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April 02, 2014

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**VIA EMAIL ONLY**

Dr. Burl Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
350 Metro Square Building  
121 Seventh Place East  
St. Paul, MN 55101-2147

Re: In the Matter of a Rate for Large Solar Photovoltaic Installations  
Docket No. E002-M-13-315  
Our File No. 2177-01

Dear Dr. Haar:

This letter is filed on behalf of the Solar Rate Reform Group (SRRG) in response to the recommendations of the Minnesota Department of Commerce, Division of Energy Resources ("Department"). We appreciate the opportunity to participate in this proceeding.

While SRRG believes the Midcontinent Independent System Operator ("MISO") Intermittent Resource Method (Intermittent Method) as analyzed by SRRG to be the more appropriate application and the most reflective of what Xcel and other ratepayers' avoided costs will be, SRRG does recognize the fact that MISO's solar valuation is in its infancy. As a result, SRRG does not oppose the Department's recommendation as reasonable for purposes of establishing a rate at this time. The SRRG, therefore supports a credit of \$5.15 per kW-mo and use of anniversary date of June 1 for measuring grace period.

SRRG does believe there are four additional issues which remain unresolved at this time and include recommendations on them as follows. The issues are ownership of the Solar Renewable Credits (SRC) and what KW rating the \$5.15 monthly credit should be applied to, how the 964 grace period hours are allocated and a recommendation that there should be an option for ratepayers to lock in to the level of the credit at the time of bringing a facility on line.

First, with respect to the renewable attributes of the energy produced, SRRG believes those tags or credits should remain with the owner of the system. As stated by the Department, since Xcel is not buying the energy, this docket establishes a value for the capacity of credit, and is based on avoided costs, not a premium for any renewable attributes. We also recognize that it will be difficult for project owners, who may be small, inexperienced participants in trading credits, therefore SRRG recommends a tariff be established for ratepayers to transfer credits to Xcel for use or transfer in at MRETS.

Second, the question remains as to what KW amount the \$5.15 per kW credit should apply. The SRRG recommends that the \$5.15 per KW-mo apply to AC nameplate rating of the facility, the same rating stated in Xcel's Standby Service contract with the customer.

With respect to the last two issues, we understand that in a separate proceeding the Commission intends to review standby rates, both can be addressed in that proceeding. The upcoming standby proceeding can look at appropriate grace period calculations for all standby tariff applications and agree that grace period calculations needs consideration for solar. It would also be appropriate to review the possibility of offering a 10 year contract at existing rates to support financing of solar projects in that proceeding. We believe the nature of financing, the production of a solar facility and the capacity credit application support these issues be reviewed as soon as other standby issues are being considered.

With respect to the specific issues the Commission sought response on:

- The recommendation by the Department of Commerce (Department) to maintain the \$5.15 per kW/month capacity credit for Xcel Energy's Standby Service.
  - **SRRG agrees**
- The Department's method for determining the solar capacity credit.
  - **SRRG accepts with the understanding that the credit be applied to the AC nameplate rating of the facility**
- Use of MISO's Intermittent Resource Method in setting the solar capacity credit.
  - **SRRG accepts on the basis that this is the present method specified by MISO to determine the accredited capability of a solar facility**
- Specific conditions under which the credit should be re-evaluated or updated.
  - **Upon more firm rules or experience within MISO that better establishes cost avoidance**
- Other responses or comments in the docket
  - **Clarify that renewable credits or tags remain with owner and that a tariff should be proposed to facilitate transfer to Xcel; and**

Dr. Burl Haar  
April 2, 2014  
Page 3

- **that both grace period hours as well as evaluation of fixing the capacity credit for 10 years (at the customer's discretion) are appropriate issues to be addressed in the upcoming standby proceeding**

If you have any further questions, please do not hesitate to contact me.

Very truly yours,

/s/ Richard J. Savelkoul  
Richard J. Savelkoul

RJS:wsl

cc: Kavita Maini  
Larry Schedin

## **CERTIFICATE OF SERVICE**

I, Wendy S. Latuff, hereby certify that I have this day, served a true and correct copy of the following to all persons at the addresses on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

### **SOLAR RATE REFORM GROUP COMMENTS**

Docket Number **E002-M-13-315**

Dated this **2nd** day of **April, 2014**

/s/ Wendy S. Latuff



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