board	solar	170.00	200	256.52	1.51	tenK
EP4-005	Best Power, Int'l, LLC	solar	770.95	907	1,138.41	1.48	
EP4-039	Goodwill Solar, LLC	solar	595.00	700	786.20	1.32	
** For Recommended Solar a derate of 85% was used (except for Target and Go Solar which specified an AC size)							

Omitting the Cornerstone project, Go Solar provides the highest energy generation per kW AC size.

## 2. Other Projects

Recommended Projects that use all or part of the energy pursuant to a net meter tariff also benefitted by an erroneous total resource calculation. The total resource cost calculation is a comparative calculation that is intended to accurately compare the relative cost-effectiveness of proposed projects. A project that proposes to sell electricity to Xcel at Xcel's avoided costs has a much lower effect on ratepayers than projects that offset an existing site's load through net metering. In the case of a project that sells at avoided costs, ratepayers are held neutral. On the other hand, if a project offsets sales at retail, then Xcel loses retail sales, resulting in a higher total resource effect on ratepayers. An example of that effect is illustrated by Xcel's most recent rate case in Docket No. 12-961,

where declining sales required Xcel to seek an increase in its rates on the remaining sales.<sup>10</sup>

Xcel's application of its total resource calculation artificially benefits a project that uses the energy on site as compared to a project selling into the grid. Xcel apparently assumes that there is a zero net cost over avoided costs. That, however, is clearly not the case. For a project that uses the energy onsite, the applicable retail rate is what is getting replaced. Assuming that projects without formal PPAs with Xcel have a zero net cost over avoided costs, is simply incorrect, both in terms of a fair comparison and under the terms of the RFP. Moreover, it does not reflect the reality of interconnection or the current net meter tariffs. Regardless of whether energy is purchased by Xcel through an avoided costs tariff, a net meter tariff or a negotiated PPA, the facility owner must have either a distribution or transmission interconnection agreement connecting and selling the project's output.

Thus, with a proper comparative evaluation, the Go Solar project would have been ranked even farther ahead of the Recommended Projects.

**X. GO SOLAR WAS RANKED #1 IN OTHER IMPORTANT CRITERIA THAT ILLUSTRATE THE BENEFIT TO MINNESOTA CITIZENS, BUSINESSES, AND XCEL ENERGY'S RATEPAYERS OF THE GO SOLAR PROPOSAL.**

Minn. Stat. § 116C.779(f) requires that Xcel "must strongly consider . . . the potential benefit to Minnesota citizens, businesses, and Xcel Energy's ratepayers."

*A. Go Solar's proposal provided more than double the nameplate capacity of all Recommended Projects combined.*

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<sup>10</sup> See, Docket No.12-961, Direct Testimony of Judy M. Poferl (Policy Testimony), November 2, 2012, p. 26.

As shown in Table 9, Go Solar’s proposal provided more than double the nameplate capacity of all Recommended Projects combined.

**TABLE 9**

Proposal	Organization	Technology	project size (kW AC)**
EP4-038	Minnesota Go Solar, LLC	solar	20,000.00
EP4-009	Mondovi Energy Systems	biomass	2,000.00
EP4-004	SGE Partners LLC	biomass	1,100.00
EP4-013	Metropolitan Airports Commission	solar	1,003.00
EP4-011	Innovative Power Systems, Inc.	solar	821.95
EP4-005	Best Power, Int'l, LLC	solar	770.95
EP4-039	Goodwill Solar, LLC	solar	595.00
EP4-024	Bergey Windpower Co	wind	500.00
EP4-003	Minneapolis Public School	solar	412.25
EP4-007	Anoka Ramsey Community College	solar	389.30
EP4-020	Target Corporation	solar	350.00
EP4-042	Aurora St. Anthony Limited, LLC	solar	214.20
EP4-022	Minneapolis Park and Recreation Board (MP	solar	170.00
EP4-043	Cornerstone Group	solar	129.20
** For Recommended Solar a derate of 85% was used (except for Target and Go Solar which specified an AC size)			
<b>Total AC nameplate Go Solar</b>		<b>20,000.00</b>	
<b>Total AC nameplate ALL Recommended Projects</b>		<b>8,455.85</b>	

*B. Go Solar’s proposal provided the lowest grant amount by far per kW of nameplate capacity.*

As shown in Table 10, Go Solar’s proposal provided, by far, the best value per RDF grant dollar.

**TABLE 10**



Proposal	Organization	Technology	project size (kW AC)**	DC solar project sizes (kW)	Requested Grant Amount	Requested Grant Amount per kW
EP4-038	Minnesota Go Solar, LLC	solar	20,000.00		\$7,439,000	\$372
EP4-009	Mondovi Energy Systems	biomass	2,000.00		\$2,000,000	\$1,000
EP4-005	Best Power, Int'l, LLC	solar	770.95	907	\$900,000	\$1,167
EP4-020	Target Corporation	solar	350.00	418	\$583,513	\$1,667
EP4-039	Goodwill Solar, LLC	solar	595.00	700	\$1,075,250	\$1,807
EP4-042	Aurora St. Anthony Limited, LLC	solar	214.20	252	\$398,000	\$1,858
EP4-013	Metropolitan Airports Commission	solar	1,003.00	1180	\$2,022,507	\$2,016
EP4-007	Anoka Ramsey Community College	solar	389.30	458	\$828,900	\$2,129
EP4-024	Bergey Windpower Co	wind	500.00		\$1,106,600	\$2,213
EP4-003	Minneapolis Public School	solar	412.25	485	\$917,250	\$2,225
EP4-011	Innovative Power Systems, Inc.	solar	821.95	967	\$1,850,000	\$2,251
EP4-043	Cornerstone Group	solar	129.20	152	\$310,310	\$2,402
EP4-004	SGE Partners LLC	biomass	1,100.00		\$5,000,000	\$4,545
EP4-022	Minneapolis Park and Recreation	solar	170.00	200	\$969,741	\$5,704
** For Recommended Solar a derate of 85% was used (except for Target and Go Solar which specified an AC size)						

C. The Recommended Projects require almost six times more RDF dollars per kW as Go Solar.

As Table 11 shows, the Recommended Projects require almost six times the grant award per MW as the Go Solar proposal.

**TABLE 11**

	Total AC nameplate	RDF Grant \$	RDF Grant \$ per MW
Minnesota Go Solar, LLC	20,000	\$ 7,439,000	371.95
ALL Recommended Projects Combined	8,456	\$ 17,962,071	2,124.22

As Tables 10 and 11 reinforce, the Go Solar proposal is not only the most cost-effective proposal by far, but is also the proposal that does the most to “increase the market penetration of renewable electric energy in the state at reasonable cost.”<sup>11</sup>

**XI. THE GO SOLAR PROJECT CONTAINS THE FEATURES THAT WERE NOTED AS IMPORTANT IN THE LOWER RANKED RECOMMENDED PROJECTS.**

<sup>11</sup> See, RFP, pp.3-4

Many of the attributes that Xcel stated in its Selection Report as justifying certain selections are also present in the Go Solar proposal. For example,

1. *Innovative Power Systems*—Xcel’s narrative states: “[t]he project received a score of 158.3 points from Sargent & Lundy, and strong support from the RDF advisory group due to the high project visibility and use of five different sites.” Go Solar would be on 20 different sites, and would almost triple the installed capacity of solar in Minnesota.
2. *Goodwill Solar*— Xcel’s narrative states: “This project received a score of 160.7 points from Sargent & Lundy, and strong support from the RDF advisory group due to the financial and technical credibility of the developer and the highly visible location in a diverse community.” Go Solar’s developer developed the largest operating solar facility in Minnesota and was ranked #1 in technical credibility by the Independent Evaluator. Moreover, the project will have diversity among 20 communities.
3. *Aurora St. Anthony Limited*— Xcel’s narrative states: “The project received a score of 155.9 points from Sargent & Lundy, and strong support from the RDF advisory group because of the credibility of the developer and integration of solar energy with affordable housing, although there was some concern about the total project cost.” Go Solar’s developer developed and operates Slayton Solar, the largest solar facility in Minnesota.
4. *Cornerstone Group*— Xcel’s narrative states: “The project received a score of 171.5 points from Sargent & Lundy, and strong support from the RDF advisory group. The RDF advisory group found the project cost to be reasonable but also expressed concern that there is a risk of potential delay since the project is part of a larger

- redevelopment project.” The Go Solar project’s costs is not only reasonable but the most cost-effective.
5. *SGE Partners, LLC*— Xcel’s narrative states: “The project received a score of 129.1 points from Sargent & Lundy, and strong support from the RDF advisory group due to the potential for future model for using organic waste and long-term job creation.” The Go Solar project creates more jobs per RDF dollar than the SGE Partners, LLC project. In addition, the NREL JEDI model estimates local economic impacts from the construction of the Go Solar projects to total over \$99.7 million, *a more than 13-fold return on the requested grant amount, and creating approximately double the economic impact of all the Recommended Projects combined.*
  6. *Mondovi Energy Systems*— Xcel’s narrative states: “The project received a score of 135.0 points from Sargent & Lundy, and strong support from the RDF advisory group due to use of waste from multiple sources and its cost effectiveness, although there was some concern regarding the lack of detail in their financial plan.” As discussed above, Go Solar is the most cost-effective project by far.
  7. *Bergey Windpower*— Xcel’s narrative states: “The project received a score of 129.6 points from Sargent & Lundy, and strong support from the RDF advisory group due to its uniqueness and the credibility of the project sponsors. Sargent & Lundy indicated the developer is reputable and the score could have been higher but the application lacked detail on the arrangements required with the property owners of potential project sites.” Go Solar’s developer developed the largest operating solar facility in Minnesota and was ranked #1 in technical credibility by the Independent Evaluator

### Visibility

Visibility was also recited with respect to many of the recommended solar projects. However, a roof mounted solar project is typically not very visible from street level to a passerby. To make such a solar array even potentially visible from the roof of, say, a Target store would require a higher tilt angle. The higher the tilt angle, the higher the wind loading, which means the higher the structure and weight of the racking or ballasting for the system, which in turn raises the cost and requires a certain strength to the roof structure, all of which increase the cost of the proposal.

On the other hand, all 20 Go Solar projects would be visible across Minnesota to passerbys because the projects are proposed to be at street level.

### **XII. THE GO SOLAR PROJECT DOES NOT CONTAIN THE NEGATIVE FEATURES THAT WERE NOTED IN THE LOWER RANKED RECOMMENDED PROJECTS.**

While the Go Solar proposal meets or beats all of the positive attributes cited by Xcel as rationale for its selected proposals – and is of course why Sargent & Lundy ranked the proposal # 1 overall – the Go Solar proposal lacks many if not most of the *negative* features of many of the proposals which Xcel is actually recommending. For example,

1. *Metropolitan Airport Commission*—The Xcel narrative states: “The applicant has requested special conditions including possible ownership of renewable energy credits that precludes use of standard RDF grant contract. The Company has not agreed to such special conditions in previous cycles.” Go Solar did not make any such request and as noted below, that special condition should have disqualified the project based upon the terms of the RFP.

2. *Target Corporation*- The Xcel narrative states: “The applicant has requested special conditions regarding default and termination that will require negotiation. The standard RDF grant contract will not be used.” Go Solar, on the other hand, did not make any such request, and agreed to use the standard RDF grant contract.
3. *Minneapolis Park and Recreation Board*: The Xcel narrative states: “There was some concern about the total project cost and low cost-share”. As discussed above, the Go Solar project requested the lowest amount of RDF dollars per kW by far, and its project costs were also low.
4. *SGE Partners, LLC*— The Xcel narrative states: “The applicant has requested special conditions such as ownership of carbon-offset credits from gas production that precludes use of the standard RDF contract.” Go Solar did not make any such request, and as noted below, that special condition should have disqualified the project based upon the terms of the RFP.

The retention of certain green attributes for the Metropolitan Airport Commission and the SGE Partners, LLC, project is specifically *contrary* to a firm condition in the RFP<sup>12</sup>. As a result, those projects *should have been eliminated*. At the very least, it is not clear how the value of those attributes have been accounted for in the evaluation.

Additional information regarding the SGE Partners, LLC, project would also be needed to determine if it was properly evaluated. Widespread news reports indicate that the facility’s cost approximately \$30 million, and not the \$15 million listed. Such an error would dramatically raise the total resource cost, significantly dropping its total overall score. Moreover, Xcel states

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<sup>12</sup> The RFP states: “As a condition of accepting any grant award, Xcel Energy will receive all “green attributes” of the energy such as renewable energy credits, green-tags or certificates.”

in Attachment E to the Selection Report that a portion of the biogas will be delivered to a gas pipeline, which would result in the project (or at least a portion of the project) not being an energy production project at all, requiring disqualification. A project that creates biogas for delivery to a gas pipeline is no more an energy production project than an ethanol or biofuel project where the ethanol or biofuel would be used in an electric generator by a third-party.<sup>13</sup>

**XIII. XCEL’S EXPLANATION REGARDING THE REJECTION OF GO SOLAR IS INADEQUATE AND NOT JUSTIFIED BY PRIOR RDF PRECEDENT.**

In its August 9, 2013 Filing, Xcel provided the following explanation of why the Go Solar proposal was not awarded any portion of the amount requested. Go Solar provides the following as to each stated reason.

**Reason 1-** *This project proposed to construct 20 1.0 MW alternating current solar photovoltaic generating facilities in Xcel Energy’s service territory. Solar installations would be located near sufficient load centers in small and medium sized cities throughout southeast and southwest Minnesota. While the proposal presented an interesting opportunity through solar renewable energy credits, the overall project cost was disfavored by the advisory group as it would require too large a portion of the funds anticipated to be awarded to EP projects (over a third of available funds). As stated on page 10 of the RFP, grant awards larger than average amounts should include specific information that support why a larger grant award is justified. One of the objectives the advisory group identified for RDF Cycle 4 was a desire for a diverse set of grant opportunities. The project’s focus on the development of a solar renewable energy credit market was identified by some advisory group members as not very compelling within the mission of the RDF. As stated earlier in this document, the advisory group sought to fully fund grant requests and preferred to have a diverse portfolio of projects for RDF Cycle 4.*

As shown on Table 12, the amount requested by Go Solar was proportionate to awards given to the #1 ranked project from previous RDF cycles.

**TABLE 12-RDF AWARD HISTORY**

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<sup>13</sup> **Ineligible Proposals**

The following types of projects are not eligible for funding:

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- Projects that apply to or emphasize energy use or conversion applications other than for electricity production (e.g., biofuels, thermal).

RDF Cycle	Commercially viable EP project (total \$ awarded)	Largest Award	Largest award % of total	Largest 3 awards	Largest 3 awards % of total	Did Highest scoring EP proposal get selected to an award?
1 <sup>st</sup> Cycle	\$9,782,835	\$5,100,000	52.1%	\$7,550,000	77.2%	YES
2 <sup>nd</sup> Cycle	\$23,735,901	\$10,000,000	42.1%	\$14,000,000	59.0%	YES
3 <sup>rd</sup> Cycle	\$8,223,922	\$2,000,000	24.3%	\$6,000,000	73.0%	YES
4 <sup>th</sup> Cycle (assuming Go Solar received award)	\$17,962,071	\$7,439,000	41.4%	\$14,461,507	80.5%	NO

Admittedly, the amount requested by requested amount was higher than other requests. Go Solar submits that based on (1) it being ranked #1 by an Independent Evaluator, (2) garnering the highest percentage of available points in the history of the RDF, (3) requesting by far the lowest grant per kW, (4) creating more jobs than all Recommended Projects combined, (5) creating double the economic impact of all Recommended Projects combined, and (6) creating a highly visible, large scale project on 20 different sites across Minnesota, the Go Solar proposal provided more than sufficient justification. Moreover, Go Solar’s proposal was clearly scalable so that if Xcel had wanted to reduce the amount of the grant, it could have easily included conditions that it expected the number of projects being funded be something less than 20. Instead, it seems to have simply ignored the Independent Evaluator’s recommendations altogether.

**Reason 2-Additionally, the energy price per kWh was high relative to other EP proposals.**

As thoroughly discussed above, that statement is clearly wrong. The price proposed by Go Solar was based upon Xcel’s avoided costs. Once properly evaluated (as discussed above) the price per kWh was the most cost-effective.

**Reason 3** - *The project's focus on the development of a solar renewable energy credit market was identified by some advisory group members as not very compelling within the mission of the RDF.*

The project's focus was fourfold:

- promote the expansion and attraction of solar renewable energy projects and companies in the Xcel Energy service area;
- increase the market penetration of solar renewable energy resources on a scale not done before in Minnesota at reasonable costs, by almost tripling Minnesota's solar resources;
- Provide the largest potential benefit *by far* to Minnesota citizens, businesses, and Xcel Energy's ratepayers as compared to any other project that would be proposed. Minn. Stat. § 116C.779(f);
- Provide solar resources at the most cost-effective for a particular energy source. Minn. Stat. § 116C.779(h); and
- create highly visible projects using 20 different sites across a diverse set of communities.

Because Go Solar asked for such a low per kW grant based upon a low per kWh production incentive, a bonus of the Go Solar project was that it would also illustrate how a solar renewable energy credit market would enable the rapid deployment of solar in Minnesota at reasonable costs, which fits in line exactly with the RDF mission.

**XIV. THE COMMISSION HAS THE AUTHORITY AND DUTY TO ORDER XCEL TO REMEDY ITS ACTIONS.**

Minn. Stat. § 116C.779(f) requires that Xcel “must strongly consider . . . the potential benefit to Minnesota citizens, businesses, and Xcel Energy's ratepayers.” Minn. Stat. §



116C.779(h) also requires that for renewable electric energy generation projects Xcel “must, when feasible and reasonable, give preference to projects that are the most cost-effective for a particular energy source.”

Xcel has failed to timely and properly implement the RDF grant and Minn. Stat. § 116C.779. Xcel in administering the RDF Grant Incentive has substituted Xcel's intentions for those of Minnesota policymakers. The risk that Minnesota law is completely frustrated with respect to the RDF Grant is amplified by the potential conflict of interest that Xcel may have in administering ratepayer funds intended to benefit development of energy projects that could have an adverse effect on the capacity need that Xcel has identified and for which Xcel has proposed a self-build gas-fired power plant.

It would be inappropriate under the Commission's affiliated transaction policies and work against the purposes and requirements of the RDF Statute for Xcel to have any role in administering ratepayer funds in the event of such a conflict. The legal and policy ramifications of such a scenario would be particularly troublesome in light of the fact that in essence, any such conflict would be in direct opposition to the intent of the Legislature to provide funding to projects that are most cost-effective for a particular energy source and have the largest potential benefit to Minnesota citizens and businesses and the utility's ratepayers, and meet a host of public policy goals.

Moreover, the Department of Commerce has previously warned of the possibility for a conflict of interest invalidating Xcel's RDF selection process.<sup>14</sup>

The Commission has the authority and duty to order Xcel to remedy its actions. Minn. Stat. § 116C.779, subd. 1(b) provides that “[e]xpenditures from the [RDF] account may

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<sup>14</sup> See, Department of Commerce Comments, January 22, 2002, Docket No. E002/M-00-1583, pp. 5-6.

only be made after approval by order of the Commission." The Legislature gave the Commission final jurisdiction over the RDF, because the funds in the RDF are provided by Minnesota consumers. Therefore, the Commission must ensure that the RDF is administered in compliance with State law and in the public interest. Failure to fund the Go Solar project would be contrary to the criteria set forth in the RDF statute and be contrary to the public interest.

The public will receive substantial benefits from funding the Go Solar Project, as is clearly illustrated by the ranking of the Go Solar project by the Independent Evaluator and the other benefits of the Go Solar project discussed above.

**XV. PETITION TO INTERVENE.**

Pursuant to Minn. Rule 7829.1400, subp. 2, Go Solar petitions to intervene as a full party.

*a. Description of Go Solar.*

Go Solar is Minnesota limited liability company that proposes to develop, operate and maintain 20 solar energy projects through its office in Minneapolis, Minnesota. The outcome of this proceeding will affect Go Solar with respect to the proposal that it submitted in response to the RFP. Go Solar is specifically interested in the matter at issue in these proceeding and no other party can adequately represent Go Solar's interests.

**XVI. REQUEST FOR A CONTESTED CASE PROCEEDING.**

Pursuant to Minn. Rule 7829.1400, subp. 9, Go Solar requests a contested case proceeding. A full contested case with the ability to obtain discovery is required to provide full transparency and to determine whether Xcel violated its fiduciary duties in administering the RDF grant, whether Xcel followed the criteria provided for in the RDF statute and the Commission's rulings, and whether any bias entered into Xcel's decision, the decisions of Xcel representatives on the RDF advisory group, or in any discussions regarding the Go Solar

proposal.<sup>15</sup> These significant issues cannot be resolved on the papers alone, as result Go Solar urges the Commission to find that all significant issues have not been resolved to its satisfaction, requiring the Commission to refer the matter for a contested hearing. Minn. R. 7829.1000.

## **XVII. CONCLUSION.**

For the reasons stated above, Go Solar asks the Commission to grant its petition to intervene, order a contested case proceeding, and stay any further action on any of the Recommended Projects until completion of the contested case proceeding.

Dated: September 12, 2013

Respectfully submitted,

/s/ Thomas Melone

Thomas Melone

President

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<sup>15</sup> It is no secret that in the past couple of years, Xcel and the management of Go Solar have had several conflicting positions on issues. However, either making decisions or influencing members of the advisory group based upon institutional bias against a proponent is a conflict of interest, not consistent with the exercise of fiduciary duties and is not a criterion under the RDF statute or RFP.

## Certificate of Service

I certify the attached *Petition to intervene, initial comments and request for a contested case proceeding* of Minnesota Go Solar LLC has been served this day, September 12, 2013, via U.S. mail and e-mail as designated on the Official Service List for the proceeding on file with the Minnesota Public Utilities Commission.

/s/ Thomas Melone

Thomas Melone