

September 13, 2021

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/C-21-125, E002/C-21-126

Dear Mr. Seuffert:

In its September 2, 2021 Order, the Minnesota Public Utilities Commission (Commission) took jurisdiction of the Complaint filed by SunShare LLC (SunShare or the Developer) against Northern States Power Company d/b/a Xcel Energy (Xcel or the Utility) regarding the OsterSun Project (21-125), and the CleodSun Project (21-126). On August 23, 2021, Xcel filed its formal response to the complaint.

Attached please find the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in this matter. The Department is available to answer any questions the Commission may have.

Sincerely,

Susan L. Peirce
Rate Analyst Coordinator

SLP/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket Nos. E002/C-21-125, E002/C-21-126

I. BACKGROUND INFORMATION

On June 1, 2021, SunShare LLC (SunShare or the Developer) filed an amended complaint against Xcel Energy (Xcel or the Utility) regarding interconnection of SunShare's OsterSun community solar garden (CSG) project and its CleodSun CSG project.

In its September 2, 2021 Orders¹, the Minnesota Public Utilities Commission took jurisdiction of the complaints and ordered Xcel to file formal responses.

On August 23, 2021, Xcel filed its response to each of the complaints.

II. SUMMARY OF THE FILING

In its September 2, 2021 Orders, the Commission opened an investigation into SunShare's complaints as they relate to interconnection cost estimates.

A. OSTER SUN PROJECT

1. Summary of Sunshare's OsterSun complaint

On June 1, 2021, SunShare filed an amended complaint regarding its OsterSun CSG project located near Albany, Minnesota. SunShare asserts that Xcel's estimate of interconnection costs was unreasonable. SunShare states that its engineer identified a lower cost route requiring Xcel to build a new feeder line on the opposite side of the road from Xcel's existing feeder that would result in a much lower cost. SunShare argues that by refusing to consider its proposed alternative interconnection, Xcel is in violation of Minn. Stat. §216B.03, requiring just, reasonable and nondiscriminatory rates and Minn. Rules pt. 7835.0100, subp 12 which defines interconnection costs as "the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by the utility that are directly related to installing and maintaining the physical facilities necessary to permit interconnected operations." SunShare requests that the Commission order Xcel to reissue its interconnection cost study using a lower cost route identified by SunShare.

¹ *In the Matter of the Formal Complaint and Request for Expedited Relief by SunShare, LLC Against Northern States Power Company d/b/a Xcel Energy regarding OsterSun Project*, ORDER FINDING JURISDICTION, INITIATING INVESTIGATION, AND VARYING TIMELINES, Docket No. E002/C-21-125, September 2, 2021

In the Matter of the Formal Complaint and Request for Expedited Relief by SunShare, LLC Against Northern States Power Company d/b/a Xcel Energy regarding the CleodSun Project, ORDER FINDING JURISDICTION, INITIATING INVESTIGATION, AND VARYING TIMELINES, Docket No. E002/C-21-126, September 2, 2021.

2. Xcel's Response

On August 23, 2021, Xcel filed its response to SunShare's complaint. Xcel notes that SunShare's OsterSun project was filed prior to the implementation of the Minnesota Distributed Interconnection Process (MN DIP) approved by the Commission in Docket No. E999/CI-16-521. The tariffed process² under which Xcel reviewed the OsterSun project provides that the Utility will provide the Developer with an indicative cost estimate for the interconnection of its CSG, following which the Developer can determine whether to sign an interconnection agreement and proceed to the detailed design stage involving more detailed engineering review.³ Xcel further states that it provides the least cost interconnection based on its existing system, not a hypothetical or unbuilt option. Additional options may be reviewed in the detailed design phase after an interconnection agreement is signed and payment of the indicative cost estimate is received.

B. CLEODSUN PROJECT

1. Summary of SunShare's CleodSun complaint

On June 1, 2021, SunShare filed an amended complaint regarding its CleodSun CSG project located near Lester Prairie, Minnesota. SunShare asserts that Xcel's estimate of interconnection costs was unreasonable, and that Xcel failed to provide information requested by SunShare that would allow it to determine if a lower cost option exists. Xcel's review determined that replacement of a regulator and a circuit breaker were necessary to resolve identified problems that would result from interconnecting the CleodSun project to its system. SunShare requested technical details, including a cost breakdown between the circuit breaker and the regulator cost in order to assess whether a modification short of full replacement of this equipment could be undertaken at a lower cost. SunShare argues that by refusing to provide the requested information, Xcel is in violation of Minn. Stat. §216B.1611, subd. 2(2), which allows the utility to recover "reasonable interconnection costs" and Minn. Rules pt. 7835.0100, subp 12 which defines interconnection costs as "the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by the utility that are directly related to installing and maintaining the physical facilities necessary to permit interconnected operations." SunShare requests that the Commission order Xcel to provide it with the information necessary to evaluate Xcel's indicative cost estimate for the CleodSun project.

2. Xcel's Response

On August 23, 2021, Xcel filed its response to SunShare's complaint. Xcel notes that SunShare's CleodSun project was filed prior to the implementation of the Minnesota Distributed Interconnection Process (MN DIP) approved by the Commission in Docket No. E999/CI-16-521. Xcel states that SunShare is seeking to have it install non-standard equipment on its system, and that concerns about potential islanding and the safety and reliability of its system require replacement, not modification to the existing equipment. Without the additional DER on its system, Xcel maintains replacement of the regulator would be unnecessary. Xcel states it has provided some additional information to SunShare related to the VSR and

² Xcel Electric Tariff, Section 10, Sheet 83.

³ Xcel Electric Tariff, Section 9, Sheet 68

substation breaker replacement, but “cannot given any more specific cost details due to contractual obligations, including competitively sensitive pricing information from our supplies.”⁴

III. DEPARTMENT ANALYSIS

A. OSTER SUN COMPLAINT

The crux of the complaint is Xcel has provided an indicative cost estimate based on its existing distribution system and interconnection to the nearest feeder. SunShare argues interconnection would be cheaper if Xcel placed a new feeder across the street from its existing facilities and interconnected the OsterSun CSG on the new feeder. Xcel has indicated it could consider SunShare’s proposed alternative in the detailed design phase, the next step of the interconnection process that occurs following SunShare’s signing an Interconnection Agreement and paying the indicative cost estimate. In its comments at the Commission’s August 12, 2021 agenda meeting, SunShare made clear that the indicative cost estimate renders the OsterSun project unfinanceable. Consequently, without further evaluation of SunShare’s proposed alternative with a potentially lower cost, the OsterSun project will not go forward.

Under the pre-MNDIP interconnection process, Section 10 covering the interconnection states,

Depending upon the match between the Generation System, Xcel Energy and how the Generation System is operated, certain modifications and/or additions may be required to the existing electric power system with the addition of the Generation system....For some unique interconnections, additional and/or different protective devices, system modifications and/or additions will be required by Xcel Energy. In these cases, Xcel Energy will provide the following determination of the required modifications and/or additions.”⁵[emphasis added]

Further Section 9 of Xcel’s Tariff specific to the CSG program makes clear that the Utility is not required to make material upgrades to its system.⁶ As a result, the Department concludes that Xcel is required to provide an indicative cost estimate based on its existing distribution system, and not estimates based on other alternative, yet unbuilt options.

The Department understands the dilemma created for SunShare. Without the ability to finance the existing interconnection indicative cost estimate, and no means of obtaining an evaluation of the alternatives until payment is made for the existing cost estimate, the OsterSun project will not go forward. In Docket No. E999/CI-16-521, the Commission is currently reviewing possible revisions to the MN DIP process that could advance the use of cluster or group studies to develop engineering cost estimates for multiple projects in a location. In its initial response to SunShare’s complaint, Xcel noted eight other distributed generation projects in queue behind the OsterSun project at the Albany

⁴ Comments of Xcel Energy, Docket No. E002/C-21-126, August 23, 2021, p. 4.

⁵ Xcel Electric Tariff, Section 10, Sheet 139.

⁶ Xcel Electric Tariff, Section 9 Sheet 68.5.

substation.⁷ A group study could solve some of the capacity concerns, and result in a cost sharing arrangement that permits the OsterSun and other projects in the queue to interconnect at a lower cost. The Department recommends that the Commission encourage the parties to develop a group study process.

B. CLEODSUN PROJECT

1. Summary of SunShare CleodSun complaint

As with the OsterSun complaint (21-125), the crux of the CleodSun complaint is whether Xcel's indicative cost estimate is reasonable. The Department acknowledges it lacks the engineering expertise to comment on the reasonableness of equipment replacement rather than modification. The Department does have concerns with the inability of SunShare to obtain sufficient information to reasonably answer its concerns about whether equipment modification is possible at a lower cost. Xcel states it is constrained by its vendor contract from providing additional pricing information. The Department is unpersuaded that a solution to the restrictiveness of the vendor contract does not exist. Xcel has not explained why it is not able to intervene with its vendor to negotiate a non-disclosure agreement to provide SunShare with its requested information. Since it is Xcel's contractual agreement that limits the information available to SunShare, Xcel should work with its vendor to provide the necessary information in a manner that will satisfy both SunShare and the vendor.

Even with additional information, SunShare may not find the cost estimate to be reasonable. As is the case with the OsterSun project, the Lester Prairie substation has capacity constraints and a number of CSG projects in queue to interconnect there. The Department recommends the Commission encourage the parties to develop a group study process to study interconnection of the CleodSun Project and other in the queue.

IV. DEPARTMENT RECOMMENDATIONS

The Department recommends that the Commission

- Dismiss SunShare's OsterSun complaint and direct the parties to develop a group study process for evaluating interconnection and a cost sharing arrangement for the project and others in the queue. Close Docket E002/C-21-125.
- Direct Xcel to negotiate a non-disclosure agreement with its vendor to permit SunShare access to its requested cost information for the CleodSun complaint. Once completed, Xcel shall file an update to the Commission, and the Commission shall establish further comment procedures, if needed.

/ar

⁷ Comments of Xcel Energy, Docket No. E002/C-21-125, June 25, 2021, p. 16

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. E002/C-21-125 and E002/C-21-126

Dated this 13th day of September 2021

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jacob	Bobrow	jbobrow@mysunshare.com	SunShare	1724 Gilpin St Denver, CO 80218	Electronic Service	No	OFF_SL_21-125_Official Service List 21-125
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-125_Official Service List 21-125
James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, 401-8 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_21-125_Official Service List 21-125
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_21-125_Official Service List 21-125
Liz	Reddington	lreddington@pivotenergy.net	Pivot Energy	1750 15th Street Suite 400 Denver, CO 80202	Electronic Service	No	OFF_SL_21-125_Official Service List 21-125
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_21-125_Official Service List 21-125
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-125_Official Service List 21-125
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_21-125_Official Service List 21-125
Curtis P	Zaun	curtis@cpzlaw.com	Attorney At Law	3254 Rice Street Little Canada, MN 55126	Electronic Service	No	OFF_SL_21-125_Official Service List 21-125

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jacob	Bobrow	jbobrow@mysunshare.com	SunShare	1724 Gilpin St Denver, CO 80218	Electronic Service	No	OFF_SL_21-126_Official Service List 21-126
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-126_Official Service List 21-126
James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, 401-8 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_21-126_Official Service List 21-126
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_21-126_Official Service List 21-126
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_21-126_Official Service List 21-126
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-126_Official Service List 21-126
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_21-126_Official Service List 21-126
Curtis P	Zaun	curtis@cpzlaw.com	Attorney At Law	3254 Rice Street Little Canada, MN 55126	Electronic Service	No	OFF_SL_21-126_Official Service List 21-126