

**Agenda meeting
January 25, 2018
Xcel low income pilot, Docket No. 17-527**

Revised decision options

Xcel's pilot program

1. Approve Xcel's proposed pilot program as filed.
2. Approve Xcel's proposed pilot program, with some or all of the following modifications and/or requirements:

On-Bill presentation

3. Require Xcel to separate the components of the Net Bill Credit in the presentation on customer bills, and to modify its tariff sheets accordingly. The bill credit components shown on the bill should include the subscription cost of program delivery, the bill credit rate, and the Net Bill Credit. (*Department, Fresh Energy, ELPC, Joint Commenters, CEAC*)
4. Take no action and accept Xcel's proposal for the presentation of the Net Bill Credit on customer bills.

Non-discriminatory treatment of utility and nonutility providers

5. Find that for purposes of Xcel's RENEWs pilot for low income customers, as proposed by Xcel in its June 30, 2017 petition, that the Company has sufficiently addressed issues related to equal treatment of utility and nonutility solar garden facilities as required by Minn. Stat. § 216B.1641(e)(3). (*Department, Xcel, IREC, ELPC*)
6. Find consistent with Minn. Stat. § 216B.1641 (e)(3) and the Commission's April 7, 2014 Order (in Docket No. E-002/M-13-867) that if in the future Xcel owns and operates additional low income community solar gardens beyond the Railroad Island project, the Commission will require the Company to submit additional guidelines for ensuring equal treatment of nonutility solar garden providers. These guidelines should clearly acknowledge the context of extending access to low income customers who are underserved by competitive market forces and may require special and differential treatment. These guidelines should be part of the six-month scaling plan if the Commission requires one.

Varying the net bill credit

7. Approve Xcel's proposal to vary the Net Bill Credit over the term of a customer's CSG subscription. *(Xcel, Department)*
8. Require Xcel to set the Net Bill Credit at a fixed level for the term of a customer's subscription except in instances where customers would receive additional net benefits, and to revise its tariff sheets accordingly. *(IREC, ELPC)*

On-Bill repayment for third-party providers

9. Require Xcel, within six months of Commission approval of Xcel's pilot, to file a proposal for on-bill repayment for third-party providers. *(ELPC, CEAC)*
10. ~~Take no action at this time to address the issue of on-bill repayment for third parties.~~ Require Xcel to report back to the Commission in ~~writing its first annual report~~ on the recommendations on this issue by the "Connecting Low-Income Communities Through Efficiency & Renewables" (CLICERS) workgroup (sponsored by the Minnesota Department Commerce—State Energy Office), once this workgroup issues its first draft action plan. *(Staff generated)*

Subscription sizing and energy efficiency measures

- 10.A ~~Require Xcel to modify its RENEWs CSG subscription sizing process to account for customer-specific energy savings predictions from energy efficiency measures installed during the first phase of the RENEWs program, prior to subscription sizing and subscriber enrollment.~~ *(Fresh Energy)*

Reporting requirements and scaling plan

Near term (within 30 days) supplemental information

11. Require Xcel, within 30 days of the Order in this matter, to file a compliance report containing the following information:
 - a. Detailed information on **all** the actual and **the** anticipated costs and cost structure of the RENEWs program, including the development and operation of the Railroad Island project, and how these costs and any other inputs factor into the calculation of the Net Bill Credit. *(Department, ELPC, Fresh Energy, IREC)*
 - b. An explanation of how the Company will recover project costs in the event the cost of the CSG developed for the RENEWs pilot equals or exceeds the Value of Solar (VOS) rate, specifically identifying whether it will be seeking recovery of any costs from its general ratepayers. *(Department)*

- ~~e. Clarification of the Company's assumptions regarding energy savings achieved through the energy efficiency component of its proposed pilot program that will affect how it sizes customers' CSG subscriptions. (Department, Fresh Energy, IREC)~~
- d. Publication of the S*RC project number for the Railroad Island project such that there is public visibility into the queue status of the project. (IREC)
- ~~e. Additional detail and clarification of the LIHEAP eligibility verification process as requested by Fresh Energy in its comments filed September 15, 2017. (Fresh Energy, IREC)~~
- f. An update and clarification of the Company's planned accounting treatment of the pilot program costs, specifically whether the Company plans to track the costs of the project as "non-utility" or whether it plans to make a ratemaking adjustment to remove the asset and associated costs from future Cost of Service Studies. (Staff recommendation)

Six-month report—plan for scaling and non-discrimination

- 12. Require Xcel, within six months of the Order in this matter, to file a detailed plan for scaling its pilot program to other projects in other locations and for addressing non-discriminatory treatment of third-party providers. The scaling plan should include a list of priority neighborhoods where Xcel would propose to expand the program and dates by which the expansion could occur. In addressing non-discriminatory treatment of third-party providers, Xcel should explain in detail how the program, as it scales, will continue to meet the statutory requirement under Minn. Stat. § 216B.1641 (e)(3), and the steps it will take to increase the economic value of CSGs to low income participants. (IREC, ELPC, Joint Commenters, CEAC, Fresh Energy, Ampion)
- 12.A Require Xcel within six months of the Order in this matter to file a list of priority neighborhoods where it might expand the RENEWs program. Xcel should work with Fresh Energy in developing this list and prioritizing the neighborhoods.
- 13. Require Xcel to specifically address some or all of the following topics in the six-month report ordered in Decision Option 12 above:
 - a. a plan for the solicitation of outside projects through an RFP process for its next pilot
 - b. a plan for allowing nonutility CSG developers access to the necessary system data to inform siting of gardens in low-cost, high-benefit locations for low income subscribers
 - c. a plan for providing access for nonutility CSG developers to relevant customer data
 - d. a commitment to make public the S*RC project number for any project that becomes part of Xcel's low income pilot program as proposed by IREC

14. Require Xcel to submit an evaluation of its low income pilot program following one year of operation, including recommendations for any program changes and a plan for expanding the offering to other neighborhoods within Xcel's service territory. The proposal should address the ability of other CSG operators and third party providers to use on-bill repayment for their low income CSG offerings. (*Department*)

Quarterly reporting and information sharing

15. Require Xcel to modify its proposal to provide quarterly rather than annual reporting and to include all the same items adopted by the Commission for annual reporting. (*IREC, ELPC*)
16. Require Xcel to hold ~~quarterly~~ twice a year **interactive** progress reporting sessions, in-person or through phone conferencing/webinars, in place of written quarterly reports. As part of these sessions, Xcel should update stakeholders on the progress of the pilot, including successes and/or problems encountered. It should also address questions raised by stakeholders and interested parties.

Annual reporting

17. Require Xcel, consistent with its petition, to file annual reports, beginning April 1, 2019, on the progress and operation of the pilot. These reports should include the information:
 - a. total number of subscribers
 - b. total garden production
 - c. total bill credits provided
 - d. rate of subscription uptake
 - e. an evaluation of its outreach strategies, and modifications to ensure CSG access
 - f. the impact of energy efficiency measures installed
 - g. program costs including administrative, outreach, equipment and delivery labor costs
 - h. identification and reporting on non-energy benefits to the neighborhood
 - i. identification of drivers and barriers to low income participation in CSGs
 - j. opportunities for energy efficiency improvements or new technologies that could yield more cost-effective energy savings.
 - k. estimated annual energy savings for the program (weather normalized) (MWh)
 - l. estimated annual energy savings for each subscriber (weather normalized) (kWh)
 - m. actual bill savings benefits that accrued to participants (the difference between what participants would have paid for electricity had they not participated in the CSG and the amount paid under the program).
 - n. all actual project and program costs and any adjustments to the Net Bill Credit.**

(Xcel, Department, Fresh Energy, IREC, ELPC, Joint Commenters)

- 17.A Require Xcel based on the data reported in its first annual report to provide recommendations for any program changes and possible expansion of the RENEWS program to other neighborhoods in its service territory. Xcel should also explain how it will continue to meet the statutory requirements of Minn. Stat. § 216B.1641 (e)(3).

Additional information for annual reporting (in some cases there may be duplication with the reporting requirements above)

18. Require Xcel to report project implementation actions for each project partner, CSG program costs and bill credit adjustments, rate of subscription uptake, including actual participation by year, number of housing units served by category, and customer interest and disinterest. (*Fresh Energy, ELPC*)
19. Require Xcel to identify where appropriate and report on: the cost of delivering the proposed pilot offering (administration, outreach, equipment, and delivery labor), the non-energy benefits delivered to the neighborhood (employment, education, vacancy losses, or health and safety benefits), drivers and barriers to participation in low income community solar garden, compliance with its three principles related to non-discrimination. (*IREC, ELPC*)
20. Require Xcel to separate and report on the costs related to the community solar garden component of the pilot program from those resulting from the energy efficiency component of the project. (*IREC*)
21. Delegate authority to the Executive Secretary to issue a notice adjusting Xcel's annual reporting requirements as necessary.

Final evaluation report at the conclusion of the three year pilot

22. Accept Xcel's proposal to submit a final evaluation report within 12 months of the conclusion of the three year pilot. This report will be the last of the three annual reports and, in addition to information required above by the Commission, the report will include market research and analysis performed throughout the pilot and an analysis incorporating all available findings from the pilot. (*Xcel*)

Setting a goal for low income participation

23. Require Xcel to establish a numeric program-wide goal of 5% for low income residential subscriber participation in Xcel's CSG program. (*Joint Commenters, ILSR*)
24. Encourage Xcel to meet the low income participation goal required above through: (1) working with the S*RC Stakeholder Workgroup to develop a streamlined prequalification process to enable and track low income qualification, and (2) adding a

statement to its current S*RC program reports indicating progress towards the goal.
(*Joint Commenters*)

25. Require Xcel to track progress towards the low income participation goal required above by reporting on the total number of low income subscribers in the S*RC program report (Docket No. E-002/M-13-867) relative to the total number of program subscribers.
(*Joint Commenters*)

[Note: The Joint Commenters noted that the low income participation goal could also be set as 10% of residential participation.]

Other mechanisms to broaden low income access to CSG

26. Direct Xcel to implement some or all of the following actions to facilitate broader low income customer access to Xcel’s community solar garden program:
- a. a low income adder of \$0.015 per kWh to be combined with a residential adder of \$0.025 per kWh
 - b. credit-risk-reducing mechanisms including back-up subscribers, adders, and loss-reserve-backed pay-as-you-go subscriptions
 - c. streamlined LIHEAP eligibility procedures
 - d. targeted cost reduction for low income subscribers, such as points or incentives
 - e. feed-in tariff programs
 - f. coordination of energy efficiency improvements with recruitment of new CSG subscribers
 - g. siting of CSGs in economically disadvantaged locations or multi-family units
 - h. targeted outreach to multifamily residents, who could benefit from access to CSG
 - i. enhanced CSG interconnection options
 - j. direct compensation and subsidies for low income customers
 - k. raising subscription sizes to capture scale economies
27. Require Xcel to work with the existing S*RC Stakeholder Workgroup to develop and file, within 120 days of the issue date of the Order in this matter, proposed tariff sheets to establish:
- a. a broad, program-level definition of “low income subscriber”
 - b. a simple, streamlined process for nonutility CSG developers and owners/operators to identify and pre-qualify eligible low income subscribers, including households or rental properties already certified as “low income” by a duly authorized state or federal government agency.
- (*Joint Commenters, ILSR*)

28. Require Xcel to work with the S*RC Stakeholder Workgroup to analyze the low income community solar programs in other states and provinces (such as Colorado, New York,

Maryland, California, Oregon, Washington, D.C. and Ontario) to identify programs that may be appropriate for consideration in Minnesota, and to report back to the Commission within 120 days of the Order in this matter.

29. Require Xcel to establish and work with a low income stakeholder workgroup to expand access, outreach and education for Xcel's community solar garden program for low income customers by addressing issues raised in this docket, including the development of a robust market for increasing low income customer access to Xcel's program.
30. Direct staff to issue a notice soliciting comments, in Docket No. E-002/M-13-867, on the ILSR's principles for low income program design (filed March 1, 2017, in the current docket), as well as additional suggestions for overcoming barriers and encouraging the competitive market to provide low income CSG access. *(ELPC, Joint Commenters)*

Assisting customers at the end of subscription term

31. Require Xcel to work with its Project Partners to assist customers who have reached the end of their RENEWs subscription term in finding other CSG offerings that might be available to them. *(Fresh Energy)*

Compliance filings

32. Where not otherwise specifically required, require Xcel, within 30 days of the Order in this matter, to submit compliance filings in the current docket and updated tariff sheets to reflect the Commission's decisions.