



414 Nicollet Mall
Minneapolis, MN 55401

January 13, 2015

—Via Electronic Filing—

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 7th Place East
St. Paul, MN 55101

RE: SUPPLEMENTAL COMMENTS
COMMUNITY SOLAR GARDENS PROGRAM
DOCKET NO. E002/M-13-867

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits the attached Supplemental Comments to update parties on the interconnection applications submitted prior to the launch of our Solar*Rewards Community program, as we committed to provide in our December 29, 2014 Comments in this docket. We also provide data on the quantity, size, and general location of applications we have received to date, and outline a few unforeseen issues that have arisen in the implementation of the Company's new program.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list.

Please contact Jessie Peterson at jessica.k.peterson@xcelenergy.com or 612-330-6850 if you have any questions regarding this filing.

Sincerely,

/s/

AAKASH CHANDARANA
REGIONAL VICE PRESIDENT
RATES AND REGULATORY AFFAIRS

Enclosure
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF ITS PROPOSED
COMMUNITY SOLAR GARDENS PROGRAM

DOCKET No. E002/M-13-867

SUPPLEMENTAL COMMENTS

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits these Supplemental Comments to provide further detail on the interconnection applications submitted prior to the launch of our Solar*Rewards Community program, as our December 29, 2014 Comments in this docket noted we would provide. In our prior comments, we noted that we were analyzing data regarding early interconnection applications received by the Company in an effort to provide the Commission with additional context that may be helpful to its consideration of SoCore Energy's Petition for Clarification. Our analysis is based on current information and is provided here for the Commission's consideration.¹

With this Supplement, we also provide data on the quantity, size, and general location of applications we have received to date, and outline several unforeseen issues that have arisen in the implementation of the Company's new program. In a few short weeks after launching the Solar*Rewards Community program, we have observed a robust start to community solar and to the introduction of projects planned in our service territory. This initial wave of applications has given us a glimpse of the types of projects and developers that are expressing interest in our program. In addition to sharing that information with the Commission, the launch of Solar*Rewards Community has raised new and challenging questions that parties are only beginning to consider. While we will address these issues further in our Reply Comments due February 1, 2015 in this docket, we look forward to obtaining any guidance the

¹ Information is current to January 9, 2015.

Commission may want to share with us now as we move through the initial launch of the Solar*Rewards Community program.

A. Early Section 10 Application Activity

In our December 29, 2014 Comments, we committed to providing the following information about early interconnection requests:

1. *For each Early Sec. 10 Apps, the Company will note:*
 - a. *The date/time the complete Section 10 interconnection application was received by the Company.*
 - b. *The nameplate capacity, along with feeder and substation information.*
 - c. *The date/time that a complete S*RC application was submitted for each of the Early Sec. 10 Apps.*
 - d. *We will also note where no corresponding S*RC application has yet been submitted.*
2. *The Company will then determine whether there is another S*RC application on the same feeder/substation as any of these Early Sec. 10 Apps. Where there is such a competing application on the same feeder/substation, the Company will compare the following date/times:*
 - a. *Date/time in Paragraph 1.A above*
 - b. *Date/time in Paragraph 1.C above*
 - c. *Date/time that the competing S*RC applicant submitted a complete S*RC application, along with nameplate capacity and feeder and substation information.*
3. *Where there are competing applications as described in paragraph 2 above, and where the time in Paragraph 2.B above is earlier than the time in Paragraph 2.C, there should be no issue to be resolved relating to the SoCore motion because the Early Sec. 10 App would also be the earlier S*RC application.*
4. *We will then be able to show those situations where the time in Paragraph 2.B is later than the time in Paragraph 2.C, and this should show the specific situations which may pertain to the SoCore motion.*

Data regarding early applications received pursuant to Section 10 of the Company's rate book is provided in Attachment A. The information is organized to show all Early Section 10 Applications and whether another developer has submitted an S*RC application on the same feeder or substation. If there is another such application, this is noted in the "Competing Application Exists" column.

The final right column in Attachment A provides the analysis in paragraphs 3 and 4 above. The specific situations which may pertain to the SoCore motion are noted with a "yes" or other clear notation in this column.

We highlight a potential issue for Garden Sites A and N. For Site A, two different Early Section 10 Applicants filed for interconnection out of the same substation, but on different feeders. The developer who filed the later Early Section 10 Application also filed the earlier S*RC application. At Garden Site N, one developer submitted Early Section 10 Applications. This specific project's corresponding S*RC applications followed the earlier S*RC applications submitted by a different party. Subsequent to these applications, other developers filed S*RC applications in the same area. In summary, if we use the time of the submission of the applications as a measuring point for priority, we note the potential for two conflicts (Garden Sites A and N).

Please also note that as of January 9, 2015, no S*RC application has yet been deemed complete by the Company. If the Commission were to use "completeness" as the metric for determining priority, we do not yet know which party would have priority.

We are available to discuss this data further at the hearing.

B. Other Observations on Application Activity

Based on our initial experience receiving and reviewing applications, we highlight a few further observations.

- We have received applications for approximately 431 MWs of community solar.
- Most projects propose a series of adjacently-sited gardens. There are only 75 separate sites proposed. The largest project proposes 40 MW of adjacently-sited gardens. See Table 1 for further information.
- The majority of projects are concentrated in a few geographic areas. Table 2 demonstrates that most planned development activity falls outside of the urban core.

Table 1

Garden Site Size			
Total MW	# of Projects	SUM MW	% of Total
<=1	23	18	4%
>1-1.99	5	10	2%
2-5.99	18	55	13%
6-9.99	13	100	23%
10-19.99	12	138	32%
20-29.99	2	41	10%
30	1	30	7%
40	1	40	9%
	75	431	100%

Table 2

Garden Locations	
Community Classifications²	MW
Urban	1.9
Suburban	66.3
Outside Urban Area	362.9

C. Implementation Issues

We bring to the Commission’s attention a few of the issues that have recently arisen in the course of implementing the program. We note that when developing our program, we used our best judgment and expertise from our Colorado program in order to adapt our program structure to reflect the Commission’s guidance. Our preparations required reliance on certain assumptions about the nature of the applications our program would generate. The volume and types of applications we are seeing and the resulting issues that have arisen were unforeseen by the Company. We raise these issues as informational items at this time, and we intend to comment further on these topics in our Reply Comments due February 1.

Utility-Scale Garden Development. The Company anticipated that some projects might be planned with a few individual gardens sited immediately next to one another in order

² Community classifications are designations of the Metropolitan Council. See http://stats.metc.state.mn.us/data_download/DD_start.aspx.

to share some infrastructure and development costs. Instead, we are observing projects on a different scale, with approximately 96 percent of all the projects we are seeing proposing to be more than 1 MW. One project proposes to site 40 MW of gardens adjacently, which is comparable to the PPAs being discussed in our Solar RFP Docket.³ We do not at this time know who the subscribers will be to these large garden projects. The Company believes these large projects resemble utility-scale solar development more than community-scale development and may not be consistent with what the Commission intended when approving the Company's program.

Feeder Capacity. We are observing instances of developers submitting large projects for interconnection on the same feeder.⁴ Where the PV system nameplate capacity is greater in size than the minimum expected load on the distribution substation, the project may be reviewed for its impact to the transmission system and may trigger Midcontinent Independent System Operator, Inc (MISO) processes and jurisdiction. This presents complex legal and regulatory questions which we are only beginning to consider.

Deposit Requirements. Separate issues have arisen related to the garden operators' requirement to furnish a refundable deposit. Some developers wish to assign to a third party the return of their multi-million dollar deposit. The Company is concerned about the consumer protection function of the deposit requirement in the absence of meaningful risk on the part of financiers. We are also concerned about facilitating commercial solutions for developers in this way and have not yet assessed the scope of our own potential liability for these assignment transactions.

Consumer Protection. Some parties interpret the language in the Commission's September 17, 2014 Order which directed the Company to modify the "Fair Disclosure" language of its proposed tariff as discharging garden operators' full obligation to make consumer protection disclosures. The Company reads the Commission's direction to remove the tariff language as discharging the Company's obligation to police such disclosures, but that operators are still required to make the disclosures.

³ See Docket No. E002/M-14-162.

⁴ In one example, two garden operators submitted applications in the same immediate area, each requesting interconnection to the same feeder. One party submitted a 21 MW project (through 21 separate 1 MW applications) under Section 10 prior to the launch of the program. The other party submitted eight 1MW applications after the S*RC program launched. The engineering analysis has not been completed yet, but it is possible that the feeder will not be able to accommodate 29 MW of distributed generation without significant upgrades, if at all.

Unsubscribed Energy. Some stakeholders have questioned whether the Commission intended for garden operators to be paid a REC incentive for the portion of energy generation from a garden that is unsubscribed. If the Commission took action to require REC payments for unsubscribed energy, the Company's systems would require updates to accommodate new tariffed rates.

These are just a few of the emerging issues parties have begun to identify and consider. We anticipate that additional issues will come to the fore as applications advance through the process and projects near fruition.

CONCLUSION

We appreciate the opportunity to supplement the record with data on early Section 10 and Solar*Rewards Community application activity and on the types of projects we have seen proposed in the past few weeks. We also appreciate the opportunity to bring to the Commission's attention some of the early issues arising in the implementation of the program to date. We look forward to continued dialogue as we engage with stakeholders on these and other issues.

Dated: January 13, 2015

Northern States Power Company

Early Section 10 Applications Received by the Company

<i>Site</i>	<i>Application Received</i>	<i>Feeder Identifier</i>	<i>Substation</i>	<i>S*RC Application Received Date/Time</i>	<i>S*RC Application Completed Date</i>	<i>Competing Application Exists</i> ¹	<i>Conflict/Notes</i> ²
Garden Site A	12/9/2014	F-1a	S-1	12/12/2014 14:08	n/a	No	There are two projects on this substation Site A and Site G. Both are on separate feeders; both filed by Early Section 10 applicants. The developer who filed the more recent Early Section 10 application filed the earlier S*RC application.
Garden Site B	10/29/2014	F-2	S-2	12/12/2014 14:31	n/a	No	n/a
Garden Site C	10/29/2014	F-3	S-3	12/14/2014 14:25	n/a	No	n/a
Garden Site D	10/29/2014	F-4	S-4	12/12/2014 12:12	n/a	No	n/a
Garden Site E	12/9/2014	F-5	S-5	12/12/2014 14:16	n/a	No	n/a
Garden Site F	12/11/2014	F-6	S-6	12/12/2014 15:15	n/a	No	n/a
Garden Site G	11/17/2014	F-1b	S-1	12/12/2014 15:15	n/a	No	See notes for site A.
Garden Site H	8/6/2014	F-7a	S-7	12/12/2014 12:13	n/a	Yes	No - the Early Section 10 App filed the earlier S*RC application
Garden Site I	12/9/2014	F-7b	S-7	12/12/2014 14:14	n/a	Yes	No - the Early Section 10 App filed the earlier S*RC application
Garden Site J	12/8/2014	F-8	S-8	n/a	n/a	No	Withdrawn
Garden Site K	11/17/2014	F-9	S-9	n/a	n/a	No	n/a
Garden Site L	12/3/2014	F-10	S-10	n/a	n/a	No	No S*RC application filed
Garden Site M	11/17/2014	F-11	S-11	n/a	n/a	No	n/a
Garden Site N	12/11/2014	F-12	S-12	12/12/2014 15:15	n/a	Yes	Yes, there is one S*RC garden site that applied prior to this Early Section 10 App.

¹ This column shows competing applications on a feeder between Early Apps and S*RC application which did not submit an Early App.

Please note that where developers have not submitted Early Apps, there are still competing applications on other feeders from a different substation.

² Conflict: When another S*RC application on the same feeder or substation has been submitted prior to this Early Section 10 application submitting its S*RC application.

Please note that a competing application may still exist. As of the date of this analysis, 1-9-15, no S*RC applications have been deemed complete

CERTIFICATE OF SERVICE

I, Tiffany Hughes, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

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

xx electronic filing

Docket No. E002/M-13-867

Dated this 13th day of January 2015

/s/

Tiffany Hughes

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