

## Staff Briefing Papers

Meeting Date March 28, 2019 Agenda Item \*\*3B

Company Xcel Energy

Docket No. **E002/M-13-1015**  
**E002/M-16-222**

**In the Matter of Xcel Energy’s Petition for Approval of Updates to Solar\*Rewards and Community Solar Garden Program Tariffs and Tariff Modification Implementing Cogeneration and Small Power Production**

- Issues
1. Should the Commission approve or approve with modification Xcel Energy’s proposed tariff revisions to the Solar\*Rewards Program and Solar\*Rewards Community tariffs?
  2. Should the Commission approve a 30-day negative check-off process for approved amendments to the third-generation Solar\*Rewards contract and Solar\*Rewards Contract for those Receiving Solar\*Rewards Incentive?

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### Relevant Documents

### Date

Xcel Energy, Initial Filing	December 14, 2018
MN PUC, Informational Notice on Process	January 10, 2019
Department of Commerce, Comments	February 4, 2019
Xcel Energy, Reply	February 14, 2019
Xcel Energy, MN PUC Information Request Response #1	March 1, 2019

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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

Should the Commission approve or approve with modification Xcel Energy's proposed tariff revisions to the Solar\*Rewards Program and Solar\*Rewards Community tariffs?

Should the Commission approve a 30-day negative check-off process for approved amendments to the third-generation Solar\*Rewards contract and Solar\*Rewards Contract for those Receiving Solar\*Rewards Incentive?

## II. Background

On November 21, 2018, the Department of Commerce issued a decision approving changes to the Solar\*Rewards and Solar\*Rewards Community incentive programs.<sup>1</sup>

On December 14, 2018, Xcel Energy filed this petition to update Solar\*Rewards and Solar\*Rewards Community Program to: 1) implement the Department of Commerce's November 21, 2018 Decision in Docket No. E002/M-13-1015, and 2) clean up and align the contracts with the Company's Cogeneration and Small Power Production tariffs.<sup>2</sup> Xcel also requests extension of a "negative check off" process adopted for the 1<sup>st</sup> and 2<sup>nd</sup> 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.

On January 10, 2019, the Commission issued an Informational Notice on Process clarifying: 1) the red-lined edits in Xcel's petition would be considered in this docket; and 2) the blue-line edits would be addressed in Docket No. E002/M-18-714 concurrently.

On February 4, 2019, the Department of Commerce (Department) filed comments recommending approval of the petition.

On February 14, 2019, Xcel Energy filed reply comments clarifying the Company's request for the "negative check off" was for both the *third generation* Solar\*Rewards contract and the Solar\*Rewards Contract for Those Receiving Solar Rewards.

## III. Parties' Comments

The Department recommends that the Commission approve Xcel's proposed Solar\*Rewards tariff revisions and approve the continued use of a 30-day negative check-off process for amendments to Solar\*Rewards contracts. Xcel Energy clarifies the request is for the negative check off to apply both to third generation Solar\*Rewards contract and, for the first time, to

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<sup>1</sup> Xcel Initial, Att. A, p. 1-26

<sup>2</sup> Xcel Energy's petition shows these changes as red-lined edits, and includes edits proposed in Docket No. E002/M-18-714 as blue-lined edits.

the Solar\*Rewards for Those Receiving Solar\*Rewards contract used for eligible community solar garden (**Decision Option 1 & 2**).<sup>3</sup>

Xcel Energy proposes tariffed contract revisions to address: 1) new rate codes enabled in Minn. Stat. 216B.164 and approved in the Commission’s May 22, 2017 Order modifying the Cogeneration and Small Power Production tariff (E002/M-16-222); and 2) implement the Nov 21, 2018 Department Decision modifying the Solar\*Reward incentive programs. “The Department reviewed Xcel’s proposed language changes for conflicts with distributed generation tariff decisions made in Docket No. E002/M-16-222, and did not find any issues.”<sup>4</sup>

One proposed tariff revision the Department discusses relates to Xcel Energy’s proposal “... to implement a business rule that looks at all facilities at the same site to determine net metering rate code availability.”<sup>5</sup> Xcel Energy cites the definition for a Qualifying Facility<sup>6</sup> as rationale. Xcel proposes to grandfather existing net metering rate code for existing systems as long as the customer does not elect to change their rate. The Department is “generally supportive”, but recommends the Company “... make every effort to alert customers as to the generation requirements of each rate code, *prior* to DG customers making any changes to their system(s).”<sup>7</sup>

Xcel Energy confirms: “[t]he Company will continue to alert customers as to the PV system generation requirements applicable to each rate code prior to the DG customer making changes to existing systems.”<sup>8</sup> Xcel Energy proposed tariff language<sup>9</sup>:

If the Customer no longer qualifies for its designated rate code, the Company will provide notice to the Customer and Customer will no longer be able to be on a rate code for which the Customer does not qualify.

#### IV. Staff Analysis

This business rule change was not a topic of the Department’s November 21, 2018 Decision nor the Commission’s May 22, 2017 Order (E002/M-16-222) most recently revising Xcel Energy’s Cogeneration and Small Power Production tariffs, nor is Xcel Energy requesting the Commission approve the change. Most recently, the Commission discussed size thresholds of solar system(s)

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<sup>3</sup> Staff amends this recommendation in decision options to repeat the language used to establish the “negative check off” for the first and second generation contracts in the Commission’s September 25, 2015 Order (E002/M-15-650)

<sup>4</sup> Department Comments, p. 1

<sup>5</sup> Xcel Initial, pp. 5-6. Staff does not see corresponding tariff revisions for how Xcel’s comments propose the system size (capacity) will be determined related to this business rule change.

<sup>6</sup> Minn. Rules 7835.0100; Subp. 19. The language Xcel cites for the PURPA (18 CFR Part 292) reference appears to be from 18 CFR §292.204(a)(1) related to the maximum size criteria for small power production.

<sup>7</sup> Department Comments, p. 2

<sup>8</sup> Xcel Reply, p. 2

<sup>9</sup> Sec. 9; Sheet 14 (2(c)) and Sec. 9; Sheet 34 (2(c))

on a customer's site related to eligibility for the Solar\*Rewards program's expansion from 20 kW to 40 kW, but net metering eligibility was not the focus.<sup>10</sup>

Xcel states: 1) "... it is possible for a site to contain multiple installed DER units, with some individual units being eligible as a Qualifying Facility (QF) while others are not"<sup>11</sup>; and 2) "... QF *nameplate rating* is used for determining QF eligibility rather than the *maximum AC capacity* referenced in MN DIP Section 5.14.3..."<sup>12</sup> Further, Xcel cites Minn. Rules 7835.0100 and 18 CFR 292 (PURPA) and explains: "...if the same site has two or more DER systems powered by the same energy source (like solar) and are owned by the same person or its affiliates, then these are considered to be part of the same QF."<sup>13</sup>

Staff notes net metering or QF capacity is defined in Minn. Rules 7835.0100; Subp. 4 as "...measured by the number of megawatts alternating current at the point of common coupling between a qualified facility and a utility's electric system." However, Xcel Energy states this definition does not the "modify the definition of QF, nor...alter how our net metering tariff is to be applied."<sup>14</sup>

As staff understand it, the concept behind this business rule was briefly touched on in the update of the statewide interconnection standards as it related to defining a distributed energy resource's capacity; as well as, technical considerations of storage for net-metered customers. The definition of capacity in the MN DIP allows for aggregate nameplate rating (as proposed in Xcel's business rule change for QF capacity) or a limit to "maximum AC capacity" as defined and agreed upon (which is not allowed by Xcel's business rule for measuring a QF's capacity as proposed.) For example, as written, Xcel's business rule change would not allow for a customer with a 40 kW solar qualifying facility to add a 10 kW non-exporting storage system powered by the solar QF and still qualify for net metering at the average retail utility electric rate (Xcel's A50 rate code.)<sup>15</sup> However, that same solar + storage system may be considered 40 kW maximum AC capacity for interconnection purposes.

Net metering integrity and eligibility is an important topic which may not be in scope nor have received enough attention in this docket to-date. Staff's understanding is that the Commission to-date has not addressed how to determine QF capacity as proposed by Xcel Energy with this business practice change.

Lastly, staff suggests the Company clearly communicate this business rule change to customers and developers in advance of implementation, and supports the Department's request (and Xcel Energy's ongoing commitment) to alert customers *prior* to their rate code qualification changing.

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<sup>10</sup> E002/M-18-381

<sup>11</sup> Xcel Energy, MN PUC IR response, p. 1

<sup>12</sup> Xcel Energy, MN PUC IR Response, p. 2

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

## V. Decision Options

1. Approved the proposed tariff revisions shown in red-lined edits in Xcel Energy's December 18, 2018 filing.<sup>16</sup> (*Xcel, Department*)
2. Permit Xcel Energy to proceed with amended Solar\*Rewards and Solar\*Rewards 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: (*Xcel, Department*)
  - a) The filing amends a third generation Solar\*Rewards contract or the [X generation(s)?] Solar\*Rewards 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.

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<sup>16</sup> See Attachment A to staff briefing papers. Blue-line edits will be addressed in Docket No. E002/M-18-714 concurrent with this docket.