

February 28, 2018

Via Electronic Filing

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place E., Suite 350
St. Paul, MN 55101

Re: Reply Comments of the Institute for Local Self-Reliance on Xcel's 2017 Distribution System Hosting Capacity Report / Docket No. 17-777

Dear Mr. Wolf:

The Institute for Local Self-Reliance (ILSR) respectfully submits these reply comments on Xcel Energy's hosting capacity analysis.

Other Commenters Highlight Numerous Limitations

The original statute (§ 216B.2425, subd 8) reads that Xcel Energy shall conduct a “distribution study to **identify interconnection points** on its distribution system for small-scale distributed generation resources and shall **identify necessary distribution upgrades to support the continued development of distributed generation resources.**”

Prior commenters have highlighted the many, many ways this revised study fails to accomplish the first of the law's three aims, to identify interconnection points. ILSR provides an incomplete summary of concerns that we share:

1. The map doesn't link with the tabular data, offering “no way to identify the hosting capacity limiting factor at each feeder location.” (Fresh Energy)
2. The annual nature of the report fails to capture ongoing changes to the grid, rendering it of less value with each month after its publication date. (IREC)
3. With feeders close together on the map, Xcel uses a single color, making it inaccurate for at least one of the feeders. (IREC)
4. The map doesn't provide additional detail on feeders, despite New York utilities--using the same DRIVE tool--providing this data. (IREC)
5. The study reports over 100 feeders with zero minimum hosting capacity. It was only through Fresh Energy's independent analysis that made clear there was some correlation with community solar, but this analysis is still not sufficient to explain this result. (Fresh Energy)
6. The accuracy review is not representative nor do its results give confidence that the DRIVE tool is accurate. (Fresh Energy, IREC)

The failure of the Xcel Energy study to address the first requirement of statute makes it unable to satisfy the requirements of the second. Without a usable analysis to guide development--particularly, as mentioned by several commenters, the limiting factors in the hosting capacity on each feeder--this study cannot identify distribution upgrades.

Finally, despite statutory requirements that the study support upgrades for distributed generation deployment, Xcel Energy suggests this is a "policy question" rather than a clear legal directive.

Limitations of Utility-Conducted Study

ILSR agrees with all of the recommendations offered by Fresh Energy and IREC to improve the study, including evaluation of whether the DRIVE tool is even capable of fulfilling the statutory requirements and making data, assumptions, and methodologies public.

However, these recommendations will likely fall short of ensuring compliance with the statutory requirements. As noted by Fresh Energy in its initial comments, "Xcel's 2017 report did not noticeably improve from the 2016 report." IREC similarly noted that "Xcel seems to dismiss [the importance [of interconnection streamlining],]" arguably one of the most important outcomes of such an analysis. These results came despite substantial stakeholder input during last year's public comment process identifying many flaws in the original analysis and the clear directive of state statute as to the ultimate outcome intended by this study: "to **identify interconnection points** on its distribution system for small-scale distributed generation resources and shall **identify necessary distribution upgrades to support the continued development of distributed generation resources.**"

This result may be disappointing, but ILSR reminds commenters and the Commission that Xcel Energy has a significant conflict of interest in complying with this legislative directive, as its shareholders are in competition with customers over the deployment of distributed generation resources. For example, as shown in its most recent value of solar filing, a distributed solar array installed in Xcel Energy's territory has a levelized capacity deferral value (including generation, reserve, transmission, and distribution) of over 5 cents per kilowatt-hour. While this represents substantial system benefits for Xcel customers from distributed solar deployment, it likely reduces the future capital expenditures of the utility, upon which its shareholders depend for their return on investment.

Recommendation: an Independent Analysis

Although ILSR fully supports the numerous recommendations of Fresh Energy and IREC for improving the study, we instead recommend that the Commission address the fundamental problem of the utility's inherent conflict of interest in meeting the statutory goal. ILSR recommends the Commission:

1. Identify an independent third party, to be paid by the utility, to conduct the hosting capacity analysis using the most appropriate software tool as determined by the contractor.
2. Require Xcel Energy to supply all necessary data on its distribution system to this contractor to scope, design, analyze, and file publicly available results, assumptions, sensitivity analysis, and other factors highlighted by other commenters.
3. Provide a stakeholder process *during study design and analysis* to allow commenters to address, question, and modify study shortcomings before they are embedded.

Thank you for the opportunity to comment; we appreciate that there has not been any legislative preemption of this regulatory process.

Sincerely,

/s/

John Farrell, Institute for Local Self-Reliance

2720 E. 22nd St.

Minneapolis, MN 55406

jfarrell@ilsr.org | 612-808-0888