

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 7th Place East, Suite 350
St. Paul, MN 55101-2147

In the Matter of Xcel Energy's Plan for a
Community Solar Garden Program Pursuant to
Minn. Stat. § 216B.1641

PUC Docket No. E-002/M-13-867

COMMENT

An ad hoc community of solar businesses including SolarStone Partners, LLC; Sunrise Energy Ventures, LLC; and SunShare, LLC (collectively, the "CSG Developer Group"), all with invested interest in the success of the community solar garden program in Minnesota (the "CSG program") files this comment in response to the Minnesota Public Utilities Commission's (the "Commission") notice of opportunity to comment on the filing by Xcel Energy ("Xcel") proposing revisions to Section 9 of its tariff.

I. INTRODUCTION

In the notice of comment period, the Commission requested comments on: 1) whether Xcel Energy's proposed Section 9 CSG program tariff revisions adequately address the updated Minnesota Distributed Energy Resource Interconnection Process and Agreement (MN DIP/MN DIA) as approved in the August 13, 2018 Order and updated in the November 30, 2018 Notice in E999/CI-16-521; 2) whether the proposed Section 9 CSG program tariff revisions that go beyond what is required by the MN DIP/MN DIA are appropriate and necessary; and 3) whether there are other issues or concerns related to this matter. CSG Developer Group submits that certain aspects of the proposed Section 9 CSG program tariff revisions are inappropriate and unnecessary to implement the MN DIP/MN DIA, either violate the terms of the 2015 settlement in this docket or jeopardize CSG financing, and should be rejected. In addition, CSG Developer Group notes that the tariff revisions proposed by Xcel and recent decisions in this docket have been cause to consider ways in which the CSG program as a whole might be made to work better in the future. Thus the CSG Developer Group respectfully requests the Commission also open a comment period where such programmatic improvements could be effectively addressed.

II. ANALYSIS

A. **XCEL'S PROPOSED WHOLESALE ELIMINATION OF THE INDEPENDENT ENGINEER PROGRAM IS UNNECESSARY AND VIOLATES THE 2015 SETTLEMENT**

As noted by Xcel in its December 14, 2018 filing, the CSG provisions in Section 9 of Xcel's electric rate book are program specific and supplement the general interconnection rules and requirements for distributed generation. Xcel proposes new Terms and Conditions for all CSG applications subject to the MN DIP in which it proposes to eliminate the current version of Section 9 (Sheet Nos. 68.1 through 68.16) for applications subject to the MN DIP. This change would remove, among other things, the ability for applicants to request an independent engineer to resolve material disputes affecting interconnection applications subject to the CSG program.

The independent engineer was a material component of the settlement agreement approved by the Commission in its August 6, 2015 Order in Docket No. E-002/M-13-867 ("2015 Settlement").¹ In the 2015 Settlement Order, CSG developers agreed to Xcel's request to limit the aggregate capacity of co-located gardens and certain other limitations in exchange for four provisions intended to facilitate the fair and efficient interconnection of gardens. One of those four provisions was the procedure for submitting interconnection disputes to the independent engineer.

We note that the independent engineer dispute process has served as an important technical check on the limitations Xcel applies or upgrades it maintains are necessary for interconnection. The independent engineer's decision on voltage alone made a material difference in the number and size of projects that have reached commercial operation in the CSG program. CSG Developer Group strongly urges the Commission to reject Xcel's proposal to eliminate the independent engineer process for applications subject to the MN DIP.

While CSG Developer Group welcomes the addition of the mediation process in MN DIP (Docket No. E002/M-18-714, Sheet No. 196, Section 5.3.6), we are concerned that the only avenue to an outside mediator is by mutual agreement of the disputing parties and, even then,

¹ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of Its Proposed Community Solar Garden Program*, Docket No. E-002/M-13-867, ORDER ADOPTING PARTIAL SETTLEMENT AS MODIFIED (Aug. 6, 2015).

there is no certainty the mediator would have adequate technical expertise. Most importantly Xcel has not sufficiently explained why the addition of the mediation process is incompatible with the independent engineer process that came out of the 2015 Settlement. It could instead be incorporated in to the third-party mediator step outlined in Section 5.3.6 of Sheet No. 196. The CSG Developer Group requests that the independent engineer process be retained and that Xcel's wholesale elimination thereof is neither appropriate or necessary to implementing the MN DIP.

B. CERTAIN PROPOSED CHANGES WOULD UNNECESSARILY JEOPARDIZE FINANCING

First, CSG Developer Group objects to the additional language on Sheet No. 66.1, Section k(2), which allows Xcel, before returning a deposit to a garden operator, to “apply[] the deposit towards any past due amounts that the garden operator (or any corporate affiliate of the garden operator) owes to the Company pursuant to the Solar*Rewards Community Program.” This proposed change would remove the assurance financing parties currently have that their deposits will be returned upon completion or cancellation of the project. CSG developers depend upon the guarantee that their financing partners will recoup their deposits to obtain financing. If Xcel can apply the deposit to outstanding payments of the developer or one of its affiliates (which may have projects backed by different financing parties), financiers will be exposed to an unacceptable level of risk, and this will significantly increase the cost of capital for developers. The Commission has previously been careful to guard against actions that would create obstacles to financing,² has taken steps to facilitate the financing of the deposits themselves,³ and should reject this proposal as unnecessarily increasing the financing risk and costs for CSGs. It is not clear whether Xcel fully appreciates the negative consequences the change would have on the financing of the deposits, and we hope for further clarification from Xcel with respect to why this change is needed now despite the costly consequences.

² *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of Its Proposed Community Solar Garden Program*, Docket No. E-002/M-13-867, ORDER REJECTING XCEL'S SOLAR-GARDEN TARIFF FILING AND REQUIRING THE COMPANY TO FILE A REVISED SOLAR-GARDEN PLAN at 10 (Apr. 7, 2014) (noting that a proposed forfeiture of the deposit would complicate the financing of solar gardens).

³ 2015 SETTLEMENT ORDER, at 22 (directing the use of escrow arrangements in the program to reduce the risks of financing of the deposits).

Second, CSG Developer Group objects to the language on Sheet No. 77, Section 6(F) that requires CSG operators to include in their Annual Report “a Parent guarantee that [the Parent entity] has financial responsibility or the obligation to pay debts on behalf of subsidiary companies.” Xcel provides no explanation for this requirement. CSG Developer Group has concerns that this provision could complicate financing, which can take many forms and is often done on the basis of an individual CSG, not at the parent entity level, resulting in unintended consequences.

Third, CSG Developer Group appreciates that the late fees added on Sheet No. 67.3 have effectively been part of the program for some time now. That said, it urges the Commission to consider bringing some parity to the interconnection process for applicants that are left waiting exclusively on Xcel to conduct final witness testing and grant permission to operate. As proposed (and as in effect today) an applicant may elect to pay late fees of \$200/day/MW for projects that fail to meet Mechanical Completion on time but that can show substantial progress - something that may be appropriate when the delays are due to the applicant. In some cases, however, CSG developers and subscribers are waiting months past Xcel’s scheduled interconnection dates with no recourse. CSG Developer Group appreciates the importance of timely completion of projects, but stresses that Xcel delays just prior to commercial operation can have costly consequences to developers trying to meet financing conditions and deadlines. When Xcel is delayed, in some cases for close to half a year, with fully constructed, subscribed, and financed solar projects, the cost to developers can run into hundreds of thousands of dollars a month. Sometimes worse is the reputational damage to the developer, with thousands of residential subscribers kept waiting for extensive periods of time. The fact that day-for-day extensions do not apply during this period only exacerbates this scenario by forcing the applicant to pay substantial fees for delays it has no control over. CSG Developer Group respectfully asks that the Commission consider whether day-for-day extensions should apply during this late fee period and/or require Xcel to revise its tariff to include specific deliverable timelines in which Xcel must interconnect a project so long as the requested in-service date is reasonable and the developer has met its obligations.

C. THE COMMISSION SHOULD CONSIDER ADDITIONAL UPDATES TO MODERNIZE THE CSG PROGRAM

Given that the programmatic changes included in Xcel's tariff revisions and in light of the recent and relevant decisions in this docket, CSG Developer Group respectfully requests that the Commission open a comment period to address potential program improvements that could be made for the future benefit of the program and its participants. CSG Developer Group anticipates comments may address an array of issues some of which may be reasonably efficient to implement while others might be somewhat more controversial or complex but could add substantial value. Such items, among others, could include: (1) allowing new electric vehicle owners to upsize their CSG subscription more quickly without waiting for a year's usage data; (2) providing technical or online solutions that would make the process of signing up for residential subscribers more clear and efficient; (3) allowing for the use of advanced inverter functionality; (4) considering whether the program deposits should be released earlier in the process when the interconnection agreements are executed and estimated interconnection costs paid; (5) analyzing whether 5 year renewal periods could be added to material contracts to bring them more in line with the useful life of solar facilities; and (6) bringing interconnection study fees more in-line by capping them at a level reasonable for the scale and complexity of a project.

III. CONCLUSION

CSG Developer Group respectfully requests that the Commission reject Xcel's proposals that are not necessary to integrate the MN DIP, that violate the 2015 Settlement, or that would otherwise jeopardize CSG financing. More specifically, it asks that the 1) independent engineer process be integrated into the MN DIP process for CSG-related applications rather than removed altogether, 2) deposits remain wholly refundable, 3) unnecessary parent entity guarantees not be required, and 4) Xcel's tariff be revised to include deliverable timelines to reach interconnection. Additionally, CSG Developer Group asks that the Commission open a comment period to analyze additional program improvements that could be made in light of these and other recent changes in the docket. So doing could help make important program goals more attainable, such as including more residential subscribers and bringing costs down.

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Respectfully submitted,

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