

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
Nancy Lange
Dan Lipschultz
John Tuma
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition of Northern States
Power Company, dba Xcel Energy, for
Approval of Its Proposed
Community-Solar-Garden Program

ISSUE DATE: February 13, 2015

DOCKET NO. E-002/M-13-867

ORDER CLARIFYING
SOLAR-GARDEN APPLICATION
PROCESS

PROCEDURAL HISTORY

On September 17, 2014, the Commission approved Northern States Power Company's (Xcel or the Company's) revised tariff establishing a community-solar-garden program under Minn. Stat. § 216B.1641.¹

On December 5, 2014, Xcel announced that it would begin accepting solar-garden applications on December 12 and provided information regarding the application process.

On December 9, SoCore Energy filed a petition for further clarification of the application process. Specifically, SoCore sought clarification of whether Xcel could give priority to solar-garden projects whose developers submitted interconnection requests before the program's December 12 launch date.

The following parties filed comments on SoCore's petition:

- The Minnesota Department of Commerce (the Department),
- SunEdison, LLC,
- Geronimo Energy, LLC,
- Xcel,
- SunShare, LLC, and
- Novel Energy Solutions.

On January 15, 2015, the Commission met to consider the matter.

¹ The Commission granted Xcel's request to officially name its solar-garden program "Solar*Rewards Community." For brevity's sake, however, this order will refer to the program as the "solar-garden program."

FINDINGS AND CONCLUSIONS

I. Background

A. Community Solar Gardens

A community solar garden (or simply “solar garden”) is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. Solar gardens are limited to a maximum nameplate capacity of 1 MW and may be owned by a public utility or by a third-party operator who contracts to sell its output to the utility.²

Minn. Stat. § 216B.1641 requires Xcel to file with the Commission a plan to operate a community-solar-garden program. Among other requirements, any plan approved by the Commission must “establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden.”³

B. The Solar-Garden Application Process

Under Xcel’s solar-garden program,⁴ developers must apply to the Company for permission to operate a community solar garden. The Company processes solar-garden applications on a “first-ready, first-served” basis to ensure that priority is given to those projects with the best chance of succeeding.

The process begins with a developer submitting an application, including information about itself and the proposed solar garden, an application fee, a deposit, engineering documents, and an interconnection application. Xcel then has 30 days to determine whether the solar-garden application is complete and forward it for engineering review.⁵

After Xcel determines initial application completeness, the developer must submit additional evidence of project readiness, including evidence that the developer has arranged for insurance, evidence that the developer has control of the solar-garden site, projected subscription at the time of construction, and signed operation and interconnection agreements. The developer has 24 months from when Xcel finds its application complete to finish the project, subject to possible extension for interconnection delays.

² Minn. Stat. § 216B.1641(a)–(b).

³ Minn. Stat. § 216B.1641(e)(2).

⁴ Minnesota Electric Rate Book section 9, sheets 64–67.

⁵ Engineering review is the first step in the interconnection process under Section 10 of Xcel’s tariff, discussed in the next section.

C. The Section 10 Interconnection Process

Separate from the solar-garden application process, solar-garden developers must obtain approval to connect to Xcel's distribution system through the process set forth in Section 10 of Xcel's tariff, which governs the interconnection of distributed-generation facilities 10 MW or smaller. Briefly, this process entails the following steps:

- A developer submits a complete interconnection application and the required fee.
- The interconnection request is reviewed by the engineer responsible for the area where the facility will be located to determine whether an engineering study is needed.
- If Xcel determines that a study is needed, the applicant has 30 days to decide whether to proceed and pay for the study or to exit the interconnection queue.
- Once Xcel completes the engineering study, or if no study was needed, the applicant has 30 days to decide whether to pay the costs of interconnection and sign an interconnection agreement or exit the queue.

D. "Early" Interconnection Requests

Xcel's solar-garden rules contemplate that developers will submit interconnection requests with their solar-garden applications. However, during workgroup meetings in August and September of 2014, stakeholders questioned how the Company would handle the situation where a developer submits an interconnection application before the launch of the program and later seeks to include that interconnection request in its solar-garden application.

In an October 2014 status update, Xcel proposed to allow an interconnection request that meets the requirements of the solar-garden program to be assigned to a later-submitted solar-garden application according to the following process:

- Require the developer to complete a solar-garden application and pay the program fee;
- Assign the interconnection request to a solar-garden queue based on the solar-garden application date; and
- Require the developer to pay engineering-study costs in accordance with the interconnection tariff, including the cost of any additional review necessitated by associating the interconnection request with the solar-garden application.⁶

On December 5, 2014, Xcel announced that it would begin accepting solar-garden applications on December 12. The Company stated that a developer opting to associate an existing interconnection request with its solar-garden application would be allowed to retain its position in the interconnection queue regardless of the date of the solar-garden application.

⁶ Xcel's Compliance Filing at 8 (Oct. 7, 2014).

E. SoCore's Petition

On December 9, 2014, SoCore Energy filed a petition to clarify the solar-garden application process as it relates to early interconnection requests.

According to SoCore, prior to the December 5 program-launch announcement, Xcel had made it clear to developers that the Company intended to assign solar-garden projects to the interconnection queue according to the date of their solar-garden applications. Based on these discussions, SoCore and other developers refrained from submitting interconnection applications before program launch. However, through recent stakeholder meetings, SoCore became aware that certain developers had already submitted interconnection applications, intending to "convert" them to solar-garden projects after the program opened.

SoCore argued that Xcel's policy of allowing these developers to retain priority positions in the queue gives them an unfair advantage over developers who refrained from submitting early interconnection requests in reliance on the Company's previous guidance. Queue position can significantly impact the cost of interconnection. A given distribution feeder line can accommodate a limited amount of additional generation without upgrades, and the developer of a project that will push the feeder beyond its capacity must either pay the cost of those upgrades or withdraw its interconnection request.

SoCore recommended that the Commission require all projects attempting to participate in the solar-garden program to submit new interconnection requests once the program opens. SoCore further requested that the early interconnection requests be assigned a position in the solar-garden interconnection queue according to the date and time that the solar-garden application and deposit are received.

II. The Positions of the Parties

A. The Department

The Department noted that the Commission has ordered "first-ready, first-served" processing of solar-garden applications. Under this approach, as implemented in Xcel's tariff, solar-garden projects enter the interconnection queue once the Company determines an application to be complete. The Department concluded that granting SoCore's petition would be in the public interest because it would help ensure a smooth program launch and the orderly development of solar gardens.

The Department anticipated that Xcel might already have begun engineering studies for some of the solar-garden projects with early interconnection applications. If these projects' queue positions change as a result of the Commission's order, some of these studies may need to be redone due to changes in the distribution system where the projects are connecting. The Department recommended that Xcel be allowed to recover the costs of a new study, but only for those parts of the study that need to be redone due to system changes.

Finally, the Department recommended that the Commission direct Xcel to file a six-month update on the status of projects in the Section 10 interconnection queue.

B. SunShare

SunShare recommended that the Commission grant SoCore's petition, provided that doing so does not delay program deadlines. SunShare reasoned that SoCore's approach would only alter the time stamp of solar-garden interconnection applications filed before the start of the program, and therefore would appear to require little to no alteration of timelines for solar-garden applications submitted on or after the opening date.

SunShare noted that Xcel announced on December 19 that it had received 427 applications in the first week of the solar-garden program. SunShare recommended that the Commission request regular updates from the Company on the status of this initial cohort of solar-garden applications in order to track the cohort's attrition rate, increase market transparency, and allow the industry to mitigate bottlenecks in the application process.

C. Novel Energy Solutions

Novel Energy Solutions also supported SoCore's petition. Novel stated that it considered submitting early interconnection applications to expedite engineering review of its proposed solar gardens but refrained from doing so based on Xcel's instruction to wait for program launch. Novel argued that developers who disregarded these instructions should not be allowed a greater opportunity to take advantage of extra capacity on Xcel's system.

D. Geronimo

Geronimo opposed SoCore's petition, arguing that the Commission and Xcel have been clear that the Section 10 interconnection process will apply to solar gardens. Geronimo stated that the interconnection process begins with Xcel's receipt of a complete interconnection application; the start of this process is not conditioned on an applicant's submitting an application for a community solar garden or for any other incentive program.

Geronimo further argued that because Xcel's interconnection queue is not public, there is no way for a solar-garden developer to know whether its interconnection request has been affected by another request, and the potential for any given interconnection request to detrimentally affect the request of another solar-garden applicant is speculative. By contrast, reordering the queue could seriously harm solar-garden program applicants with preexisting interconnection requests, some of whom have paid thousands of dollars in interconnection-study fees.

Finally, Geronimo argued that SoCore's recommendation to essentially create a separate interconnection queue for solar gardens will be complicated to implement and is likely to significantly delay the program's start.

E. SunEdison

SunEdison was concerned that reordering solar-garden interconnection requests, and in particular those that have already undergone some degree of review, will delay the implementation of the program. SunEdison argued that there is no evidence in the record that any party will be prejudiced by Xcel's proposed treatment of projects with existing interconnection requests that comply with the parameters of the program.

F. Xcel

Xcel maintained that, based on workgroup discussions from October to December 2014, it believed all workgroup members were on notice that interconnection applications were being received and processed prior to the solar-garden program launch.

The Company opposed SoCore's petition out of concern that reordering interconnection requests would penalize developers who have already paid for engineering studies. Xcel argued that the earlier interconnection applicants would essentially be subsidizing the later applicants, who would benefit from the analysis that has already been done. And reordered applicants would potentially be responsible for a second set of fees to cover new analysis based on their new queue position.

Xcel argued that SoCore's proposal to reorder interconnection requests based on when the corresponding solar-garden applications are received reflects a misunderstanding of the application process: solar-garden projects are sent to the interconnection queue based not on when Xcel receives applications but rather on when the applications are complete. The Company further argued that SoCore's request to reorder "all" solar-garden interconnection requests is unnecessarily broad, since some distribution areas will not have competing projects.

Finally, Xcel provided data on early interconnection applications, noting 14 garden sites for which the Company has received early interconnection requests. Xcel identified potential conflicts at four of these sites, where one developer had submitted an early interconnection request, and a second developer had then submitted a solar-garden application for the same site before the first developer.

III. Commission Action

The Commission disagrees with Geronimo that the risk of harm from early interconnection requests is speculative. Xcel's data demonstrate the existence of actual conflicts at at least four prospective solar-garden sites. And SoCore has persuasively argued that the priority queue position afforded by an early interconnection application can carry significant financial consequences, because later projects are obliged to pay for costly upgrades once a distribution feeder's capacity is reached.

SoCore and Novel claim that Xcel led some developers to refrain from filing early interconnection applications but changed course just before the solar-garden program opened. Xcel disagrees with this characterization.

Regardless of what Xcel told developers, basic fairness requires that interconnection requests made before the solar-garden program opened—some of them even before Xcel publicized the final details—not determine a garden's position in the queue. Moreover, such a result would be inconsistent with Xcel's solar-garden tariff, which states that an interconnection application is to be filed simultaneously with a solar-garden application and forwarded for engineering review only after Xcel determines that the solar-garden application is complete. Finally, allowing early interconnection requests to dictate queue position would also violate the statute's directive to establish uniform standards and processes for the interconnection of solar gardens.

However, the Commission also finds that SoCore's recommendation to reorder projects according to the date that solar-garden applications are submitted would undermine the first-ready, first-served application process, rewarding whichever developer most quickly assembles and submits an application through Xcel's online system. Instead, consistent with program rules, the Commission will order that solar-garden projects be placed in the interconnection queue based on the date and time that the solar-garden applications are complete.

Based on information provided by Xcel, there were 14 garden sites with early interconnection requests. Queue order will likely make a difference only for projects seeking to connect to the same feeder line. Xcel identified four potential queue-order conflicts based on the application dates, but prior to determination of completeness. Thus, few conflicts are likely to require new interconnection studies.

The Department and Xcel point out that reordering interconnection applicants may require engineering studies to be redone, resulting in additional costs. The Commission agrees with the Department that the Company should be able to recover the cost of a new engineering study, but only for those parts of the study that are required to be redone due to distribution-system changes caused by reordering the queue. This approach will allow Xcel to recover its engineering costs while limiting an applicant's exposure to the costs that directly result from the reordering. The Commission will order Xcel to track this additional cost and bill developers accordingly.

Finally, the Commission concurs with SunShare and the Department that information on the experience of solar-garden projects in Xcel's interconnection queue would help the Commission to evaluate whether any clarifications or changes are needed to better handle the high volume of applications and increased levels of distributed solar on Xcel's system. The Commission will therefore require the Company to file monthly updates on the status of the initial cohort of solar-garden applications, as detailed in the ordering paragraphs.

ORDER

1. The Commission clarifies that solar-garden applications will enter the appropriate Section 10 interconnection queue and be placed or reordered in this queue based on the date and time that Xcel determines the application to be complete as defined in its tariff, section 9, sheet 67.
2. For interconnection applications already studied that require additional engineering study due to changes in the interconnection queue positions, Xcel shall track the additional cost incurred in redoing parts of the engineering study and bill applicants for the parts of the study that were required to be redone due to distribution-system changes.
3. Xcel shall file monthly updates on the status of the initial cohort of 427 solar-garden applications, reflecting the following information: the number of initial solar-garden applications commissioned and/or still active and related MW capacity, categorized by county.
4. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



This document can be made available in alternative formats (e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service.