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January 8, 2024

Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 East Seventh Place, Suite 350  
Saint Paul, MN 55101

**RE: DOCKET E002/M-13-867 REGARDING XCEL PROPOSAL TO MOVE ARR-ERA CSG TO VALUE OF SOLAR RATES**

The City of Inver Grove Heights would like to submit the following comments on Xcel Energy's proposal to change the Applicable Retail Rate (ARR)-era Community Solar Garden subscriptions to Value of Solar (VOS) rates. The City of Inver Grove Heights is located in Dakota County with a population of approximately 36,000 and has participated in community solar garden contracts since 2016. The City is subscribed to approximately 2.6 million kilowatt hours of community solar from three local solar gardens, representing about 30% of the City's electricity use.

Changing the community solar garden subscriptions from the ARR credit rates to the VOS credit rates would have a significant, negative financial impact for the City of Inver Grove Heights.

In 2016, the City Council was motivated to sign on to community solar garden (CSG) subscriptions to combine a fiscal benefit to the City and its taxpayers with the environmental benefit of participating in local solar development and production. As a large subscriber, the City assisted in enabling local community solar gardens to be financed and constructed and begin generating renewable energy.

The City agreed to CSG contracts and rates based on the ARR credit rate structure as it existed at the time. Savings and benefits were projected using those same numbers. The savings helped form the basis of short- and long-term budgeting for our organization.

If the proposed VOS credit rate had been utilized by Xcel Energy in 2022 and 2023, the City of Inver Grove Heights would have experienced an annual net loss of approximately \$79,000 and \$82,800, respectively. The City anticipates it would experience net losses in this range in future years if the proposed change is enacted.

A sudden and unexpected change to these contracts, several years into their 25-year lifespan, would be a significant detriment to the City of Inver Grove Heights and other solar garden subscribers. It will likely also impact the willingness of the organization to participate in long-term energy related contracts in the future, due to changes occurring midway through what was anticipated to be stable, long-term contracts and savings plans.

As an organization, we do see financial benefit from the agreements. Part of this benefit comes from being innovative early adopters and finding a benefit for our community in the early adoption of local renewable energy generation. We do not believe we are being excessively overcompensated for them. These savings are being used to offset rising city facility operational and maintenance expenses and reduce the cost burden on our tax base.

Thank you for your consideration of these comments.

Respectfully,

A handwritten signature in black ink that reads 'Kristine Lyndal Wilson'.

Kris Wilson  
City Administrator