



Minnesota Solar Energy Industries Association

We Move Minnesota Solar + Storage Forward

July 21, 2022

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55105

Re: MnSEIA Initial Comments, Docket E-002/M-18-714: Xcel Energy's proposed cost sharing implementation plan and associated tariff language

Mr. Seuffert,

Please find attached initial comments from the Minnesota Solar Energy Industries Association (MnSEIA). These comments reflect the views of our interested members related to Xcel Energy's cost sharing implementation plan and associated tariff language outlined in the Company's May 27, 2022 compliance filing.

Sincerely,

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Enclosure: MnSEIA Initial Comments

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John Tuma	Commissioner

**IN THE MATTER OF NORTHERN
STATE POWER D/B/A XCEL
ENERGY'S COST SHARING
IMPLEMENTATION PLAN AND
TARIFF ON INTERCONNECTION
STANDARDS FOR DISTRIBUTED
GENERATION**

**MINNESOTA SOLAR ENERGY
INDUSTRIES ASSOCIATION'S
(MnSEIA) INITIAL COMMENTS**

July 21, 2022

Docket No. E-0002/M-18-714

MnSEIA's COMMENTS

The Minnesota Solar Energy Industries Association (“MnSEIA” or “the Association”) is a 501(c)(6) nonprofit trade association that represents our state’s solar businesses, with over 140 member companies, which employ over 4,500 Minnesotans.

BACKGROUND

On November 30, 2018, the Minnesota Public Utilities Commission (“the Commission”) proposed its updated draft of the Minnesota Interconnection Process (“MN DIP”) and Agreement (“MN DIA”) for Xcel Energy (“Xcel” or “the Company” or “the Utility”).

On December 14, 2018, Xcel submitted a proposed tariff revision.

On May 9, 2019, the Commission approved Xcel’s revised tariffs with modification and requiring compliance filings.

On March 31, 2022, the Commission ordered the adoption of the cost sharing proposal by Fresh Energy, All Energy Solar, and TruNorth (the “Joint Parties”). All DER applicants would pay into a fund and applications would be capped at \$15,000.

On May 27, 2022, the Company submitted to the Commission its compliance filing. This filing proposed program modifications, including its cost sharing proposal where it differed from the proposal by the Joint Parties in two significant ways: 1) the Cost Sharing Fee would not be refundable, and 2) the Company would not establish seed funding to ensure initial projects benefit from the Cost Sharing Fund.

On June 3, 2022 the Commission filed a notice of comment.

COMMENTS

Interconnection delays have been the largest impediment to the deployment of solar within Xcel territory in recent years. MnSEIA has encouraged the adoption of numerous strategies to expedite interconnections for our members and Minnesotans investing in solar; including the implementation of a socialized, cost-sharing model to spread the costs of necessary grid upgrades across all invested parties.

MnSEIA hoped that an all-of-the-above strategy to queue management, even one that raised the costs of solar projects on DER applicants, would swiftly relieve the pressures created by the Utility’s grid mismanagement. MnSEIA also hoped that by working with our members and other engaged stakeholders following the Commission’s March 31, 2022 order, the Company would develop a practicable proposal. However, the Commission should require the Company to make certain adjustments to its proposal as outlined below.

I. The Commission should require Xcel to provide initial funding for early projects to expedite the queue management process

Xcel’s first disagreement with the Joint Parties was on the subject of initial funding. Xcel’s proposal does not include any up-front funding by the Company. Instead, the Company proposes to collect \$200 from applicants for several months until there are sufficient funds. The Company then proposes to adjust the Cost Sharing Fee based on future analysis and need. Under this “cost sharing” scenario, the Utility would share none of the cost and retain the customers’ money.

Given that the Utility is the one of the main beneficiaries of grid modernization investments, the Commission should include Xcel within the cost sharing plan. As mentioned above, the costs and time requirements of needed grid upgrades are hindering the deployment of solar and causing the state to miss its carbon reduction goals, as directed by the legislature in the

Next Generation Energy Act. If the Company provides the initial funding for the Cost Sharing Fund, project funding can be pulled immediately from the fund and avoid further delay, rather than waiting months for the Fund to accumulate sufficient capital. After Xcel's initial investment to upgrade its own grid, the Cost Sharing Fees should make the program sustainable into the future. The Commission should require Xcel Energy to provide initial funding.

II. The Commission should require Xcel to start the program in 2023

MnSEIA is invested in ensuring that the cost sharing program is successful. The success of this program relies on a sufficient pool of initial applicants. According to the Company's proposal, the fund will require several months before it has enough invested for primary applicants. In order to ensure a large initial group of applicants, the program should begin in 2023 to coincide with the Company's Solar*Rewards program. The Commission should approve the program to begin in 2023.

III. The Commission should require Xcel to refund incomplete applications and maintain a waitlist for complete applications

The second area where the Company disagreed with the Joint Parties was regarding the refundability of the cost sharing fee. Xcel's proposal includes a nonrefundable fee; but, this is inconsistent with the Company's existing refund policies for interconnection applications. Currently, Xcel customers may receive a refund until the interconnection application is deemed complete by the Company. This same approach should be applied to the new cost sharing fee for applications not deemed complete.

Xcel's proposal consists of applicants paying into a fund with no guarantee that funds will offset costs. The Company expects initial applicants to freely add to the fund without having sufficient funds to draw upon. If Xcel kept a waitlist, applicants at the front of the queue could maintain their priority while waiting for funds to be dispersed. If an applicant does not complete their application the fee they paid should be refunded.

The Commission should require Xcel Energy to maintain a waitlist for applicants who need sufficient funds and allow refunds for incomplete applications.

IV. The Commission should limit eligible program costs

MnSEIA opposes the overly-inclusive and broad uses for the fund as listed by the Company in its proposal. Xcel proposes using the funding for "any work done as part of the Upgrade."¹ As an example, Xcel lists "tree trimming, traffic control, restoration, winter

¹ Xcel Energy, Compliance Filing–Cost Sharing Implementation Plan and Tariff, 8, (May 27, 2022).

construction, etc.”² These types of costs are outside the scope of the intent of this fund and are general costs incurred by the Utility as part of its requisite grid management and safety costs. Costs like tree trimming, which is a routine maintenance cost, should not be eligible for money received from the interconnection cost-sharing fund. The purpose of this new fund is to support the Utility in interconnecting solar projects, not a slush fund to aid the company in services it should already be providing to its customers.

V. The Commission should require Xcel to provide sufficient and detailed reports outlining the true costs and rationale for each upgrade

In its March 31, 2022 order, the Commission asked the Company to provide certain details related to interconnection upgrade costs and report those to the parties publicly. This transparency measure is crucial for the industry. Understanding Xcel’s costs can help developers and customers better understand their work and investments. Accounting for these costs in the future will aid in planning and communication to customers by developers.

Furthermore, it ensures that the Company is not artificially inflating the price of grid modernization investments and exaggerating the true costs of solar for Minnesota consumers. MnSEIA and our member companies are continuously combating false narratives related to the costs of solar investments and how those costs drive energy prices for ratepayers. Requiring the utility to sufficiently report the true costs and explain a detailed rationale for costs helps protect ratepayers and insulates the solar industry from unjust criticism related to pricing.

The Commission should revitalize its earlier order and require Xcel to provide detailed reports on its grid upgrade costs and the rationale for such expenses.

CONCLUSION

MnSEIA supports lowering the costs of grid upgrades for interconnecting solar projects. The Cost Sharing Proposal by the Joint Parties is a great way to address those cost requirements. While Xcel’s proposal moves closer to a solution the industry can support, some modifications are needed. With more transparency and limits on how the fund is to be spent as well as initial investments into the fund by Xcel, this program will be a much-needed improvement to the challenges and delays Minnesotans are facing in deploying solar.

Thus, the Commission should:

1. Require Xcel to provide initial funding to expedite queue management process;
2. Require the program to begin in 2023;

² *Ibid.*

3. Require Xcel to allow refunds for incomplete applications and maintain a waitlist for complete applications;
4. Set limits on eligible program costs; and
5. Require sufficient and detailed reporting of costs and their respective rationale.

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