

August 15, 2017

*Via Electronic Filing*

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

**Re: Comments of the Clean Energy Access Coalition In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Customer Access Joint Pilot Program / Docket No. M-17-527**

Dear Mr. Wolf:

The Institute for Local Self-Reliance (ILSR) and allied signers (hereafter “the Clean Energy Access Coalition”) respectfully submit these comments in response to the Commission’s notice to provide input on Xcel Energy’s proposal for a low-income community solar pilot.

## Approve this Project (with Caveats)

To begin, we applaud the many ways this project addresses barriers to low-income participation in community solar in Minnesota:

- It provides access without credit scoring
- The project is located close to subscribers
- There’s a potential for job training, in the operations and maintenance phase
- It integrates with energy efficiency efforts
- It incorporates trusted and experienced community organizations
- The 5-year participation terms and upfront enrollment costs are reasonable

Although we think this project should be approved, there are a few areas for potential improvement:

- **Total savings are low.** In its pilot community solar program in New York, Consolidated Edison is offering low-income participants savings on the order of \$5 per month, more than twice the potential savings in Minnesota.<sup>1</sup> The New York Public Service Commission deemed even this savings too low, and asked the utility to find additional savings for participants. Pay-as-you-go subscriptions from third parties such as Cooperative Energy Futures have offered no-upfront payment savings increasing from 6% to over 40% on a 25-year subscription (with compensation based on the applicable retail rate). In the transition to value of solar, we hope that the compensation for low-income participants is comparable to that of other community solar subscribers.
- **Subscription sizes ought to be larger.** In its work on low-income community solar projects, GRID Alternatives Colorado offers average subscription sizes of 5 kilowatts, sufficient to offset half of the typical customer's electricity bill. With zero upfront costs and an opportunity to reduce public assistance, we hope that most participants subscribe to a sufficient portion to substantially reduce or eliminate their electric bill. Broader participation should not be sought at the expense of individual savings.
- Although not essential with a pilot this small, **future utility-owned low-income community solar projects should be subject to competitive bid**, as is Consolidated Edison's community solar pilot in New York.

## Note the Inadequacy

As a one-time, one-off project with no plan for replication or expansion to other providers, it is vastly inadequate for meeting low-income needs. The state of Minnesota has over 230,000 households with incomes below the federal poverty level, and with an

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<sup>1</sup> Order Approving Shared Solar Pilot Program With Modification. <http://on.ny.gov/2wQjFr3>

energy burden representing 17% of their annual household income.<sup>2</sup> Even if just a small fraction of these households reside in Xcel Energy territory, the 160 participants in this pilot are a mere drop in the bucket of offering fair access to the savings of community solar.

We ask the Commission (regardless of its decision on this project) to adopt changes to the community solar program (such as those provided in our March 1 comments) that can rapidly scale up to give low-income participants similar access to community solar as those without income limitations.<sup>3</sup>

## Emphasize that Renewable Energy Saves Customers Money

Xcel states that community solar was intended not to be a discount service and that other projects in Minnesota and around the country require customers to pay a premium. However, virtually all subscriptions in Minnesota offer bill savings, and Xcel proposes to do exactly the same thing (if to a lesser degree). Xcel implies that solar energy should cost customers more, even though widespread experience in the existing program and Xcel's own project proposal suggests otherwise.

Xcel's secondary argument is that savings for participants are made possible because of cost-shifting to non-participants; however, Xcel's proposal provides savings to subscribers at the Value of Solar while asserting that there is no cost-shifting. Xcel should identify why it sees cost shifting a concern when a project is developed by a third party, but not when it is developed by Xcel.

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<sup>2</sup> The Home Energy Affordability Gap 2016. <http://bit.ly/2wQi2tp>

<sup>3</sup> March 1 Comments of Institute for Local Self-Reliance and allied signers. <http://bit.ly/2uGTcj1>

As an additional counterpoint, the Company's calculated Value of Solar has consistently been higher than its retail electricity rate for all customer classes, suggesting that its solar customers have, in effect, subsidized non-solar customers since that tariff's inception, if not longer.

## Expand On-Bill Collection

Xcel proposes to use an on-bill collection system (see Section 4 on Page 11 of Xcel's June 30 filing) that offers the credits and includes the charges for community solar on the same bill.<sup>4</sup> This is an excellent strategy, and in fact matches the recommendations for on-bill inclusion of developer charges that we recommended in our 2016 comments. However, we have two concerns.

The first concern is that the bill credit and subscription rate are combined, obscuring the cost of the subscription and making it harder for participants to comparison shop with other community solar providers. These line items should be listed separately.

The second concern is that use of on-bill collection raises anti-competitive concerns if it's not also available to third party developers. This is not a sufficient concern to oppose its use for this project, but on-bill collection should be available to all developers if it is used in subsequent Company-owned projects.

## Improve Upon Iteration

As noted in our March 1 filing, there's much that could be done to bring community solar to low-income residents beyond this small pilot. Soliciting backup subscribers or developing a small credit reserve could radically reduce the perceived risk of providing credit to low-income participants in any community solar project. Tariff-based financing

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<sup>4</sup> March 1 Comments of Institute for Local Self-Reliance and allied signers. <http://bit.ly/2uGTcj1>

- applying the utility's cost recovery tools to distributed generation like community solar
- would eliminate the need for credit scoring at all.

Thank you for the opportunity to comment; we appreciate that there has not been any legislative preemption of this regulatory process.

Sincerely,

/s/

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