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July 31, 2017

—Via Electronic Filing—

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

RE: REPLY COMMENTS
SOLAR ENERGY STANDARD
DOCKET NO. E999/M-17-283

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed Reply Comments in response to the Commission's June 23, 2017 Notice and comments filed by parties in the above-mentioned docket.

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 Amber Hedlund at amber.r.hedlund@xcelenergy.com or (612) 337-2268 if you have any questions regarding this filing.

Sincerely,

/s/

BRIA E. SHEA
DIRECTOR, REGULATORY & STRATEGIC ANALYSIS

Enclosure
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF UTILITIES ANNUAL
REPORTS ON PROGRESS IN ACHIEVING
THE SOLAR ENERGY STANDARD

DOCKET NO. E999/M-17-283

REPLY COMMENTS

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy (the Company), submits these Reply Comments in response to the Commission's June 23, 2017 Notice and comments filed by parties in the above-mentioned docket.

The Company continues to request approval of our request to count Solar*Rewards Community subscriptions of 20 kW or less towards our carve-out requirement and below provides our Reply Comments to parties' recommendations that the Commission reject the Company's request.

REPLY COMMENTS

A. Allowing S*RC Subscriptions to Apply towards the Carve-Out

Multiple parties referred to the decision the Commission made in Minnesota Power's docket last July¹ as a reason the Commission should deny our request. We believe this decision needs to be made individually for each utility. Commenting parties suggest that allowing Solar*Rewards Community subscriptions of 20 kW or less is not supported by the statute since the statute requires the solar energy be generated or procured from devices with a nameplate capacity of 20 kW or less.² However, the Commission has the option to modify the statutory obligation and allow the Company to use S*RC subscriptions to count towards the carve-out if it is in the

¹ Docket No. E015/M-15-825, In the Matter of a Petition by Minnesota Power for Approval of a Community Solar Garden Program, ORDER APPROVING PILOT PROGRAM WITH MODIFICATIONS, (July 27, 2016).

² Minn. Stat. § 216B.1691, Subd. 2f

public interest to do so.³ We addressed this in our June 1, 2017 report and provide further support below.

First, using community solar garden subscriptions of 20 kW or less towards the carve-out meets the spirit of the legislation which is to promote residential and small commercial customer participation in the production of distributed solar generation. The Solar*Rewards Community program provides customers with a choice that allows them to support and benefit from solar without the burdens of having to own and maintain a private installation. Also, there are customers that cannot participate in rooftop solar for a variety of reasons that now have the option to choose to participate in the Solar*Rewards Community program. We support customers choosing either option and believe the Company programs should be viewed equally in terms of compliance. These programs accomplish the same goals – bringing more solar energy choices to customers in Minnesota while encouraging a healthy solar marketplace with a wide variety of players. The program the customer chooses should not impact the Company’s means of complying with the carve-out requirement when both programs accomplish the same goals for the same group of residential and small business customers.

Second, using community solar garden subscriptions to count towards the carve-out would lessen the financial burden to comply. The legislation passed in 2017 includes a Minnesota energy policy goal that retail electricity rates for each customer class be at least five percent below the national average.⁴ The Solar*Rewards Community program has been undertaken at significant expense to our customers, and additional expense would be necessary to meet the carve-out if we are unable to use these subscriptions towards our carve-out requirement. In addition to the program expense, significant funds have also been spent to bring other small solar on to the system through the Solar*Rewards and Made in Minnesota programs, with significant Solar*Rewards funding continuing through 2022. The Company’s request requires no additional expense to customers; it simply takes advantage of an additional small solar option that is already on the Company’s system helping us not only comply with the carve-out requirement, but also the new rate legislation mentioned above.

³ As noted on page 9 of the Commission’s July 27, 2016, Order in Docket No. E015/M-15-825 (*In the Matter of a Petition by Minnesota Power for Approval of a Community Solar Garden Program*), the Commission may delay or modify the obligation if doing so is in the public interest (Minn. Stat. § 216B.1691, Subd. 2b).

⁴ Minn. Stat. §216C.05, Subd. 2(4).

B. Additional Comments

*1. Solar*Rewards*

Our Solar Energy Standard (SES) Supplement, filed on June 19, 2017 in this docket noted the legislative change to the Solar*Rewards program. This adjustment altered our forecast for the small solar carve out and extended our ability towards compliance. The Solar*Rewards program will essentially help the Company meet the carve-out through 2028. However, this is assuming the program reaches full allocation each year with a 75 percent installation rate, and thus has embedded risk that actual results could differ from the forecast in either direction. While we will continue to monitor progress and report compliance levels in future reports, the Company cannot predict what the market demand and installation rate will be for small solar rooftops, nor can it ensure the production of systems will remain steady or even in service over 10 years.

All Energy Solar (AES) recommended additional transparency with the allocation of Solar*Rewards funding.⁵ We appreciate the interest and note that the Company provides these details in Docket No. E002/M-13-1015 annually by June 1. Program allocations for 2017 are already more than 90 percent complete,⁶ and we anticipate a robust start to next year's enhanced capacity when it opens in early 2018.

2. Compliance Forecast

The Minnesota Solar Energy Industries Association (MnSEIA) suggested that the Commission require investor owned utilities (IOUs) to submit annual numeric goals from 2017 to 2020 to allow the Commission to measure 2020 small scale carve out compliance with an eye towards the IOUs good faith efforts to meet those goals.⁷ The Company provided our compliance forecast in Section 2 of our SES Report filed on June 1 in this docket and we will continue to provide this information in future SES reports.

3. Solar RECs

As discussed in our June 1 SES Report, using the Midwest Renewable Energy Tracking System (M-RETS) creates an issue as it relates to the small solar carve-out. In short, smaller sized systems owned by many different customers are currently bundled by M-RETS into groupings totaling one MW in nameplate capacity which

⁵ See AES Comments in Docket No. E999/M-17-283, July 14, 2017, Comment 4.

⁶ The most recent allocation levels were submitted to the Department of Commerce in our Supplemental filing to our 2016 Annual Report on July 14, 2017, Docket No. E002/M-13-1015.

⁷ See MnSEIA Comments in Docket No. E999/M-17-283, July 14, 2017, Page 3.

does not allow for an opportunity to purchase small system RECs. The Commission requires that all S-RECs must be generated from facilities registered in M-RETS to be eligible for SES compliance.⁸ We agree with US Renewable Energy Credit –Exchange Inc. that a more flexible approach to small solar registration and verification should be developed.

While at this time the Company has no plans to purchase out-of-state solar RECs to meet the SES, we note that the Commission allows out-of-state solar RECS to be used for SES compliance provided that these RECs are registered in M-RETS.⁹

CONCLUSION

We appreciate the opportunity to provide these Reply Comments to the Commission in response to the comments received in this docket. We respectfully request to count Solar*Rewards Community subscriptions of 20 kW or less towards our SES carve-out requirement.

Dated: July 31, 2017

Northern States Power Company

⁸ Commission order of April 25, 2014, Docket Nos. E99/CI-13-542, ordering point 6.

⁹ Commission order of April 25, 2014, Docket Nos. E99/CI-13-542, ordering points 3 and 6.

CERTIFICATE OF SERVICE

I, Carl Cronin, 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. E999/M-17-283

Dated this 31st day of July 2017

/s/

Carl Cronin
Regulatory Administrator

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