

**Paulson Law Office, Ltd.**  
**7301 Ohms Lane**  
**Suite 325**  
**Edina, MN 55439**

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Telephone (952)835-0055  
Facsimile (952)835-2984  
e-mail [jeff.jcplaw@comcast.net](mailto:jeff.jcplaw@comcast.net)

April 2, 2015

Mr. Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East  
Suite 350  
St. Paul, MN 55101-2198

Re: MN Community Solar, LLC  
PUC Docket No. E002/M-13-867

Dear Mr. Wolf:

We represent MN Community Solar, LLC and are eFiling and eServing the attached Comments of MN Community Solar LLC and Certificate of Service on their behalf in the above-captioned matter.

Please feel free to contact me with any questions you may have.

Yours truly,



Jeffrey C. Paulson

JCP/pat  
Enclosure

cc: Parties; MN Community Solar, LLC

**STATE OF MINNESOTA  
PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

**In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for approval of its proposed Community Solar Gardens Program**

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

**ADDITIONAL COMMENTS OF MN COMMUNITY SOLAR, LLC**

**INTRODUCTION**

On November 7, 2014, the Minnesota Public Utilities Commission (“Commission”) approved Northern States Power Company’s (“NSP”) tariff and program with respect to community solar gardens (“CSGs”). Two parties filed motions for clarification on specific issues and, after rounds of comments on each motion, the Commission denied each request in two separate orders dated February 13, 2015. In addition, on February 10, 2015, NSP filed unsolicited comments with the Commission raising issues regarding the perceived size of certain proposed CSGs and potential rate impact from the CSG program, among other things. The Commission received comments on February 24, 2015 from numerous parties and reply comments on March 4, 2015. The Commission elected not to undertake further proceedings or actions on NSP’s issues, as reflected in a letter dated March 10, 2015.

The Commission also separately requested comments from parties with respect to certain CSG program components in notices dated October 2014 and January 28, 2015. Parties submitted comments on various identified topics. On March 13, 2015, the Commission issued another Notice of Comment Period offering parties the opportunity to address any other open issues in this docket as well as whether there should be a change to use of the Value of Solar (“VOS”) rate (with adder) instead of the current Applicable Retail Rate (“ARR”) for purposes of bill credits for CSG subscribers. On March 2, 2015, NSP filed both a new VOS calculation and an adjusted ARR calculation.

MN Community Solar, LLC (“MNCS”) is a Minneapolis CSG developer and has actively participated in these proceedings. MNCS is developing several CSG projects in

the metropolitan area, and is actively engaged with NSP and other participants in the collaborative implementation working group organized to address details of implementation of NSP's CSG program ("Working Group"). MNCS's comments on issues since November 7, 2014 have generally adhered to the principle that no changes are currently needed to the CSG program as originally approved, and that relatively minor implementation details can be handled by the work group and parties in the ordinary course of business. After review of all the comments filed recently, MNCS believes this position remains correct in all respects, and that it is important to end these discussions so as to provide certainty and stability needed for continued CSG development.

## DISCUSSION

### I. Requested Changes To The CSG Program Are Unnecessary

As evidenced by NSP's status reports to the Commissions, the Commission's approved CSG Program has been successful in attracting a substantial number of market participants and proposed projects. This is the first step in assessing whether the program's objectives are being met. Developers are able and willing to expend substantial money and resources to get projects approved and subscribed, based on business models founded in existing CSG program details. Assuming projects are approved, the key to attracting subscribers and financiers for a long-term commitment to a CSG is to be able to offer them certainty and stability in how the project and CSG program will work. Without this, project development and financing will grind to a halt and the successful launch of the CSG program will run aground. It is particularly important to stop program reconfiguration promptly so projects can be finalized and built before expiration of the investment tax credit at the end of 2016.

Several parties have presented proposed CSG program changes. NSP, confronted with the actual possible success of the program, seems to have buyer's remorse and offers changes which will seriously undermine that success. Apparently, NSP was happy to offer a meaningful, viable CSG program as long as it actually did not result in meaningful amounts of viable projects. Conversely, other parties seem intent on continuing to use the Commission to perfect program details or rearrange the program details at the margin to promote their particular market niche or objectives. Either way, the continuing disputes are unproductive and interfere with the ability of developers in the marketplace to push projects to completion without the crippling uncertainty of ongoing proceedings at the Commission. This position is supported generally by the Department in its various comments, the "Solar Garden Community" members in their February 24, 2015 comments, and MNSEIA in its February 24, and March 2, 2015 comments; it is also supported by the reasoning of the Commission's February 13, 2015 orders on prior clarification requests and March 10, 2015 letter to NSP. MNCS recommends a similar result here to quickly put to rest unnecessary regulatory uncertainty hindering financing and subscription.

## II. Specific Issues.

A few proposed revisions deserve special mention.

### A. Interconnection Details.

MNCS believes the current interconnection process does not require Commission action at this time. NSP's tariff and MISO processes, if applicable, are sufficiently defined to handle existing requests. Having said this, making substation and similar distribution system capacity information more readily available for "pre-screening" by developers, as described best by SunShare, would be a valuable tool for avoiding wasted resources on the part of developers and NSP, but MNCS believes this can be accomplished without causing disruption to any other CSG processes or program details.

In fact, the Working Group has been addressing this proposal in detail, and has reached a general consensus on what information a pre-screening would provide. It has been proposed that a pre-application report similar to that described in FERC Order 792 be made available at a cost of \$300; NSP is reviewing this approach. In any event, it appears the working group is serving its purpose on these issues with an expected resolution shortly and further Commission action may not be necessary.

### B. Proposed Changes to the Applicable Retail Rate (ARR).

NSP proposes to reduce the ARR, and the amount paid for RECs from CSGs on the premise that the record in the case does not support the ARR rates adopted and approved in the Commission's prior orders. See NSP March 2, 2015 Reply Comments at 2. Presumably, of course, this would have been an argument to be made in this docket prior to the Commission's final orders; interestingly, NSP advocated at that time, along with MNCS, for adoption of the ARR to determine CSG rates as the method best suited to promote CSG viability. Clearly its change of heart is meant only to stifle unexpected success.

Further, while NSP claims no developer submitted pro formas or analysis to support the need for the existing ARR rate, this is not true. MNCS did submit such information with its June 2, 2014 comments, for example. Second, it is important to recognize this is a fluid market whose cost profile and financing requirements are not mature; it is not possible to predict in advance with scientific precision what will prove to be "minimally" necessary to sustain viable projects, and NSP is certainly not in a position to know or predict it at this time. The best way to glean such data is for the market to move forward with the current rates and assess performance once sufficient data exists to do so. Otherwise, we are all just positing guesses designed to support our desired conclusions. NSP's proposed changes, so soon after program adoption, would substantially damage evolution of the CSG market.

### C. Proposed Transition to VOS.

In early proceedings in this case, the majority of parties advocated for use of a VOS rate for CSGs, even though it was decidedly lower than the ARR. This led such parties to advocate for a VOS “adder” which would result in a rate substantially equivalent to the ARR. MNCS felt then, and feels now, that the ARR is appropriate and workable and that there is no reason or need to transition to a VOS rate with some as yet undefined adder. In fact, switching rates at this stage in the program would cause a major disruption to existing business models, while offering no substantive improvement in actual CSG rates. It is simply change for change sake.

No such revision is needed or justified, and several other parties, including prior proponents of the VOS, agree that at this stage of program development it would cause more harm than good. See Department of Commerce Reply Comments dated March 2, 2015, at Section II(A); MNSEIA Reply Comments dated March 2, 2015 at 7-9; SunShare Reply Comments dated March 2, 2015 at 6 (current rate structure working well and should be retained for at least two years). Allowing CSGs to continue using the ARR obviates the need for further discussion or proceedings on appropriate VOS adders or escalators and the deduction of developer and NSP resources to program implementation and project development rather than continued regulatory proceedings.

#### D. RECs for Unsubscribed Energy.

NSP suggests that it should not be required to pay for RECs associated with Unsubscribed Energy it is purchasing, or at least not at the rates prescribed for subscribed energy in the CSG program. To begin with, however, if NSP expects to acquire such RECs it needs to pay for them – it does not get a valuable commodity for free. Second, while NSP suggests the “subsidized” REC rate for subscribed CSG energy will unfairly reward developers when applied to Unsubscribed Energy and provide an incentive not to fully subscribe CSGs, this is at best speculative. There is no reason for developers to reduce subscription levels, and forego sizable subscription payments far larger than REC payments, to capture a better REC price. Moreover, the program and administrative costs associated with an RFP or other complicated mechanism to get a differentiated price for what will be a relatively limited amount of RECS associated with Unsubscribed Energy may exceed any benefits to anyone.

In response to NSP’s concerns, the Working Group has reviewed the issue, and an agreement has been reached that the RECs associated with Unsubscribed Energy must be purchased by NSP. In discussions about a price for such RECs other than the CSG price, one or two credible scenarios were put forth in which the price for Unsubscribed Energy plus the CSG REC price might be sufficient to support a project with a lower than ideal subscription rate. To avoid this possibility, discussions are occurring about what an agreed alternative REC price might be to satisfy both NSP and developer perspectives. MNCS believes an agreement will be reached shortly with NSP on this issue as well.

CONCLUSION

MNCS respectfully requests that the Commission issue an order (i) denying the requested proposals for program changes sought by various parties not included within agreements of the Working Group; (ii) retaining the ARR as the determinant of CSG rates, rather than VOS; (iii) closing out the Commission inquiries pending in this docket at this time; and (iv) to the extent agreements of the Working Group need to be accepted and memorialized by the Commission and NSP as tariff or other changes, including such approvals and provisions. The success of CSG development and financing will be promoted by the regulatory certainty such a decision will provide.

Respectfully Submitted,

PAULSON LAW OFFICE, LTD.

By 

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Jeffrey C. Paulson, #182382  
Attorneys for MN Community Solar, LLC  
7301 Ohms Lane, Suite 325  
Edina, MN 55439  
(952) 835-0055  
[jeff.jcplaw@comcast.net](mailto:jeff.jcplaw@comcast.net)

Dated: April 2, 2015

CERTIFICATE OF SERVICE

I, Patricia A. Treseler, hereby certify that I have this 2nd day of April, 2015, served a true and correct copy of the attached Additional Comments of MN Community Solar, LLC in Docket No. E002/M-13-867, on all persons at the addresses indicated on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same in an envelope with postage paid in the United States mail at Edina, Minnesota.



Patricia A. Treseler  
Patricia A. Treseler

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Ross	Abbey	ross@mysunshare.com	SunShare, LLC	609 S. 10th Street Suite 210 Minneapolis, MN 55404	Paper Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
Ross	Abbey	abbey@fresh-energy.org	Fresh Energy	408 Saint Peter St Ste 220  St. Paul, MN 55102-1125	Electronic Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
Michael	Allen	michael.allen@allenergysolar.com	All Energy Solar	721 W 26th st Suite 211  Minneapolis, Minnesota 55405	Electronic Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
Sara	Baldwin Auck	N/A	Interstate Renewable Energy Council, Inc.	Address  Minneapolis, MN 55120	Paper Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
Kenneth	Bradley	kbradley1965@gmail.com		2837 Emerson Ave S Apt CW112  Minneapolis, MN 55408	Electronic Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
Michael J.	Bull	mbull@mncee.org	Center for Energy and Environment	212 Third Ave N Ste 560  Minneapolis, MN 55401	Electronic Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
Jessica	Burdette	jessica.burdette@state.mn.us	Department of Commerce	85 7th Place East Suite 500 St. Paul, MN 55101	Electronic Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
Joel	Cannon	jcannon@tenksolar.com	Tenk Solar, Inc.	9549 Penn Avenue S  Bloomington, MN 55431	Electronic Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel
John J.	Carroll	jcarroll@newportpartners.com	Newport Partners, LLC	9 Cushing, Suite 200  Irvine, California 92618	Electronic Service	No	SPL_SL_13- 867_Community Solar Garden - Xcel



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Arthur	Crowell	Crowell.arthur@yahoo.com	A Work of Art Landscapes	234 Jackson Ave N  Hopkins, MN 55343	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Dustin	Denison	dustin@appliedenergyinnovations.org	Applied Energy Innovations	4000 Minnehaha Ave S  Minneapolis, MN 55406	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, Fifth Floor  Minneapolis, MN 55401	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, 1400 BRM Tower St. Paul, MN 55101	Electronic Service	Yes	SPL_SL_13-867_Community Solar Garden - Xcel
Bill	Droessler	bdroessler@iwla.org	Izaak Walton League of America-MWO	1619 Dayton Ave Ste 202  Saint Paul, MN 55104	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Betsy	Engelking	betsy@geronimoenergy.com	Geronimo Energy	7650 Edinborough Way Suite 725 Edina, MN 55435	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
John	Farrell	jfarrell@ilsr.org	Institute for Local Self-Reliance	1313 5th St SE #303  Minneapolis, MN 55414	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 55102198	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Nathan	Franzen	nathan@geronimoenergy.com	Geronimo Energy	7650 Edinborough Way Suite 725 Edina, MN 55435	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Hal	Galvin	halgalvin@comcast.net	Provectus Energy Development llc	1936 Kenwood Parkway  Minneapolis, MN 55405	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Timothy	Gulden	info@winonarenewableenergy.com	Winona Renewable Energy, LLC	1449 Ridgewood Dr  Winona, MN 55987	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Duane	Hebert	N/A	Novel Energy Solutions	1628 2nd Ave SE  Rochester, MN 55904	Paper Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Lynn	Hinkle	lhinkle@mnseia.org	Minnesota Solar Energy Industries Association	2512 33rd Ave South #2  Minneapolis, MN 55406	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Jim	Horan	Jim@MREA.org	Minnesota Rural Electric Association	11640 73rd Ave N  Maple Grove, MN 55369	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Jan	Hubbard	jan.hubbard@comcast.net		7730 Mississippi Lane  Brooklyn Park, MN 55444	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Tiffany	Hughes	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
John S.	Jaffray	jjaffray@jjrpower.com	JJR Power	350 Highway 7 Suite 236  Excelsior, MN 55331	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Eric	Jensen	ejensen@iwla.org	Izaak Walton League of America	Suite 202 1619 Dayton Avenue St. Paul, MN 55104	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Michael	Kampmeyer	mkampmeyer@a-e-group.com	AEG Group, LLC	260 Salem Church Road  Sunfish Lake, Minnesota 55118	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Brad	Klein	bklein@elpc.org	Environmental Law & Policy Center	35 E. Wacker Drive, Suite 1600 Suite 1600 Chicago, IL 60601	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Madeleine	Klein	mklein@socoreenergy.com	SoCore Energy	225 W Hubbard Street Suite 200 Chicago, IL 60654	Paper Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
John	Kluempke	jkluempke@winlectric.com	Elk River Winlectric	12777 Meadowvale Rd  Elk River, MN 55330	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Jon	Kramer	jk2surf@aol.com	Sundial Solar	4708 york ave. S  Minneapolis, MN 55410	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Michael	Krause	michaelkrause61@yahoo.com	Kandiyo Consulting, LLC	433 S 7th Street Suite 2025 Minneapolis, Minnesota 55415	Paper Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Dean	Leischow	N/A	Sunrise Energy Ventures	601 Carlson Parkway, Suite 1050  Minneapolis, MN 55305	Paper Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Rebecca	Lundberg	rebecca.lundberg@powerfullygreen.com	Powerfully Green	11451 Oregon Ave N  Champlin, MN 55316	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Casey	MacCallum	casey@appliedenergyinnovations.org	Applied Energy Innovations	4000 Minnehaha Ave S  Minneapolis, MN 55406	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Erica	McConnell	emcconnell@kfwlaw.com	Keyes, Fox & Wiedman LLP	436 14th Street, Suite 1305  Oakland, California 94612	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Thomas	Melone	Thomas.Melone@AllcoUS.com	Minnesota Go Solar LLC	222 South 9th Street Suite 1600 Minneapolis, Minnesota 55120	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Martin	Morud	mmorud@trunorthsolar.com	Tru North Solar	5115 45th Ave S  Minneapolis, MN 55417	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Rolf	Nordstrom	rnordstrom@gpisd.net	Great Plains Institute	2801 21ST AVE S STE 220  Minneapolis, MN 55407-1229	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Jeff	O'Neill	jeff.oneill@ci.monticello.mn.us	City of Monticello	505 Walnut Street Suite 1 Monticello, Minnesota 55362	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Jeffrey C	Paulson	jeff.jcplaw@comcast.net	Paulson Law Office, Ltd.	7301 Ohms Ln Ste 325  Edina, MN 55439	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Donna	Pickard	dpickard@aladdinsolar.com	Aladdin Solar	1215 Lilac Lane  Excelsior, MN 55331	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Gayle	Prest	gayle.prest@minneapolismn.gov	City of Mpls Sustainability	350 South 5th St, #315  Minneapolis, MN 55415	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Dan	Rogers	drogers@sunedison.com	SunEdison	N/A	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Matthew J.	Schuerger P.E.	mjsreg@earthlink.net	Energy Systems Consulting Services, LLC	PO Box 16129  St. Paul, MN 55116	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Doug	Shoemaker	dougs@mnRenewables.org	MRES	2928 5th Ave S Minneapolis, MN 55408	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Thomas P.	Sweeney III	tom.sweeney@easycleaneenergy.com	Clean Energy Collective	P O Box 1828 Boulder, CO 80306-1828	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Pat	Treseler	pat.jcplaw@comcast.net	Paulson Law Office LTD	Suite 325 7301 Ohms Lane Edina, MN 55439	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Jason	Willett	jason.willett@metc.state.mn.us	Metropolitan Council	390 Robert St N Saint Paul, MN 55101-1805	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Daniel	Williams	DanWilliams.mg@gmail.com	Powerfully Green	11451 Oregon Avenue N Champlin, MN 55316	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel