414 Nicollet Mall
Minneapolis, MN 55401

January 22, 2024

—Via Electronic Filing—

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: REPLY COMMENTS
COMPLIANCE PROPOSALS FOR SWITCHING ARR-ERA COMMUNITY SOLAR GARDENS TO VOS RATE
DOCKET NO. E002/M-13-867

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed Reply Comments in response to the Minnesota Public Utility Commission's November 29, 2023 Notice of Extended Comment Period and the Comments submitted by parties.

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 Lynnette Sweet at 612-321-3159 or Lynnette.M.Sweet@xcelenergy.com or contact me at Nick.Paluck@xcelenergy.com or (612) 330-2905 if you have any questions regarding this filing.

Sincerely,

/s/

NICK PALUCK
MANAGER, REGULATORY ANALYSIS

Enclosures
cc: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Hwikwon Ham	Commissioner
Valerie Means	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF NORTHERN STATES POWER COMPANY, DBA XCEL ENERGY, FOR APPROVAL OF ITS PROPOSED COMMUNITY SOLAR GARDEN PROGRAM

DOCKET NO. E002/M-13-867

REPLY COMMENTS ON COMPLIANCE PROPOSALS FOR SWITCHING ARR-ERA COMMUNITY SOLAR GARDENS TO VOS RATE

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits these Reply Comments in response to the Minnesota Public Utility Commission's November 29, 2023 Notice of Extended Comment Period and the Comments submitted by parties.

The Commission's June 27, 2023 Order in this docket directed the Company to submit a proposal for transitioning Applicable Retail Rate (ARR)-era Community Solar Gardens (CSGs) to the appropriate Value of Solar (VOS) rate. The Commission found that the record in the 2023 ARR Calculation filing raised "questions about whether calculating CSG bill credits based on the ARR, as currently defined, remains consistent with the public interest and other statutory requirements of Minn. Stat. § 216B.1641." The stated goal of the proposal was "to further augment the record and explore the relevant legal and factual issues more fully." The Company's September 25, 2023 compliance proposal presented an administrative pathway to make the transition from the ARR to the VOS rate in a manner that complied with the Order and is relatively practical to administer.

The Commission's direction to explore whether the ARR compensation structure is consistent with the public interest has prompted comments from many individuals, communities, and advocates. Both Fresh Energy and the Office of Attorney General (OAG) have advanced the record by submitting additional recommendations to the Commission related to potential ARR-to-VOS transition pathways or to modifications of the ARR to reduce the program's burden on customers' electric fuel costs.

In these Reply Comments, the Company reaffirms the Commission's authority to determine the compensation rates for subscribers to the CSG program and to modify the same over time. The Company also summarizes points in the record the Commission may wish to consider in its public interest determination related to its review of the ARR. Finally, the Company presents calculations that estimate the impact of the proposed approaches to both subscribers and to all customers who pay fuel clause rates, to assist the Commission in its consideration. We present an estimate of the impact to subscribers and to all customers of 1) Fresh Energy's proposal to transition General Service class subscribers from the ARR to the VOS, 2) OAG's proposal to modify the ARR calculation, and 3) the Company's September 25, 2023 compliance proposal.

COMMENTS

I. COMMISSION AUTHORITY AND PUBLIC INTEREST STANDARD

The Commission is empowered by the state Legislature to determine how bill credits are applied as part of the CSG program. The "Legacy" Community Solar Statute specifically empowers the Commission to "modify" the Community Solar Garden (CSG) program provided that in doing so the modification is "consistent with the public interest." (Minn. Stat. § 216B.1641, Subd. 1, par. (e)). In determining what is "consistent with the public interest," the Commission may consider many pertinent, sometimes conflicting factors.

Some of the factors, including those presented in comments, which may support modifications to the bill credit rate include the following:

- As highlighted by a group of Minnesota Senators[1], to meet the state's energy goals, affordability needs to be a focus. In 2024 the CSG costs will be $142/MWh, and this compares to the current market rate for solar of about $61/MWh. CSGs currently contribute about 32.2 percent (or about $329 million) of the total 2024 forecasted Xcel Energy fuel clause cost, but only provide about 4.3 percent of the total energy provided. The current market cost for this solar energy is about $80 million, meaning that all Xcel Energy ratepayers in 2024 will pay annual "above market costs" of about $250 million for these CSG costs.

[1] Senators Frentz, Mitchell, Klein, Xiong, and Hoffman

- As noted by carpenters' unions[2], there is concern with the ongoing and future costs of the program, and these costs would be borne by ratepayers. Also, the ARR has a cost that continually exceeds the benefits. Further, because the ARR bill credit benefits accrue to only some Xcel Energy customers (oftentimes commercial customers) at the expense of others, the benefits and burdens are often inequitable.

- The OAG highlighted similar facts and also noted that the vast majority, about 84 percent, of bill credit payments go to commercial and industrial customers, with residential subscribers receiving only about 16 percent of bill credit payments.

- The Company notes that under the Xcel Energy Integrated Resource Plan (IDP), CSGs do not provide any incremental solar energy. This is because the overall solar energy goal is set, and to the extent to which CSGs will not meet this goal other significant solar energy resources are then acquired at competitive market rates to fulfill the overall solar goal. Accordingly, even if there were no CSGs, the overall solar energy production for Xcel Energy in Minnesota would remain basically the same as it is today but would be at a markedly lower cost.

On the other hand, numerous commenters raised arguments that may detract from changing the bill credit rate, including:

- Some subscribers assert the transition would result in a "rate shock" for subscribers, with sudden, marked reduction in credits on their electric bills.

- Some governmental entities and school districts note that their budgets for 2024 have already been set, and that an unplanned, sudden, significant drop in the bill credits would cause hardship.

- The transition, for some subscribers, could result in bill credits that are less than their subscription fees paid to CSG operators.

- With reduced bill credits, some CSG operators expect a percentage of their subscribers to cancel their subscription. This would potentially place the specific CSGs at financial risk with their lenders and financiers and put the CSG at risk for declaring bankruptcy or becoming insolvent.

- Solar garden developers make arguments about the authority of the

[2] IUOE Local 49 and NCSRC of Carpenters

Commission to transition program rates, and that even if their legal arguments are not sufficient, they argue that transitioning rates would have a chilling effect on future solar investments in Minnesota.

The Commission has the legal authority to modify the CSG tariff, which includes the CSG tariffed standard contract and the subscriber compensation rates. US Solar, NextEra, CCSA, MnSEIA, and others argue, incorrectly, that the Commission has no authority to modify the tariffed contract at issue here, that only amendments to the tariffed contract signed by both parties are effective, that changing the bill credit methodology would be retroactive ratemaking, and that Xcel Energy cannot unilaterally change the tariffed contract. These arguments have been raised previously in this docket. We addressed these arguments in our April 10, 2023 Reply Comments, and we incorporate that discussion here.

Minn. Stat. 216B.1641(e) describes the standards the Commission should use in modifying the program:

> (e) The commission may approve, disapprove, or modify a community solar garden program. Any plan approved by the commission must:
> (1) reasonably allow for the creation, financing, and accessibility of community solar gardens;
> …
> (4) be consistent with the public interest;
> (5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;
> (6) include a program implementation schedule;
> (7) identify all proposed rules, fees, and charges; and
> (8) identify the means by which the program will be promoted.

Further, Minn. Stat. § 216B.25 also authorizes the Commission to alter or amend its prior orders.[3] The Company's tariffed Standard Contract for Solar*Rewards Community is also clear that changes may be made to our tariffed contract from time to time, and the then-current version of the tariffed contract controls. This language specifically includes changes to the rates for

[3] Minn. Stat. §216B.25 states: "FURTHER ACTION ON PREVIOUS ORDER. The commission may at any time, on its own motion or upon motion of an interested party, and upon notice to the public utility and after opportunity to be heard, rescind, alter, or amend any order fixing rates, tolls, charges, or schedules, or any other order made by the commission, and may reopen any case following the issuance of an order therein, for the taking of further evidence or for any other reason. Any order rescinding, altering, amending, or reopening a prior order shall have the same effect as an original order."

sales and purchases of Subscribed Energy. The tariffed Standard Contract Solar*Rewards Community states at tariff sheet 9-73, par. 1.B:

> *The rates for sales and purchases of Subscribed Energy shall be changed annually or otherwise as provided by order of the MPUC. The Community Solar Garden Operator shall comply with all of the rules stated in the Company's applicable electric tariff related to the Solar*Rewards Community Program and the tariffed version of this Contract, as the same may be revised from time to time, or as otherwise allowed by an amendment to this Contract approved, or deemed approved, by the Minnesota Public Utilities Commission. In the event of any conflict between the terms of this Contract and Company's electric tariff, the provisions of the tariff shall control.*

Consistent with this, the Company has repeatedly reminded participants in this docket about how the tariffed version of the contract controls over the signed version.[4] In its June 27, 2023 Order, the Commission stated that during the CSG program's inception and roll out, the Commission has refined certain aspects of the program due to unanticipated outcomes, and that the Commission has an obligation to continue to monitor the program and address issues as they arise. (June 27, 2023 Order at p. 8).

Certain commenters point to the Commission's September 2014 order that had adopted the ARR and the statement that the ARR would apply to the 25-year term of the CSG contract. We have shown above several factors to be considered by the Commission in addressing the public interest standard. The Commission could recognize the pertinent factors and using its quasi-legislative authority, and specific legislative grant of authority to modify the program, determine what is consistent with the public interest. It is also important to consider that at the time of the Commission decision there were no CSGs in the state and this was a brand new program. In fact, Xcel Energy in Minnesota only had two DER systems of 1 MW in size or larger.[5] The information supplied to the Commission at that time by the CSG developers was that the ARR with the REC adder "… would provide compensation for solar-garden generation at or near the level shown by the record to be *minimally needed to reasonably allow for the financing and development of solar gardens.*" (September 17, 2014 order, at page 9). This turned out to be false. Within a few months of launching the program over 400 MW of applications were submitted. (See, Xcel Energy Monthly Update of March 6, 2015). The Commission can and should consider whether the decision it made,

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[4] See, for example, Company filings in this docket on May 18, 2015 (at page 7); April 1, 2016 (at pages 23-24); June 17, 2016 (at page 6); and September 23, 2021 (at page 5).

[5] See, Minnesota Department of Commerce April 11, 2014 presentation "Renewables on the Distribution Grid", at PDF page 19, available at:
https://mn.gov/puc/assets/Smart%20Grid%20Distributed%20Generation%20Facilities%204-11-2014_tcm14-11453.pdf

based on the information provided, will continue to result in a program that is in the public interest.

CCSA and MnSEIA argue that the Commission in its September 6, 2016 order reaffirmed that the change to the bill credit rate to a VOS rate was to be applied prospectively to applications filed after December 31, 2016. They argue that "nothing material has changed" since that Commission order. (CCSA and MnSEIA, at 4). To the contrary, at that time there were only about four CSGs in service for a combined 0.4 MW. (See, Xcel Energy October 13, 2016 Monthly Update at PDF page 3). Today, there are about 886 MWs of CSGs in service, and this includes 742 gardens under the ARR rate and 198 gardens under the VOS rate. (See, Xcel Energy October 27, 2023, Quarterly Report, at PDF pages 2 and 3). This change has a profound impact on the overall cost of the program to non-subscribers.

The Commission can examine the various factors and make its determination on whether, or to what extent, it should modify the bill credit rate consistent with the public interest. In this Reply, we also present the financial impact of the OAG's and Fresh Energy's alternative proposals, as well as the Company's compliance proposal. The financial impacts from the proposals are additional factors to consider to map a path forward consistent with the public interest.

II. IMPACT OF FRESH ENERGY'S PROPOSAL TO TRANSITION THE GENERAL SERVICE CLASS TO VOS

Fresh Energy proposed an alternative path: transitioning the General Service class subscribers to VOS rates (with the Residential and Small General Service class subscribers remaining on the ARR).[6] Fresh Energy also proposed applying an "adder" to the 2017 VOS rate for the General Service class. We estimate the annual impact to subscriber bill credits (and corresponding all-customer fuel savings) for Fresh Energy's alternative proposals as approximately -$36 million (for the proposal without the adder) and -$25 million (for the proposal with the adder), as show in Table 1.[7]

[6] The OAG also mentioned this as a possible path, sometimes instead calling the latter "small commercial" subscribers. The Company notes that per the limitations of our billing system, customer classes for ARR-era subscribers can only be split out as Residential, Small General Service, and General Service.

[7] In the Company's September 23, 2025 compliance filing, we estimated the reduction in subscriber bill credits (and corresponding all-customer fuel savings) resulting from the compliance transition proposal as $62.6 million. In response to OAG Information Request No. 201, included as an attachment to the OAG comments, we provided an alternative way to estimate annual production and reduced our estimated impact to bill credits (and fuel savings) amount from $62.6 million to $48.4 million. We use the updated approach to estimating annual production for the remainder of these comments.

Table 1
Estimated Annual Impact to Subscriber Bill Credits of Fresh Energy's Alternate VOS Proposals (in $ million)

	Residential	Small General Service	General Service	Total
Transition the General Service Class	n/a	n/a	-$36.2	-$36.2
Transition the General Service Class and include a $0.01/kWh Adder	n/a	n/a	-$25.4	-$25.4

III. IMPACT OF OAG'S PROPOSAL TO MODIFY THE ARR CALCULATION

The OAG presented an alternate proposal to modify the calculation of the ARR, rather than transitioning subscribers from the ARR to the VOS.

A. Remove Customer-Charge Component and Reduce the Demand-Charge Component

The OAG's Initial Comments restated a modification to the ARR that has been previously discussed in this docket. In the 2023 ARR Calculation rate process, Fresh Energy proposed to remove customer charges from the ARR calculation and to reduce demand-charge compensation by half.[8] The Company supported Fresh Energy's proposal in that proceeding and provided details of its impacts in our Reply Comments,[9] which are summarized below. The Commission found that the record was not sufficiently developed to support modifying the ARR calculation in those ways at that time, but they ordered the modification of the ARR calculation to remove the compounding effect of the ARR and required an update to the tariff to correspond with the change. This tariff change allows other changes to the calculation of the ARR without an update to the tariff language.

Table 2 shows the impact of the changes to the ARR, as recommended by the OAG, using the 2023 ARR as a proxy.

[8] Comments, March 30, 2023
[9] April 10, 2023

Table 2
Impact of OAG Proposal to 2023 ARR for
Enhanced - Solar Garden > 250 KW ($/kWh)

	Residential	Small General Service	General Service
Approved (Effective Aug. 1, 2023)	0.17252	0.17969	0.15186
Remove customer charge component	0.15861	0.16681	0.15010
Remove customer charge and 50% of demand charge components	0.15861	0.16681	0.13131

Table 3 shows the historic range of the ARR (including the 2 cent REC adder that applies to all garden subscribers receiving the ARR).

Table 3
Historic ARR Rates (with $0.02/kWh REC Adder)
for Gardens > 250 KW ($/kWh)

	Residential	Small General Service	General Service
2014	0.14033	0.13783	0.11456
2015	0.14743	0.14431	0.11914
2016	0.14596	0.14229	0.11740
2017	0.15310	0.14798	0.12296
2018	0.15539	0.14844	0.12515
2019	0.15583	0.14509	0.12405
2020	0.15540	0.14634	0.12550
2021	0.15860	0.15018	0.12770
2022	0.15940	0.16026	0.13717

When comparing Tables 2 and 3, one can see that by adopting the OAG proposal and removing the customer charge and 50 percent of the demand charges, the net result is an ARR that falls within the historic range for the ARR.

Using the 2023 ARR as a proxy, we estimate the annual subscriber bill credit reduction (and corresponding all-customer fuel savings) resulting from the OAG alternative proposals as approximately $5 million (for removing the customer charge component) and $25 million (for removing the customer charge component and half of the demand charge component). See Table 4.

Table 4
Estimated Annual Impact to Subscriber Bill Credits of OAG's Modification to ARR Calculation (in $ million)

	Residential	Small General Service	General Service	Total
Remove customer charge component	-$2.9	-$0.2	-$1.9	-$5.0
Remove customer charge and 50% of demand charge components	-$2.9	-$0.2	-$22.3	-$25.4

B. Remove Renewable Energy Credit (REC) Adder

The OAG also proposed reducing or eliminating the portion of the ARR rate that is designed to compensate for RECs generated by CSGs that are retired for compliance purposes by the Company. The Commission-approved REC pricing for ARR-era CSGs that sell their RECs to the Company (called "Enhanced" ARR in our tariff) is $0.02 per kWh. For *each cent* that the REC payment is reduced, we estimate the subscriber bill credit reduction (and corresponding all-customer fuel savings) to be $13.1 million per year, as shown by class in Table 5.

Table 5
Estimated Annual Impact to Subscriber Bill Credits of Reducing REC Adder in ARR Calculation (in $ million)

	Residential	Small General Service	General Service	Total
Per $0.01/kWh of REC Adder Removed	-$2.1	-$0.1	-$10.9	-$13.1

IV. SUMMARY OF PROPOSALS

Table 6 summarizes the bill credit rates resulting from the recent proposals in this proceeding and shows the estimated subscriber bill credit reduction compared to the current ARR for each of the proposals.

Table 6
Summary of Proposals' Bill Credit Rates ($/kWh)
and Percentage of Rate Reduction

Source	Description	Residential	Small General Service	General Service
Current Effective Rate	2023 ARR for Enhanced - Solar Garden > 250 KW	0.17252	0.17969	0.15186
Company's Sept. 23 Compliance	2017 Vintage VOS, Year 7 % Rate Reduction	0.11850 31%	0.11850 34%	0.11850 22%
Fresh Energy Initial Comments	Transition General Service to VOS % Rate Reduction	0.17252 0%	0.17969 0%	0.11850 22%
Fresh Energy Initial Comments	Transition General Service to VOS and Include $0.01/kWh Adder % Rate Reduction	0.17252 0%	0.17969 0%	0.12850 15%
OAG Initial Comments	2023 ARR with Cust. Chg. Removed % Rate Reduction	0.15861 8%	0.16681 7%	0.15010 1%
OAG Initial Comments	2023 ARR with Cust. Chg. & 50% Dmd. Chg. Removed % Rate Reduction	0.15861 8%	0.16681 7%	0.13131 14%
OAG Initial Comments	2023 ARR with $0.01/kWh of REC Adder Removed % Rate Reduction	0.16252 6%	0.16969 6%	0.14186 7%

Table 7 summarizes the estimated annual subscriber bill credit reduction (and corresponding all-customer fuel savings)[10] of each of the recent proposals and expresses each as a percentage of the program's total annual cost. The program's total annual cost, for purposes of this comparison, is $160.6 million.[11]

[10] The total savings from each of the proposals would be reflected in the fuel clause and allocated to class based on sales. The subscriber bill credit reductions by class from each of the proposals differs and is estimated below.
[11] Actual 2022 Minnesota-state total CSG costs as filed in our 2022 Fuel Clause Adjustment (FCA) True-up filing, Docket No. E002/AA-21-295, March 1, 2023.

Table 7
Summary of Proposals' Estimated Annual Impact to Subscriber Bill Credits (in $ millions) and Share of Total CSG Costs (in percentage)

Source	Description	Residential	Small General Service	General Service	Total
Company's Sept. 23 Compliance	2017 Vintage VOS, Year 7 (Compliance Proposal) % of 2022 Total CSG Costs	-$11.4 7%	-$0.9 1%	-$36.2 23%	-$48.5 30%
Fresh Energy Initial Comments	Transition General Service to VOS % of 2022 Total CSG Costs	$0 0%	$0 0%	-$36.2 23%	-$36.2 23%
Fresh Energy Initial Comments	Transition General Service to VOS and Include $0.01/kWh Adder % of 2022 Total CSG Costs	$0 0%	$0 0%	-$25.4 16%	-$25.4 16%
OAG Initial Comments	2023 ARR with Cust. Chg. Removed % of 2022 Total CSG Costs	-$2.9 2%	-$0.2 0%	-$1.9 1%	-$5.0 3%
OAG Initial Comments	2023 ARR with Cust. Chg. & 50% Dmd. Chg. Removed % of 2022 Total CSG Costs	-$2.9 2%	-$0.2 0%	-$22.3 14%	-$25.4 16%
OAG Initial Comments	2023 ARR with $0.01/kWh of REC Adder Removed % of 2022 Total CSG Costs	-$2.1 1%	-$0.1 0%	-$10.9 7%	-$13.1 8%

V. IMPACTS TO RESIDENTIAL SUBSCRIBERS

A. Impact to Residential Subscriber's Bill Credits

In our response to OAG Information Request No. 203 included as Attachment A, we provided the annual bill impact that the Company's September 2023 compliance proposal bill-credit reduction would have for an average residential ARR-era CSG subscriber. Please see Attachment A for the assumptions and methodologies used. We modelled our response for two scenarios:

- Scenario 1: Customer pays a fixed amount to the CSG operator.
- Scenario 2: Customer receives 100 percent of the bill credit and pays 90 percent of the bill credit to the CSG operator.

Using the same assumptions and methodologies as OAG IR 203, we provide Tables 8 and 9 showing the annual bill credits and decrease to bills credits from the 2023 ARR under each of the proposals for Scenarios 1 and 2, respectively.

Table 8
Scenario 1 Fixed Payment to CSG Operator – Residential Subscriber
Annual Bill Credit Impacts by Proposal

Source	Description	Annual Bill Credit	Comparison to Current Effective Rate
Current Effective Rate	2023 ARR for Enhanced - Solar Garden > 250 KW	$1,242	-
Company's Sept. 23 Compliance	2017 Vintage VOS, Year 7	$853	-$389
Fresh Energy Initial Comments	Transition General Service to VOS	$1,242	$0
Fresh Energy Initial Comments	Transition General Service to VOS and Include $0.01/kWh Adder	$1,242	$0
OAG Initial Comments	2023 ARR with Cust. Chg. Removed	$1,142	-$100
OAG Initial Comments	2023 ARR with Cust. Chg. & 50% Dmd. Chg. Removed	$1,142	-$100
OAG Initial Comments	2023 ARR with $0.01/kWh of REC Adder Removed	$1,170	-$72

Table 9
Scenario 2 Pro Rata Payment to CSG Operator - Residential Subscriber Annual Bill Credit Impacts by Proposal

Source	Description	Annual Credit Kept by Customer	Comparison to Current Effective Rate
Current Effective Rate	2023 ARR for Enhanced – Solar Garden > 250 KW	$124	-
Company's Sept. 23 Compliance	2017 Vintage VOS, Year 7	$85	-$39
Fresh Energy Initial Comments	Transition General Service to VOS	$124	$0
Fresh Energy Initial Comments	Transition General Service to VOS and Include $0.01/kWh Adder	$124	$0
OAG Initial Comments	2023 ARR with Cust. Chg. Removed	$114	-$10
OAG Initial Comments	2023 ARR with Cust. Chg. & 50% Dmd. Chg. Removed	$114	-$10
OAG Initial Comments	2023 ARR with $0.01/kWh of REC Adder Removed	$117	-$7

Though it is not captured in the bill impact analysis above, all CSG subscribers would also enjoy the fuel clause savings (shared by all customers) resulting from the implementation of any of the proposals discussed here. The savings for an average residential customer is detailed below.

B. Impact to the Fuel Clause

If the Commission were to order modifications to the bill credit rates consistent with any proposals discussed here, the estimated annual bill credit reductions reported above would be removed from the CSG costs captured in the Fuel Clause Adjustment, the mechanism where CSG costs (including subscriber bill credits) are recovered from all customers. Using the 2022 FCA as a proxy, an average residential customer using 7,200 kWh annually pays $40.83 for CSGs. The average residential customer would experience fuel clause savings under each of the proposals, as compared to this $40.83 amount, is shown in Table 10.

Table 10
Estimated Average Residential Customer
Annual FCA Savings under Proposals

Source	Description	Annual FCA Savings
Company's Sept. 23 Compliance	2017 Vintage VOS, Year 7	$12.31
Fresh Energy Initial Comments	Transition General Service to VOS	$9.21
Fresh Energy Initial Comments	Transition General Service to VOS and Include $0.01/kWh Adder	$6.45
OAG Initial Comments	2023 ARR with Cust. Chg. Removed	$1.28
OAG Initial Comments	2023 ARR with Cust. Chg. & 50% Dmd. Chg. Removed	$6.46
OAG Initial Comments	2023 ARR with $0.01/kWh of REC Adder Removed	$3.33

VI. TIMING OF POTENTIAL CHANGES

If the Commission orders a modification to the bill credit rate to transition ARR subscribers to the VOS, we recommend an implementation date of April 1, 2025. This would provide needed time for modifying Company systems, allow CSG operators to communicate changes to their subscribers, and allow the subscribers to plan for changes in the bill credits. If the ARR is modified, then we similarly recommend keeping the historic cadence of updates to the ARR so that on or about February 1, 2025 the Company would propose the next ARR rate that would go into effect on April 1, 2025[12]. We believe this timeline would enable an orderly transition to any new rates, should they be ordered by the Commission.

CONCLUSION

In these Reply Comments, we have presented the estimated impacts of the compliance proposal and alternative proposals presented in Comments. The Company requests that, if the Commission orders changes to the program bill credit rates, the implementation of any changes take place on April 1, 2025 or some other reasonable schedule before that date.

Dated: January 22, 2024

Northern States Power Company

[12] In the compliance proposal, the Company had proposed an April 1, 2024 effective date.

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☐ **Public Document – Not-Public Data Has Been Excised**
☒ **Public Document**

Xcel Energy		Information Request No.	203
Docket No.:	E-002/M-13-867		
Response To:	State of Minnesota Office of the Attorney General		
Requestor:	Peter Scholtz		
Date Received:	October 31, 2023		

Question:
Provide the annual bill impact that the proposed bill-credit reduction would have for an average residential ARR-era CSG subscriber. Provide all assumptions supporting your calculation.

Response:
Assumptions:
- Average monthly usage - 600 kWh. Annual usage - 7200 kWh.
- The customer has subscribed to a CSG for all of their consumption.
- Current ARR Residential class bill credit rate is $0.17252/kWh[1]
  - 90% of ARR rate is $0.15527/kWh
- Proposed to use the 2017 VOS Vintage, Year 7 bill credit rate of $0.11850/kWh[2]
  - 90% of the VOS rate is $0.10665/kWh

We are not privy to the details of the agreements between customers and CSG operators. We have modeled two scenarios that we have heard are used.
- Scenario 1: Customer pays a fixed amount to the CSG operator.
- Scenario 2: Customer receives 100% of the bill credit and pays 90% of the bill credit to the CSG operator.

In Scenario 1, a residential customer would see $389 less in bill credits, which is a decrease of about 31% from the credit received under the current ARR rate. See Table 1. This calculation does not look at the "net" bill credit because it does not account for the fixed subscription fee paid to the CSG operator by the customer.

[1] Table 3 of September 24, 2023 Compliance Proposal filing
[2] Ibid.

Table 1: Estimated Bill Credits Using Scenario 1

	Annual kWh	Bill Credit Rate ($/kWh)	Annual Bill Credit
ARR Rate	7,200	$0.17252	$1,242
VOS Rate	7,200	$0.11850	$853
Decrease to Bill Credit			$389

In Scenario 2, a residential customer would see $39 less in net bill credits ($124 minus $85) after deducting the 90% subscription fee paid to the CSG operator. This is a decrease of about 31% from the credit received under the current ARR rate. See Tables 2 and 3.

Table 2: Scenario 2 – Current Estimated Credit (ARR Rate)

	Annual kWh	Bill Credit Rate ($/kWh)	Annual Bill Credit
Full Credit	7,200	$0.17252	$1,242
Amount Paid to CSG Operator	7,200	$0.15527	$1,118
Credit Kept by Customer			$124

Table 3: Scenario 2 – Estimated Credit Using VOS Rate

	Annual kWh	Bill Credit Rate ($/kWh)	Annual Bill Credit
Full Credit	7,200	$0.11850	$853
Amount Paid to CSG Operator	7,200	$0.10665	$768
Credit Kept by Customer			$85

Preparer: Martha Hoschmiller
Title: Principal Pricing Analyst
Department: NSPM Regulatory
Telephone: 612-330-5973
Date: November 10, 2023

Certificate of Service

I, Joshua DePauw, 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

or

xx electronic filing

Docket No. E002/M-13-867

Dated this 22nd day of January 2024

/s/

____
Joshua DePauw
Regulatory Administrator

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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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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_13-867_Official
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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_13-867_Official
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