

STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
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Docket No. E-002/M-13-867 In the Matter of the Petition for approval of Northern States Power Company, dba Xcel Energy, for approval of its Community Solar Garden Program. August 23, 2019

Reply comments on Docket No. E002/M-13-867 – IPS Solar opposition to Xcel Energy’s proposal for an alternative method for calculating the Value of Solar (VOS) avoided distribution cost for the Company’s Community Solar Garden program.

A. Introduction

IPS Solar appreciates the opportunity to provide reply comments on Xcel Energy’s proposal for an alternative method for calculating the Value of Solar (VOS) avoided distribution cost component for Minnesota’s Community Solar Garden program. IPS Solar has developed a significant number of Community Solar Gardens (CSGs) throughout Minnesota in partnership with school districts, municipalities and businesses using the VOS as a key driver for this development.

We understand that the intent of the VOS as stated in the 2013 enabling statute was to provide a rate that would benefit Xcel rate payers as well as society. Our comments today are aimed at insuring that the VOS avoided distribution cost component filed by Xcel in this docket May 1, 2019 is correctly calculated. IPS Solar attended a subsequent SRC Working Group meeting at Xcel where this proposed alternative methodology was discussed by most of the parties involved with this docket.

B Support for MnSEIA’s Proposed Formula for the VOS Avoided Distribution Capacity Costs in Countering Xcel’s Proposed Alternative Methodology

IPS Solar fully supports the position articulated by MnSEIA in its recent reply comments. We urge Commissioners to support MnSEIA’s proposed decision options that will provide a more accurate formula for calculating the avoided distribution costs from solar deployment than the formula proposed by Xcel. The MnSEIA formula is incremental and thoroughly defensible whereas elements of Xcel’s new formula are not.

To be clear, we specifically support the following changes to Xcel’s alternative methodology as part of proposed MnSEIA Decision Options A and B:

- 1) adding a longer data period;
- 2) removing the arbitrary 50% deferral factor;
- 3) including avoided investments in distribution plant; and
- 4) using a linear regression to determine the \$/kW slope when cumulative costs are compared to cumulative capacity additions.

We also support MnSEIA's Decision Option C for commissioners' consideration as another defensible pathway to improve the VOS.

In our initial comments (July 19, 2019) IPS Solar focused on removing any deferral reduction factor from Xcel's alternative distribution VOS component and at the July 31, SRC Working Group we also strongly challenged the five year data period and the failure to include distribution investments such as asset health as deferrable.

A recent PUC staff IR to Xcel concerning the 50% deferral reduction factor is framed by asking Xcel to, "Please explain in detail the rationale and analytical basis for the Deferral Reduction Factor proposed in the Company's May 1, 2019 filing in Docket No. E-002/M-13867." The response from Xcel was the exact language from their May 1, 2019 filing that the IR sought to explain:

Since it is not clear if solar could be effectively deployed in specific places on the distribution system or achieve the critical mass such that the distribution projects could be avoided or deferred by the actual solar installed, the Company proposes a 50% reduction factor to share this risk between solar providers and system customer

So, the question remains: is there any risk that Xcel would be unable to target planned distribution upgrades and determine the size/type of solar projects that would defer those upgrade investments?

The answer is No – Zero, and certainly not 50%. Any other answer would contradict Xcel's own distribution planning aimed at providing reliable power to rate payers.

C. Conclusion

IPS Solar appreciates the PUC's commitment to maintaining a robust Community Solar Garden program in Minnesota and in particular, the need to reformulate the Avoided Distribution Cost component of the VOS to help resolve volatility issues. We urge the Commissioners to support the changes proposed by MnSEIA to Xcel's alternative methodology related to this component. We believe the VOS may be further enhanced in the future to capture the full value that solar brings to ratepayers and society, but that the present focus on the Avoided Distribution Cost component is the best path forward to improve the viability of the Value of Solar.

Thank you for your consideration:

Lynn Hinkle
Partner / Policy Specialist IPS Solar DER Group
lynnh@ips-solar.com