

August 13, 2013

PUC Docket Number E-002/
M-12-1278

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: Renewable Development Fund – Cycle 4 Recommendations

Dear Dr. Haar:

The Metropolitan Council submits the following comments regarding Northern States Power Company's (dba Xcel) Renewable Development Fund – Cycle 4 project review and recommendations.

Oak Leaf Energy Partners Ohio, LLC – our private partner and prospective developer of the solar facility – requested \$2 million dollars from the Renewable Development Fund (RDF) to benefit a prospective 1.25 MW (AC) photovoltaic array at and for the Metropolitan Council's Blue Lake wastewater treatment plant located in Shakopee, Minnesota. The RDF evaluation only considered 1 MW, but nevertheless this project scored 180.17 technical points (third highest score of all the projects reviewed). A grant would benefit all wastewater ratepayers in the metropolitan area (not just Shakopee or the plant's specific service area), but was not recommended for funding by Xcel. The project was placed on the second tier reserve list.

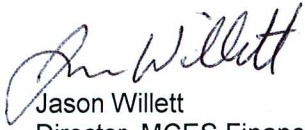
The Metropolitan Council appreciates and acknowledges that there were a high volume of very good solar projects requesting dollars from the RDF and that due to limited funds not all the projects could be funded. Xcel acknowledged that since there were so many solar projects it used the technical review as well as an "unquantifiable subjective" review to determine which projects to recommend for funding. The Selection Report submitted to the PUC on July 29, 2013, outlines the technical review of the projects. In a follow-up letter sent on August 9, 2013, Xcel provided some detail regarding the subjective review; however, there are still details regarding that review that were not included in the letter. For instance, it is not clear from the August 9th letter the weight each subjective attribute carried in the advisory review process – or more importantly on what considerations Xcel itself made the final determination that it did.

Based on the information provided in the July 29th and August 9th letters, it appears the Blue Lake Solar Project not only received a high technical score but that it should have met several of the subjective attributes as well. The only issues identified as counting against the project were *possible* contract issues and less visibility than other projects. Regarding the possibility of contract issues, at the pre-bid conference the attorney for the grant program stated that they understood there were some complexities but welcomed RDF applications that supported public-private partnerships, and that they would work with applicants on such challenges. The benefit of such a relationship being that private party can take advantage of tax incentives that the public entity cannot, thus providing greater financial leverage for the project – such an arrangement is in the public interest. Regarding the visibility issue, the project at our Blue Lake wastewater plant would be adjacent to Hwy 110 and is intentionally planned to be stretched along the highway and at ground level making it a highly visible project (as opposed to roof top systems that may not be visible from the ground).

We recommend that the PUC asks Xcel to further explain on what basis the final determination was made and in the future to make the entire evaluation more transparent, as we (and probably other applicants) will want to make better future applications (and avoid wasted effort and possible delay or changes to projects when acceptance is unlikely). Moreover, in our view, Xcel ratepayers should have the right to know how the decisions, related to funds collected from them, were made.

We do want to acknowledge a strong working relationship with Xcel on conservation through the CIP that has helped us with much of the accomplishment we have made in that area (including a Governor's Award and almost \$4 million/year of savings for ratepayers and concomitant emissions reductions). We thank you and all parties for that excellent program.

Sincerely,



Jason Willett
Director, MCEs Finance & Energy

cc: Leisa Thompson, MCEs General Manager
Mike McCabe, Oak Leaf Energy Partners
Scott Getty, Xcel Energy