



414 Nicollet Mall
Minneapolis, MN 55401

July 24, 2015

—Via Electronic Filing—

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

RE: PROSPECTIVE PROGRAM DESIGN - REQUEST FOR INVESTIGATION
COMMUNITY SOLAR GARDENS
DOCKET NO. E002/M-13-867

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, and the co-signatories of the Partial Settlement Agreement filed on June 22, 2015, jointly submit this letter consistent with the Commission's discussion on June 25.

We respectfully request that the Commission open an investigation into prospective program design changes for the Company's Solar*Rewards Community (community solar gardens) program, to take effect no sooner than January 1, 2017.¹ We propose an investigation to address the bill credit rate, co-location of solar gardens, the use of marginal governmental lands, minority participation, utility interconnection practices, and distribution system upgrades. We propose that the Commission refer its investigation to the Office of Administrative Hearings (OAH) for a contested case proceeding.

A. Background

During deliberations on June 25, 2015, the Commission addressed the early stages of program uptake in the Company's Solar*Rewards Community program. The Commission addressed the eligibility of projects in the application queue based on aggregate size, as well as the use of existing facilities on the distribution system and

¹ Under Minn. Stat. § 216B.14, the Commission may at any time deem it necessary to investigate and examine the condition and operation of any public utility or any part thereof.

limited upgrades driven by proposed solar garden interconnections. It addressed a variety of other aspects of the program and refined the near-term program rules for applicants, customers, and the utility.

In addition to these actions, the Commission considered how to approach contested issues going forward. We expect its Order from the June 25 meeting to approve a compromise which included, in part, a commitment from parties to come forward within thirty days with a procedural schedule addressing material program design issues on a prospective basis. We file in anticipation of the Commission's Order memorializing this action.

B. Process Considerations

As we consider the most effective means of setting a course for the program over the long term, we reviewed our experience building the record to date. Some parties have actively participated in this docket, submitting substantial comments addressing a host of issues. In select instances, we believe this exercise successfully built the record and narrowed the issues.

We believe the complexity and interdependency of the disputed issues going forward lend themselves to a contested case proceeding before an independent fact-finder. In this way, the facts can be thoroughly developed and explored by an administrative law judge (ALJ), and disputed issues can be reviewed, narrowed, and balanced in the context of a complete record. We believe this procedural channel can result in a cohesive set of recommendations for the Commission's consideration.

Accordingly, the parties to the Partial Settlement Agreement further agree that an investigation which results in findings and conclusions by an ALJ will aid the Commission in determining the appropriate program features going forward. We believe the contested case structure best addresses the issues of primary significance in this matter, and that the facilitated Implementation Workgroup could continue to address day-to-day and technical issues throughout the contested case proceeding.

By referring the matter for a contested case, the parties agree that it does not affect continuing implementation of the Solar*Rewards Community program as a result of the Commission's June 25 decision, the work of the Implementation Workgroup, or the processing of applications in accordance with the Commission's June 25 decision.

C. Issues for Investigation

We respectfully request that the Commission open an investigation and refer the investigation to the OAH for a contested case proceeding. The proceeding should address, at a minimum, the following issues.

- Should the Commission modify the subscriber bill credit rate (the Applicable Retail Rate) formula for Solar*Rewards Community?
- Should the Commission adopt other bill credit rate formulas for Solar*Rewards Community, such as the Value of Solar?
- Should the Commission allow Solar*Rewards Community applicants to participate with co-located gardens if the gardens' aggregate capacity exceeds 1 MW? If so, to what extent?
- Should the Commission allow special rules such as larger sized garden development on marginal lands owned by public or quasi-public entities? If so, to what extent?
- What actions should the Commission take, if any, to ensure minority participation in the program?
- What actions should the Commission take, if any, to ensure the participation of Residential class customers in the program?
- What actions should the Commission take, if any, regarding the Company's interconnection review practices for community solar gardens?
- How should future distribution system upgrades driven by community solar (and outside of planned grid modernization investments) be treated? How and when should upgrades be made, and at whose cost?

The Commission may wish to include additional issues in scope for this proceeding.

D. Schedule for Investigation

We propose that the Commission initiate and refer the investigation no later than October 1, 2015. We recommend the OAH be directed to conclude its investigation within approximately six months, and to issue its findings within 60 days (or no later than July 1, 2016). The Implementation Workgroup could continue to convene with a facilitator and make progress on day-to-day and technical issues in parallel throughout this period.

In considering the parties' proposal, the Commission must consider all the other dockets before it and determine what path is most appropriate. We believe our proposed schedule would allow for thorough development of the record and would synchronize with the terms of the Commission's forthcoming Order regarding future programmatic changes. In this way, the record could be brought back to the Commission in sufficient time to decide material program issues on a prospective basis.

We look forward to the Commission's guidance on the appropriate procedural path for this 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 me at (612) 215-4663 or aakash.chandarana@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

AAKASH CHANDARANA
REGIONAL VICE PRESIDENT
RATES AND REGULATORY AFFAIRS

DUANE HEBERT
NOVEL ENERGY SOLUTIONS LLC

RALPH JACOBSON
INNOVATIVE POWER SYSTEMS

JOE DEVITO
SOLARSTONE PARTNERS, LLC

MICHELLE MATTHEWS
MN COMMUNITY SOLAR, LLC

MARTIN MORUD
TRUNORTH SOLAR, LLC

c: Service List

CERTIFICATE OF SERVICE

I, SaGonna Thompson, 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. **E002/M-13-867**

Dated this 24th day of July 2015

/s/

SaGonna Thompson
Regulatory Administrator

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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