414 Nicollet Mall
Minneapolis, MN 55401

May 18, 2015

—Via Electronic Filing—

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

RE: COMMENTS
COMMUNITY SOLAR GARDENS PROGRAM
DOCKET NO. E002/M-13-867

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits these Comments to the Minnesota Public Utilities Commission in response to the Commission's May 1, 2015 Notice of Comment Period.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact Holly.R.Hinman@xcelenergy.com at (612) 330-5941 if you have any questions regarding this filing.

Sincerely,

/s/

AAKASH CHANDARANA
REGIONAL VICE PRESIDENT
RATES AND REGULATORY AFFAIRS

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF ITS PROPOSED COMMUNITY SOLAR GARDENS PROGRAM	DOCKET NO. E002/M-13-867 **COMMENTS**

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits these Comments to the Minnesota Public Utilities Commission in response to the Commission's May 1, 2015 Notice of Comment Period.

At the outset, we appreciate the Commission issuing its Notice of Commission Meeting to address the disputed issues in this docket on June 25, 2015. We intend to use the time between now and the Commission meeting to work with interested stakeholders to see if resolutions can be reached to address the concerns regarding the size of gardens, the price for unsubscribed energy, and other technical issues. We also believe the effect of the Commission's Notice, in conjunction with the fact that we have not issued a notice to terminate any project, procedurally addresses the Solar Garden Community's Motion for Expedited Treatment, and means the Department of Commerce's (Department's) Motion for an Order to Show Cause is not ripe.

Since the launch of the Solar*Rewards Community (S*RC) program, we have been steadfast in: (1) our support for deploying solar onto our system in a thoughtful and cost-consciousness manner; (2) our desire for the S*RC program to be successful consistent with the parameters established by state lawmakers, and (3) our administration of the S*RC program consistent with our tariff.

Less than one month after receiving the first program application in December 2014, we expressed our concern that the program is off track. Since then we have repeated that concern consistently in comments to the Commission. The strongest evidence of the program's dysfunction is the volume of applications that have been received which neither the Company nor the Department anticipated before the program was launched. In fact, the Company and Department projected fewer MW of projects in the first five years than the 646 MW of projects that have been submitted in the first six months. We have asked for the program to be fixed now for all projects, and recently the Office of Attorney General (OAG) joined in sharing the same concerns and offered several solutions for the Commission to consider.

The Department and certain solar developers stand on the other side of this debate, especially as it pertains to applying any potential fixes to projects currently in the application queue. They believe the Commission's decision regarding co-location allows for large scale solar projects. They also recommend applying fixes to new projects on a going-forward basis to avoid any potential harm to developers of current projects, and by relying on a belief that the distribution system will serve as a governor on the number of projects that will actually get built.[1]

We concur with the OAG that the right standard for determining how we move from here is the public interest standard.[2] By statute, public interest considerations include providing retail consumers "adequate and reliable services at reasonable rates … to avoid unnecessary duplication of facilities which increase the cost of service to the consumer …."[3] Under the public interest standard, the Commission has broad authority to do what is necessary to fix the S*RC program today.

We recognize there was a strong desire to establish a successful program before the S*RC program was launched. This resulted in a greater weighing of what was needed to finance community solar garden projects and create efficiencies for developers. While we expressed caution, we also moved ahead in good faith rooted in what we understood to be true at that time.

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[1] Interestingly, Solar Garden Community (SGC) also believes that solar developers have the right to pay for any upgrades to the distribution system in order to address system limitations. We question how effectively the system can act as a governor in such a case.

[2] The CSG program "must … be consistent with the public interest." Minn. Stat. § 216B.1691(e)(4).

[3] Minn. Stat. § 216B.01.

With how the program has unfolded to date, we believe the following factors support finding that it is in the public interest to fix the program now:

- *Financial Harm to Non-Participating Customers* – placing 646 MW of community solar gardens (CSGs) into service will result in an $80 million annual increase in rates. This represents a nearly $2 billion increase over the life of the CSG contracts.

- *The plain language of the CSG Statute* – the law is clear that projects are not to exceed 1 MW and a program designed consistent with the law will still result in one of the largest solar garden programs in the country.[4]

- *The legislature did not intend for a large utility scale solar program* – lawmakers wanted this program to be for residential and community-based (i.e., churches) customers; not a way for large, load-based customers to be subsidized to leave our system.

- *Other applicable state statutes are diminished* – the current applicant pool (646 MW) is about the same size as the Calpine combined cycle natural gas unit the Commission approved to move forward, and the total amount of customer based solar we envisioned adding to our system in the next 15 years as part of our Preferred Integrated Resource Plan; yet, the S*RC program is occurring outside of the IRP rules and processes, and applications keep coming.

- *Conflicts with federal law* – since each project is a qualifying facility (QF) under PURPA, we believe the program, as designed today, has inconsistencies with federal law.

In fashioning a fix, the Company does not believe that a grandfathering approach is workable or supportable. No developer has signed a contract with the Company, and the Commission-approved contract allows for program and contractual changes to be made by the Commission during its term.[5] In considering equities, the Commission relied on what we believe were truthful statements of small developers seeking to develop and finance small garden

[4] There are currently approximately 73 MWs of community solar operating in the country, according to GTM Research. Duke Energy announced this week it will offer a community solar program which credits customer 6 cents/kWh. See Docket Nos. 2015-55-E and 2015-53-E, Public Service Commission of South Carolina.

[5] *See* Xcel Energy Tariff, Section 9, Sheet 73.

projects. Larger developers did not share with the Commission that the Commission's pricing was sufficient to offer our largest customers a substantial discount, or that the large developers' business model involved attempting to aggregate multiple large users over many co-located gardens. No party should have a reasonable expectation of an outcome that is contrary to explicit statutory directives, or that substantially harms non-participating customers.

We believe when these factors are considered and weighed against protecting a few developers, the outcome becomes clear - the Commission should provide that the 1 MW garden size limitation in the CSG statute should be enforced for all S*RC projects. To that end, we respectfully request the Commission issue an Order affirming that our proposed implementation of the program as set out in our April 28, 2015 filing is consistent with the CSG statute and prior Commission Orders, and decline to take the action requested by the SGC and the Department.

The balance of these Comments is organized as follows:

- First, we expand on our prior discussions about Federal Energy Regulatory Commission (FERC) and Public Utility Regulatory Policy Act (PURPA) pricing issues,
- Second, we discuss establishing community gardens in compliance with the CSG statute,
- Third, we discuss the potential Year 1 cost impacts to customers under a 646 MW program and developers' unmet burden to demonstrate conservative minimum pricing needed to reasonably finance gardens,
- Fourth, we respond to the recommendations of the OAG to establish a variable rate, a maximum harm level, and a minimum program capacity,
- Fifth, we update the Commission on the Company's application processing practices, and
- Finally, we offer recommendations for Commission action.

I. FERC Pricing Issues

We understand establishing the program rules is challenging and can have consequences that cannot be foreseen. The relationship between the program and federal law is such an example. In our February 10 and April 28, 2015 Comments, we also raised concerns that aspects of the S*RC program may conflict with FERC rules. Based on our extensive review, we believe there are two issues with the current program design as it relates to federal law.

First, we believe we are exempt from purchasing the power from any solar garden project that is greater than 20 MW. Specifically, we believe any affiliated gardens located within one mile of one another that have an aggregate capacity of 20 MW or more do not have the right to compel Xcel Energy to take their output.[6] There currently are five proposed projects totaling 144 MW in this category. We believe that entering into CSG contracts for such projects is inconsistent with FERC's ruling.

Second, the proper pricing for QFs under PURPA, and thus CSG projects, is at avoided cost or at a negotiated rate. "Avoided cost" is defined as the incremental energy and capacity cost the utility would have incurred but for the purchase from the qualifying facility.[7]

Under the S*RC program, the Company issues bill credits to subscribers for energy delivered to the Company at the Applicable Retail Rate (ARR).

In its April 7, 2014 Order, the Commission required the Company to purchase unsubscribed energy from solar-garden operators at our avoided cost rate for solar gardens larger than 40 kW capacity,[8] (Rate Code A51), with current seasonal rates of $0.03270 and $0.03487.[9] The Commission has therefore identified this as the applicable avoided cost rate. If utility-scale solar projects proceed under the S*RC program, we believe the Commission's approved pricing in excess of the established avoided cost rate would violate FERC's rules.

The current ARR pricing was designed to make the rate high enough to finance solar gardens construction. In contrast, the avoided cost standard was designed specifically to prevent customers from having to subsidize new generation

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[6] *Northern States Power Company*, 136 FERC ¶ 61,093 (2013).

[7] 18 C.F.R. § 292.304(a)(2); *California Public Utilities Commission*, 132 FERC ¶ 61,047 at P 67; *Endep. Energy Producers Ass'n v. Cal. Pub. Utils. Com'n*, 36 F.3d 848, 858 (9th Cir. 1994); *Connecticut Light and Power Co.*, 70 FERC ¶ 61,012, *reconsideration denied*, 71 FERC ¶ 61,035 (1995), *appeal dismissed*, *Niagara Mohawk Power Corp. v FERC*, 117 F.3d 1485 (1997).

[8] Docket No. E002/M-13-867, Order Rejecting Xcel's Solar-Garden Tariff Filing and Requiring the Company to File a Revised Solar-Garden Plan at 17 (April 7, 2014). The Department, as reflected at page 17 of this order, noted that this avoided cost rate mirrors the net-metering compensation rates in Minn. Stat. § 216B.164, subd. 3. These are the rates in the Company's A 51 tariff found in our Section 9 tariff, Sheet 3. The Company's current tariff makes this explicit and states: "*Payment for Unsubscribed Energy will be paid to the Community Solar Garden Operator at the then current: 1.) Company's avoided cost rate (found in the Company's rate book, Rate Code A51) for solar gardens of 40 kW (AC) capacity or larger*…." (Tariff Section 9, Sheet 73).

[9] *See* Xcel Energy Tariff, Section 9, Tariff Sheet 3.

development. Complying with this standard also ensures that the program does not discriminate against other renewable resources of less than 20 MW, such as wind resources that must meet this standard, and against non-garden solar developments that also must meet this standard.

While we are providing this information to support our request to fix the program now for all projects, we also recognize getting more clarity around these issues could be helpful for the Commission. Since we have standing to obtain guidance from the FERC, we could pursue such an option if it would be helpful for the Commission in understanding how to shape the design of this program. To the extent the Commission does not act, we may consider other action necessary to restore the program to its original intent.

II. Establishing Gardens in Compliance with CSG Statute

To move forward, we request the Commission address the issue of CSG co-location. When developers first raised this issue about one year ago, we indicated our intent to work with them to accommodate cost-effective project design. We have supported reasonable co-location. The critical issue now is *to what extent* should co-location be allowed given the express limitation set out in the CSG statute and confirmed by Commission order.

Over the past few months, it has become clear that some developers and the Department contend the Commission has removed all effective limits on co-location. In their view, the S*RC program should accommodate projects that will string together multiple 1 MW gardens to create 10, 20 and even 50 MW facilities. We do not believe this was what the Commission intended or what is allowed under the CSG statute. So far, our efforts to work out these issues with the developers and the Department have been unsuccessful, though we will continue to pursue solutions with stakeholders.

In our April 28, 2015 Comments, the Company set out a plan to administer the Program consistent with the 1 MW garden size limitation. In response, on April 29, 2015, an *ad hoc* community of solar businesses (the Solar Garden Community or SGC), filed a Petition for Expedited Relief requesting the Commission take expedited action to preclude Xcel Energy from taking the actions proposed in our April 28, 2015 Comment. The Petition asserts that Xcel Energy has disregarded the directives of the Commission's September 17, 2014 Order and requests that the Commission "issue an order putting Xcel Energy on notice that Xcel Energy's proposed action in the Supplemental Comments would be in violation of the clear and unambiguous terms of its

order dated September 17, 2014, in this docket . . . and that any violations thereof will be referred for enforcement."[10] Along similar lines, on May 1, 2015, the Department filed a Motion for an Order to Show Cause requesting that the Commission issue an order, on an expedited basis, requiring the Company to show why the Commission should not find that Xcel Energy's proposed plan for program implementation, as set forth in the Company's April 28, 2015 filing is in violation of the Commission's prior orders in this docket.[11]

While the requested relief is not justified, given the Commission's Notice of Commission Meeting and the fact that Company has taken no action to terminate any project, neither the Department's Motion nor the Solar Garden Community's Petition are ripe for Commission consideration.[12] We have not taken any action that violates the Commission's orders and there is no basis for the Commission to grant the requested relief. Further, to the extent the Solar Garden Community requests that this matter be referred to the Department or OAG for enforcement action, such request is not ripe for consideration. Even accepting the SGC's understanding of Commission orders, Xcel Energy has not taken any action on the proposal set forth in the April 28, 2015 Comments. Under these circumstances, the relief requested by the Department and the SGC should be denied, and the matters raised by these parties can be addressed by the Commission at its hearing on June 25, 2015.

Under the terms of Xcel Energy's approved tariffed contract, the Commission retains authority to revise at any time the tariffed contract and these revisions apply to all contracts under the program.[13] Thus, the Company's request that the Commission affirm our proposed implementation of the 1 MW limitation

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[10] Docket No. E002/M-13-867, Solar Garden Community Petition for Expedited Relief at 8 (April 29, 2015) (SGC Petition).

[11] Docket No. E002/M-13-867, Minnesota Department of Commerce Motion for an Order to Show Cause (May 1, 2015) (Department Motion).

[12] The Commission does not decide matters that are not ripe for review. *See In re Petition by Xcel Energy for Approval of Revisions to the Solar*Rewards Program*, Docket No. E002/M-10-1278, Order Approving Modifications to Xcel's Solar*Rewards Program at 3-4 (March 1, 2013) (noting that the issue of whether to revise the tariff to was not ripe for Commission action). The ripeness doctrine is based in the general principle that courts will not consider a matter before a redressable injury exits. *See State ex. Rel. Friends of Riverfront v. City of Minneapolis*, 751 N.W.2d 586, 593 (2008).

[13] "The Community Solar Garden Operator shall comply with all of the rules stated in the Company's applicable electric tariff related to the Solar*Rewards Community Program and the tariffed version of this Contract, as the same may be revised from time to time, or as otherwise allowed by an amendment to this Contract approved, or deemed approved, by the Minnesota Public Utilities Commission. In the event of any conflict between the terms of this Contract and Company's electric tariff, the provisions of the tariff shall control." Xcel Energy Tariff, Section 9, Sheet 73.

is in accordance with the approved tariffs and existing Orders. The Commission can act on this request at any time – even after contracts have been signed. We note, however, that to date no such contract has been executed. As such, no developer could reasonably assume that a contract they have not executed, and which is subject to change by Commission order, created a situation on which they could or should rely.

A. The Plain Language of the CSG Statute

Since the terms of the CSG statute that a solar garden "must have a nameplate capacity of no more than one megawatt,"[14] are clear and unambiguous, the terms of the statute must be applied as written.[15]

Both the SGC and the Department concede Minn. Stat. § 216B.1641(b) defines a community solar garden as a facility limited to 1 MW.[16] Nevertheless, the SGC argues the statute authorizes the stringing together of multiple 1 MW CSGs into a single utility-scale solar development. To support their claim, the SGC relies on this provision in the CSG statute: "*There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulation.*"[17] But this does not negate the 1 MW size limitation imposed under the CSG statute. We believe it is clear, when the CSG statute is read in its entirety, that the "no cumulative generation limits" applies to the total amount of solar-garden capacity in the overall program, not to the size of individual solar garden projects. Otherwise, the 1 MW size limit is rendered meaningless. Although there is no limit on the number or total capacity of CSGs that may be authorized under the S*RC program, this does not permit a 50 MW solar development to be artificially designated as 50 separate 1 MW gardens in order to avoid the clear statutory size limitation.

In addition, the plain language of the statute provides that the express limitation controls. Specifically, Minn. Stat. § 216B.164(a) states that there is

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[14] Minn. Stat. § 216B.1641(b).

[15] *S. Minn. Mun. Power Ass'n v. Boyne*, 578 N.W.2d 362, 354-65 (Minn. 1998) (quoting Minn. Stat. § 645.16) ("When the words of a law in their application to an existing situation are clear and free from all ambiguity, the letter of the law shall not be disregarded under the pretext of pursuing the spirit.").

[16] *See* SGC Petition at 5 ("As Xcel mentions, Minn. Stat. §216B.1641 defines a CSG to be a facility limited to 1 MW in generating capacity."); Department Motion at 7 ("Minnesota Statute section 216B1641(b) limits the nameplate capacity for a community solar garden to 1 MW alternating current (AC).").

[17] Minn. Stat. § 216B.164(a).

no limit on the number or cumulative generating capacity of CSGs "*other than* the limitations imposed under section 216B.164, subdivision 4c, *or other limitations provided in law or regulations*." (Emphasis added.) The requirement that the capacity of a CSG not exceed 1 MW is one such limit. Other public interest limitations are also applicable.

B. Consistency with Legislative History and the Public Interest

We have undertaken a comprehensive review of the legislative history of the CSG statute, as detailed in our March 4, 2015 comments. Our review confirmed the Legislature intended that the primary beneficiaries of the S*RC program should be customers who lack access to an appropriate roof location, are unable to afford the up-front costs of an installation, or are discouraged by system maintenance or other considerations. The 1 MW garden size limitation had been imposed by legislators so "garden" projects remained small and the benefits provided by the S*RC program were not available to developers building and operating utility-scale solar projects.

The S*RC program was intended to provide access to solar energy to "renters and property owners lacking sufficient capital to install their own solar systems or whose property may be shaded or otherwise unsuitable for a solar installation."[18] There is abundant evidence that the Legislature did not intend to promote large utility-scale solar projects but rather intended the 1 MW limit to serve as a real and enforceable constraint on the types and sizes of projects that received the favorable rate treatment afforded to community solar gardens. As discussed in our previous filings, the legislative history of the community solar garden statute makes clear that the statute was not intended to provide "a back door for independent power producers."[19] Yet, the 646 MW of S*RC

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[18] House Research, 2013 Solar Energy Legislation (August 2013) (available at http://www.house.leg.state.mn.us/hrd/pubs/ss/sssolarleg.pdf). On its website, the Department describes the community solar garden program in similar terms: "The [community solar garden] program is designed for customers who cannot take advantage of other solar programs, because they rent, live in multifamily dwellings, their homes or businesses are not suitable for solar installations, or rooftop solar installations aren't right for them for other reasons. Participants can subscribe to as little as 200 watts of solar or enough to cover 120 percent of their annual electricity usage." *See* http://mn.gov/commerce/energy/media/Newsletters/Renewable-Energy/2014-Renewable-Energy-News/12_December_2014/xcel-energy-launches-community-solar-garden-program.jsp.

[19] Throughout the 2013 session, Fresh Energy was called by both House and Senate members to discuss the key terms of the community solar garden legislation. The statements cited above were made before the Senate Energy and Environment Committee on March 14, 2013. *The Solar Cost Reduction Act of 2013: Hearing on SF 1054 Before the S. Comm. on Energy and Env't*, 2013 Leg., 88th Sess. (Minn. Mar. 14, 2013) (available at "Download Audio – Part 2,"

applications received so far are largely an accumulation of utility-scale projects equivalent to the generating capacity of a large power plant.

The meaningful implementation of the statutory 1 MW limitation is essential to ensure the program is consistent with the public interest.[20] The program offers premium rates to provide residential and small business customers a realistic opportunity to access distributed solar generation despite their limited land or capital. But a key factor is this: these premium rates are paid for by other customers through the Minnesota Fuel Clause.

The 1 MW limit anticipates and may prevent the significant rate impact and cross-subsidization by customers who do not participate in the S*RC Program. As the OAG notes in its Comments filed April 30, 2015, the CSG statute requires the S*RC program be "consistent with the public interest":

> *This requirement is consistent with the equity issues the CSG legislation was designed to address, as well as the Commission's requirement to ensure that rates are just and reasonable. Other states have similar requirements. […] While Minnesota does not have an explicit "no-harm" provision, the Commission is required to ensure that that all CSG programs are "consistent with the public interest."*[21]

The relief requested by the SGC would exacerbate the rate impacts on non-subscribing customers. Therefore, the Commission should deny their request for relief. By doing so, the Commission would uphold the intent of the CSG statute, while at the same time protecting customers.

C. Consistency with Prior Commission Orders

Enforcing the 1 MW size limit is also consistent with prior Commission orders in this proceeding, and we believe it is reasonable to administer the program and interpret the Commission's orders in a manner consistent with the applicable statutory requirements and with the public interest. The SGC and the Department, however, have both taken the position that Commission order permits utility-scale solar projects to proceed because the Order provides that

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http://www.senate.leg.state.mn.us/schedule/unofficial_action.php?ls=88&bill_type=SF&bill_number=1054&ss_number=0&ss_year=2013).

[20] *See* Minn. Stat. § 216B.1641(e)(4).

[21] Docket No. E002/M-13-867, Reply Comments of the Office of the Attorney General – Residential Utilities and Antitrust Division at 3 (April 30, 2015).

"*Multiple Community Solar Garden Sites may be situated in close proximity to one another in order to share in distribution infrastructure*."[22]

In response to the Department's *Motion*, we do not believe the Commission has authorized the subdividing of CSG projects as means to evade statutory or regulatory requirements. Notably, some solar developers fully agree with the Company's understanding of the Commission's order.[23]

Nowhere in any of its prior Orders has the Commission stated multiple CSGs may be located near one another such that, in the aggregate, they exceed 1 MW. By contrast, the Company's plan to allow co-located CSGs, but to limit their aggregate capacity to 1 MW is consistent with the Commission's prior decisions and is necessary to provide meaning to the statutory garden size limit.

Next Era Energy Resources (NEER), a solar developer, submitted comments supporting a strict 1 MW limit. NEER has an application for a site permit for the 62.25 MW Marshall Solar Project pending before the Commission. Xcel Energy will purchase the output under a PPA obtained after a competitive bidding process.[24]

NEER states that it, like Xcel Energy and other developers, incorporated the plain language of the statute in its planning and proposals, and in doing so excluded co-location of facilities above the 1 MW limit. Because some developers are interpreting the statute's limitation and the Commission orders differently, it creates an uneven playing field for potential participants.

Again, we agree with the Commission's statement that CSGs may be situated in close proximity to one another in order to share in distribution infrastructure. Based on our legislative review, this would allow co-locations consisting of a 100 kW, 250 kW and 500 kW gardens.[25] We disagree with the SGC that the

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[22] *See* Docket No. E002/M-13-867, Order of the Commission (September 17, 2014).

[23] "While the PUC ruled that common coupling should be allowed, the original language of a 1MW cap on solar gardens remained a keystone of the program. If it was the Commission's intention of allowing giant multi-megawatt arrays to qualify for the community solar program via common coupling, then why limit any garden size to 1MW? […] In our opinion the stacking of multiple 1MW arrays on the same site using common-coupling is an attempt to game the system, plain and simple. Such multiple megawatt solar arrays are not "community solar" at all – rather, they are utility scale solar." Comments of Sundial Solar, April 30, 2015.

[24] Docket No. E002/M-13-867, Comments of NEER (May 15, 2015).

[25] The only other large solar projects in the state at the time the Legislature was considering the CSG statute was the Slayton Project (~2 MW) and the Ikea store located in Bloomington, MN, which has a total capacity of 1 MW. See http://www.startribune.com/battle-over-minnesota-solar-mandate-

Commission's statement means that co-located garden projects may exceed the statutory limit of 1 MW and are now requesting clarification on this point by the Commission.[26]

D. Prior Company Statements

The SGC also argues the Company's proposal for implementation is inconsistent with prior statements by Company representatives on the record in this proceeding. When the issue of CSG close proximity first arose during mid-2014, we indicated our intent to work with developers. We have supported reasonable co-location, based on developers' statements that they expected lean margins under the ARR (and VOS) pricing. For projects on a shoestring margin, minimizing distribution costs would be in the public interest.

In our desire to work with the developers and deliver on the promise of solar gardens, the Company failed to appreciate that the representations some developers made about the challenge of building gardens under the ARR was not accurate for developers who remained silent. We failed to appreciate the potential that such co-location would effectively render the statutory 1 MW limit on community solar garden size meaningless.

The Company soon realized it was necessary to reevaluate the implementation rules to ensure the S*RC program would be both successful and consistent with statutory requirements. We informed the Commission in comments filed January 13, 2015, about the sizes of the projects being proposed and our concern that "these large projects resemble utility-scale solar development more than community-scale development and may not be consistent with what the Commission intended when approving the Company's program."[27]

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shifts-to-the-senate/206538021/. This provides context for what the Legislature likely understood utility-scale solar projects to be.

[26] The defined term "Community Solar Garden Site" is only used a few times in the contract. This defined term is only used in the tariff contract for purposes of enforcing the "contiguous county" rule; helping to define "House Power"; and permitting public disclosure of the Community Solar Garden Site. The "Community Solar Garden Statutory Requirements" definition on the tariff contract, on the other hand, does not use the "Site" definition relied upon by SGC, but instead refers to the 1 MW limit as follows: "The Community Solar Garden must have a nameplate capacity of no more than one (1) megawatt alternating current (AC)." Under the tariff S*RC contract, "The Community Solar Garden Operator shall assure that each of the Community Solar Garden Statutory Requirements is met." Xcel Energy Tariff, Section 9, Sheet 76, par. 6.A.

[27] Docket No. E002/M-13-867, Supplemental Comments of Xcel Energy at 4-5 (January 13, 2015).

The specific statements raised by the SGC should be put in the proper context. For instance, the SGC focuses on the August 7, 2014 Commission hearing. At the time of this hearing, the parties agreed to the "in close proximity" language as subsequently reflected in the Commission's September 17, 2014 Order and in the filed tariff. While agreeing with this language, Xcel Energy was careful to note that this still left open the issue as to the ability of a developer to take a large project and split it into smaller projects to comply with the statutory cap.

> *That said, we also recognize that there are developers out there that are going to create what looks like a very large project, and they're going to divide it by one and say, no, that's actually 10 gardens, they just happen to all be right next to each other. And that we think provides a great vehicle for an opening up of having gardens become something much different than we think was intended by the legislature or this Commission in crafting this order. And so we think it's something that should be carefully worked through and we think the approach you outlined would best accommodate that. So we'd prefer to stay with our language for now and then address this in the work group and with parties who are interested.*[28]

The SGC contention that Xcel Energy was stating that there are no limits is not correct and is taken out of context given the above discussion saying that this is something different than what was intended by the legislature and that this should be worked out in the workgroup. SGC states "Xcel Energy's representative acknowledged during a public hearing on August 7, 2014, that 'the structure of the program does allow someone to find a large parcel of land and put several 1 MW projects next to each other…'"[29] The Company's statement referenced by SGC was just two pages later in the transcript from the above quote and was part of a discussion regarding how "subscriber" should be defined. It was made in the context of highlighting the need for caution with respect to remaining consistent with legislative intent.

> *I think it comes down to how you view the intent of the statute. So when the City of Minneapolis talks about a rooftop garden that's likely less than one megawatt, that's consistent with how we viewed the intent of gardens. That it was actually an opportunity for people in the community who perhaps couldn't or wouldn't want to have solar on their own rooftop to participate in these. However, the structure of the program does allow somebody to go find a large parcel of land and put several one megawatt projects next to each other and*

[28] August 7 Hearing Transcript at 98-99, Comments of Christopher B. Clark. Transcript was filed in this Docket March 2, 2015.
[29] SGC Petition at 1.

then sign up people who will take 40 percent of garden one, 40 percent of garden two, and then a related entity that will take another 40 percent of garden one, another of garden two, and we think you get a very different outcome than was intended by the statute. And so that's our concern. I think it is just a desire to let this proceed cautiously so that we're careful in both accommodating what large customers and groups want, but that we're also thoughtful about the rate impact and the effects on the system overall to having what we think are a very different outcome than was contemplated in at least our understanding of the statutory intent. So at the end of the day we do believe it's a policy issue, but we think it's an important one to be cautious about.[30]

Ultimately, the Commission adopted the recommendation upon the agreement of the Company. Based on review of the record, it is not clear that the Commission's decision to adopt the proposed change to the definition of "Community Solar Garden Site" was made with the understanding that this change would be interpreted by the developers to effectively avoid the 1 MW limit. The Company believes the Commission did not adopt this revision with the intent of authorizing utility-scale solar development as part of the S*RC program.

The SGC also takes issue with an online 'frequently asked questions' resource, which stated, "*The maximum solar garden system size is 1MW AC. The system size is based on the sum of the inverter(s) maximum AC output. There is no limit to the number of solar gardens which can be placed on a property, but no single garden can exceed the 1 megawatt PV system cap. While there is no program restriction on multiple gardens in one area, there could be technical limitations that could require expensive distribution system upgrades.*" Again, we note the Commission never stated that the aggregated gardens on a given site could exceed 1 MW and our later review showed that the statute never contemplated any aggregation above 1 MW. In our effort to further clarify this point, we updated this frequently asked question in March of 2015 to include only the first two sentences.

E. Implementing the 1 MW Cap

In determining how to implement a 1 MW cap and identify a single development, we would apply a totality of the circumstances test. For the applications deemed complete and currently in the interconnection queue, the

[30] August 7 Hearing Transcript at 99-101, Comments of Christopher B. Clark.

applicants have self-identified that they are co-located in one or more of the following ways:

1. The site plans (or maps) submitted by the developers as part of the engineering review application show all co-located projects on the same map.
2. The co-located project addresses share the same address or have an adjacent address. For example, the addresses could be 1234 Highway 24, Unit 1; 1234 Highway 24, Unit 2, etc.
3. The co-located projects share similar naming conventions. For example, the names could be NeighborhoodX 1, NeighborhoodX 2, etc.

The Company has concerns that, under any test, developers may attempt to creatively circumvent restrictions on co-location. The Department acknowledged this possibility in its April 2, 2015 Comments.[31]

Our totality of the circumstances test includes the above considerations, as well as a review of whether gardens are on the same parcel, and whether gardens are a single development under the Minnesota Solar Production Tax Act (Minn. Stat. § 272.0295) referenced in our March 4, 2015 Comments. This statute imposes certain taxes on solar production where the solar systems exceed 1 MW_{AC} capacity. It would make sense to look to this statute for guidance on how to define the 1 MW limit and identify single developments since the legislature implemented this statute within about a year of implementing the solar garden statute. It states in part as follows:

> (a) For the purposes of this section, the term "solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar generated energy.
> (b) The total size of a solar energy generating system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of a solar energy generating system shall be combined with the nameplate capacity of any other solar energy generating system that:

[31] "The Department foresees situations where developers, trying to work around Xcel's 1 MW site limit, enter complex agreements with other companies that would submit solar garden applications as types of shell companies, while the main developer actually develops the project. There may be ways to work around restrictions on siting as well." Docket No. E002/M-13-867, Department Comments at 4 (April 2, 2015).

(1) is constructed within the same 12-month period as the solar energy generating system; and
(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing arrangements, and common debt or equity financing.

The totality of the circumstances test could be applied to the current application queue, which includes projects sized as follows:

Table 1:

Garden Site Size			
Total MW	**# of Project Sites**	**SUM MW**	**Project % of Total**
Less than or equal to 1	23	13.3	23%
Greater than 1 less than 2	8	14.7	8%
2 - 5.99	23	89.8	23%
6 - 9.99	28	209.8	27%
10 - 19.99	15	174.5	15%
20 - 29.99	3	64.0	3%
30	1	30.0	1%
50	1	50.0	1%
Total	**102**	**646.1**	**100%**

Based on total MW alone, 23 project sites are eligible, while the first MW of the remaining 79 sites is eligible under the Company's interpretation of the 1 MW limit.[32]

III. Cost Impacts and Conservative Minimum Rates

In addition to the considerations already noted, we believe the public interest requires a close look at the impact of the program on customer rates. If 646 MW come online at current rates, we estimate that the Minnesota Fuel Clause will increase by nearly $80 million annually and that all Minnesota customers will see their cost of fuel rise by 9.3 percent annually. Since the bill credits will be recovered through the Fuel Clause Adjustment, the cost will impact both program participants and non-participants.

[32] Approximately 1/3 of all applications have not been integrated to the interconnection queue, as those applications have not yet been deemed complete.

However, if these solar facilities were procured through a competitive bidding process, we estimate that roughly 85% of this cost impact could be eliminated (assuming utility-scale solar energy could be secured at a levelized rate of $73 per MWh.[33]) By reducing the price paid for the output of these solar facilities, we estimate we could reduce the impact to Minnesota fuel costs by roughly $67 million annually (or $1.6 billion over the life of the facilities). In this scenario, we expect the additional competitively bid solar resources to increase the current Minnesota fuel costs by roughly 1.5 percent, rather than 9.3 percent under ARR pricing.

Parties have been asked to supplement the record regarding the appropriateness of the rate since the Commission issued its September 17, 2014 Order. Parties did not take advantage of the additional opportunities the Commission has provided to supplement the record with evidence that $0.15/kWh "is or is not the conservative minimum required to reasonably finance" community solar gardens. While it is possible that $0.15/kWh is a minimally financeable rate where gardens are built to a meaningful 1 MW standard, that assessment is less clear when gardens are planned in the aggregate. In the absence of a record, the other available evidence is the actual market response to our program.

The market has demonstrated that some developers are able to successfully propose gardens that comply with the 1 MW standard. There are currently some gardens proposed which do not aggregate adjacent gardens to circumvent the law. If these cases of right-sized gardens are evidence of market reality, then it is likely that the Commission's rate-setting exercise successfully produced an appropriate formula. As we noted previously, not every potential developer should be or will be successful.[34] The Company takes no issue with compliant garden development proceeding under the ARR, provided the formula bears out the *conservative minimum* needed to reasonably create gardens, and we look forward to bringing those gardens online.

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[33] *See* Docket No. E002/M-13-867, Reply Comments of Department of Commerce (February 24, 2015).

[34] "We recognize that solar developers vary in their assessment of what level of utility payment is necessary to finance gardens and appreciate the Commission's interest in developing the record on this question. We believe that the 'reasonably allow' language should not be read as a guarantee that every potential solar developer should be successful or that those that are should unduly profit at the expense of other customers. […] [T]here are a number of factors, beside the compensation level, that will determine who is successful in a competitive market." *See* Comments of Xcel Energy at 4 (October 1, 2014).

The problem, however, lies with utility-scale solar developers attempting to gain access to a rate intended for 1 MW or smaller projects. This circumvention of the law has also frustrated the Commission's inquiry into the "conservative minimum" rates, undermined the appropriateness of the rate design, exacerbated the customer impacts of the program, and distorted the marketplace.

The Company continues to recommend that, if there is no record on which to base a conservative minimum pricing schema, the Commission should embrace a market-driven approach to pricing, or at a minimum, an administratively determined price that complies with PURPA.

IV. OAG Recommendations

Consistent with our support for a market-driven approach to pricing, we appreciate the April 30 Comments from the OAG. The OAG suggests a variable rate based on articulated policy goals is a more appropriate rate structure for this program. We agree there is an open question regarding whether the enabling statute supports this structure, with its binary rate options of either an ARR or a VOS.

Since the Commission defined a formula for the ARR during the hearings in this docket in February 2014, we believe it is within the Commission's ratesetting authority to revise its own formula for the ARR for projects sized 1 MW and under. The Commission could revisit any aspect of its rate formula, including the REC value, to reflect a variable rate along the lines of what the OAG describes. We agree with the OAG that it is a complex endeavor and would likely consume time and resources to resolve a reasonable average weighted credit.

We also appreciate the focus of the OAG on limiting harm to customers through its recommendations to set a maximum harm level. We also appreciate the suggestion to pair an overall harm limit with a minimum capacity threshold for the program. We agree that the quantities set forth for the program in the recently filed IRP supplement provide a reasonable framework for these targets. It is unclear to what extent these suggestions would provide the certainty many stakeholders in this docket have raised as an important consideration for them, however.

We believe the public interest requires a limit to the exposure of customers to harm as a result of this program, and we agree with the OAG that the law does contemplate program limits consistent with the public interest that are set by regulators.

V. Processing Interconnection Applications

Some comments, including those submitted by the Minnesota Solar Energy Industry Association (MnSEIA) on April 28, 2015, have raised concerns with how the Company meets its interconnection obligations and processes CSG applications and associated interconnection applications in a timely manner.[35] In particular, MnSEIA requested that the Commission direct the Company to (1) ensure fair and transparent Preliminary Review, (2) meet or exceed the expected 40-working-day timeline for engineering study completion under Section 10, Step 4, (3) provide bankable interconnection-cost estimates under Section 10, Step 5, and (4) provide improved timeline transparency and optional parallel processing for CSG applications that are not first in a given substation queue.

The Company has been working diligently to process the unexpectedly large number of applications that have been received to date and has worked within the process and timelines set forth in our Section 10 interconnection tariffs. Additionally, we have continued to work with the Implementation Workgroup to resolve various implementation matters including those related to Distributed Generation (DG) queue transparency and establishing a pre-screen process.

To date, Xcel Energy has made all reasonable efforts to complete its work within the timeframes set forth in its Section 9 and 10 tariffs. Those reviews have often been slowed by developers submitting incomplete or inadequate applications. Rather than reject those applications outright, however, the Company allows project proponents to correct identified deficiencies. If additional time is required to complete the engineering study beyond what is provided for in the tariff, the Company will work with developers and provide reasons for any extension.

The Company has mobilized significant resources to ensure interconnection applications are timely processed, including having a dedicated program

[35] Docket No. E002/M-13-867, Initial Reply Comments of the Minnesota Solar Energy Industry Association Regarding Program Implementation Issues (April 28, 2015).

engineer and multiple other company engineers devoted nearly full time to working on S*RC interconnection applications. The Company has also retained two contract engineering firms to assist with the engineering studies and reviews.

It is important to remember that these projects are all connecting to the Company's distribution system, a system that was designed to serve load, not interconnect generation. Applicants have proposed interconnections to more than 65 separate Company distribution feeder lines. Developing on open land can reduce costs, so many of the sites are located in more rural areas, where the loads – and thus the capacity of the distribution feeders – are relatively small. Moreover, each distribution feeder line is unique, and the electrical capabilities of the feeder will depend on both the size of the proposed project and the location of the proposed project on the feeder.

A. Engineering Review – Section 9 Completeness and Step 2 of Section 10

With respect to concerns regarding Xcel Energy's preliminary review, MnSEIA states that "[a] number of MnSEIA installer members have - or still are - experiencing difficulty in conforming their initial engineering diagrams to meet Xcel's internal and unpublished standards." The Company has worked diligently with developers to ensure all engineering requirements are known and has provided all necessary information to developers. The Company's technical interconnection requirements are posted on our website, including sample one-lines, requirements for engineering documents and related information.[36] Further, we have spent a considerable amount of time within the Implementation Workgroup to identify issues and work through process concerns such as these.

The Company's application completeness review standard is articulated in Section 9 of the Electric Rate Book. The purpose of this review is to implement the first-ready first-served process proposed by the Department and Ordered by the Commission. The completeness review ensures that applications will move efficiently through the interconnection process. We believe it is in the best interest of all applicants to have only well-prepared projects move forward so the queue is not congested for longer than necessary.

[36] http://www.xcelenergy.com/Energy_Solutions/Residential_Solutions/Renewable_Energy_Solutions/SolarRewards_Community-MN

In denying the SoCore Petition for Clarification[37], the Commission ordered that an applicant's queue position is determined by the date the Company deems the application complete. As noted by several commenters, queue position can be critical to an applicant. For this reason, we believe that a rigorous review of the contents of one-line diagrams and site plans is not only appropriate, but is consistent with the policy goals stated in this docket by regulators. Furthermore, it makes no sense to provide the Company 30 days to perform a completeness review if, as the Department recommends, no review actually takes place.

Application deficiencies that result in a finding of incompleteness are non-trivial, and have a direct bearing on the Company's safety and reliability standards. Again, the Company's focus is to ensure that a proposed interconnection will not negatively affect service to the retail customers interconnected to the specific distribution feeder and to protect the safety of our field crew and the public. In many cases, the application's material deficiencies reflect the applicant's choices to submit applications without reference to published standards, and to an applicant's delay in hiring qualified engineering personnel to design the technical portions of the project at the outset.[38] As a service to applicants, the Company includes a Section 10 cover letter that outlines the requirements for a complete one-line and site diagram. Many applicants have simply not followed our standards or the available procedures, and thus their applications have been delayed.

B. Section 10 Step 4 – Engineering Studies

The Company appreciates MnSEIA's proposed project schedule, and it appears that they have accurately depicted the Section 9 and Section 10 timelines. However, meeting the timeline they set forth is largely dependent on the quality of the application and timely developer actions, such as making go, no-go decisions to proceed[39].

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[37] Docket No. E002/M-13-867, SoCore Energy, Letter for Clarification, December 9, 2014.

[38] Many applicants requested guidance from Company engineers in designing their interconnection facilities, since the applicants had not hired their own engineers. In addition to creating a substantial burden on our staff, these requests placed our engineers at risk for potential personal liability under their professional engineering licenses in Minnesota.

[39] When further progress during either the Section 9 completeness review, or during the Section 10 process, depends on an applicant making go, no-go decisions, or providing complete and/or correct information, the effective timeline halts until the applicant fulfills its responsibilities.

To the extent the total project exceeds 1 MW, Xcel Energy's approved tariffs provide 90 working days to complete the engineering review, and this is the schedule the Company follows.[40] The majority of applicants have specifically requested that we study multiple 1 MW projects together, thereby agreeing to the 90-day study timeline, as well as an extension of the Section 9 60-day timeline.[41] Because the engineering study is an iterative process that needs to consider the complete proposed capacity to be added at the specific point on Xcel Energy's distribution system, it is unworkable to divide each multi-megawatt garden into 1 MW parcels for the purposes of determining the timeline study completion. Enforcing the 1 MW limit eliminates this issue and would compel the Company to process all remaining applications within 40 days. As provided for in our tariff, study completion timing is as follows.

Generation System Size	Engineering Study Completion
<20kW	20 working days
20kW – 250kW	30 working days
250kW – 1MW	40 working days
> 1MW	90 working days

The Department discusses the pace of the program's interconnection process as an area of concern. By MnSEIA's own best-cast scenario, however, the first projects would complete the study process in the second half of May 2015. This "best case" scenario results in projects completing this milestone two full weeks after the Department issued their comments critical of the pace of review.

C. Section 10 Step 5 – Study Results and Construction Estimates

To benefit applicants, the study process is separated into two phases, an initial scoping phase that provides unit costs of the interconnection, then a detailed design estimate. Providing these two phases allows a developer the opportunity to withdraw their application if the rough scoping estimate is outside the general costs included in their business planning. If the applicant chooses to proceed, the Company undertakes a more detailed design. This

[40] Xcel Energy, Tariff Sheet Section 10, Sheet 95.

[41] Because of the Section 9 and Section 10 provisions and timelines, the Company's engineering personnel continued to study the interconnection applications for projects larger than 1 MW despite the uncertainty over their eligibility for the S*RC program.

second phase design produces interconnection cost estimates as accurately as possible[42].

Some parties filed comments concerning the accuracy of construction estimates provided by the Company. We are unsure to what these comments are attributed, as no detailed construction estimates have been produced for S*RC projects to date.

D. Interconnection Queue

The interconnection queue information issue was also discussed at length within the Implementation Workgroup and several solutions were discussed to provide applicants and potential applicants additional queue information. The Working Group eventually agreed on a plan for the Company to publish an S*RC-only interconnection queue. The Company proposes that parties allow this solution to be put into practice prior to implementing other measures, such as "parallel studies" as MnSEIA proposes[43].

In response to the Department's request to explain how the Company will ensure projects move through the queue in a timely fashion, we refer to the business rules filed in this docket on December 5, 2014, which were also discussed in the Workgroup prior to filing. These rules ensure reasonable progress by applicants because where applicants fail to meet the business rule requirements of timely go, no-go decisions and payments, they will be removed from the queue and the next application will be studied.

VI. Recommendations for Commission Action

The Commission should provide that the 1 MW garden size limitation in the CSG statute should be enforced for all S*RC projects. We believe this is the

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[42] *See* Xcel Energy Tariff, Section 10, Sheet 116: The Interconnection Customer is responsible for the actual costs to interconnect the Generation System with Xcel Energy, including, but not limited to any Dedicated Facilities attributable to the addition of the Generation System, Xcel Energy labor for installation coordination, installation testing and engineering review of the Generation System and interconnection design. Estimates of these costs are outlined in Exhibit B. While estimates, for budgeting purposes, have been provided in Exhibit B, the actual costs are still the responsibility of the Interconnection Customer, even if they exceed the estimated amount(s). All costs, for which the Interconnection Customer is responsible for, must be reasonable under the circumstances of the design and construction.

[43] The idea of "parallel" studies is not feasible. The future condition of the grid, an inherently dynamic system, cannot be surmised in order to perform a study for the second applicant in the queue.

best way to ensure a successful program and to balance all customers' interests. In addition to affirming our interpretation of the 1 MW limitation, we offer a few additional ideas for the Commission's consideration.

- The Commission could rely on the public interest standard to implement annual caps on the program (rather than aggregate caps) to ease the administration of the program and assure that other customers are not harmed.

- The Commission could revisit the REC payment level, as it was designed to achieve the financeability criteria of the statute.

- The Commission could require that all S*RC program applicants with an aggregate nameplate capacity greater than 1 MW have purchases made at a FERC avoided cost rate.

- The Commission could also redefine the ARR for demand-metered C&I customers to be the energy rate, which is more similar to net metering than the current ARR. This would assure that C&I customers would not get a bill credit based on demand and customer charges, and would be consistent with historical ARR calculations approved for our Net Billing service for net-metered customers.

- The Commission could modify our tariff to include language that mirrors the Department of Revenue's language to determine single developments where aggregation is proposed.

We also note that the Company has continued to engage with stakeholders in the Implementation Workgroup. To the extent the Commission intends to take up additional issues when it hears this matter, the Company provides a summary of open and recently resolved issues to date.

S*RC Issues List			
Issue	**Resolved or Unresolved**	**Company Position**	**Rationale**
Eligible Garden Size	Unresolved	An eligible garden size is an individual project 1 MW AC or less, or an aggregate total of 1 MW AC or less.	Projects sized above 1 MW are in conflict with the statute, and Commission orders have not permitted co-location greater than 1 MW.

S*RC Issues List			
Issue	**Resolved or Unresolved**	**Company Position**	**Rationale**
REC Payments for Unsubscribed Energy	Unresolved	Opposes REC payments for unsubscribed energy.	Commission did not intend to incentivize unsubscribed energy and did not Order the payment of REC values for unsubscribed energy.
S*RC Queue Transparency	Resolution in Progress	Make public the S*RC queue. Make the full interconnection queue public as soon as internal technology allows for a simple solution to do so.	Interconnection queue provides valuable information to applicants and allows for more efficient use of developers' and the Company's time. The Company does not support full distribution system transparency because of security concerns.
REC Payments for Solar*Rewards and Made In Minnesota Gardens in Years 11-25	Unresolved	Support a tariff change to pay current REC pricing at time "deemed complete."	This will provide resolution for this limited set of small garden projects.
MISO Process	Resolution in Progress	Follow a specific process, but use general rules until all parties gain more experience.	Balance developer desire for certainty with flexibility needed for meaningful transmission review.
Assignment of Deposit	Unresolved	Opposes imposition of a duty to assign operators' deposits to a third party. Open to 3rd party administration of the deposit, but requires that the process be efficient and the costs borne by applicants.	Undermines the purpose of the deposit. In the alternative, if deposit was assignable, support tariff changes to make deposit non-refundable in certain circumstances.
Parallel Study	Unresolved	Opposes a parallel study option.	Not feasible because future condition of the grid cannot be ascertained.
Annual ARR Update Schedule	Resolved	Company will file annually before February 1 with an April 1 effective date.	Gives parties reasonable opportunity to review.
Garden Location Changes	Unresolved	The location of a garden may be changed prior to beginning completeness review.	Completeness determines interconnection queue position. Changing a garden location requires a new completeness review and a new queue position, therefore a new application is required.
Pre-screen	Unresolved	Company offers to develop a pre-screen option.	Responsive to some developers' desire to gain more information earlier in the process.

S*RC Issues List			
Issue	**Resolved or Unresolved**	**Company Position**	**Rationale**
Subscription Disclosure	Resolved	Garden Operators will disclose documents as noted in the April 7, 2014 Order	We believe the Commission intended to require this of Garden Operators.
Subscription Transfers	Resolved	Subscriber relocations: operators must re-add the subscriber to the system and 120% rule is rechecked.	Subscription information is managed by operators.
Address validation	Resolved	Applicants will strive to produce a valid address for each garden.	Desire to limit address changes which challenge interconnection and study tracking.
Annual Reporting Requirements	Resolved	Company agrees to exclude non-public financial statements upon request and contract modification with operator.	

The Department's Reply Comments on April 30, 2015, suggest several additional reporting requirements for the Company. We note that the Department's proposal is in addition to our current monthly reporting obligations to the Commission. The Department recommends additional reporting on:

- each instance in which an application was deemed incomplete or otherwise returned to the applicant for additional information,
- additional information being sought from the applicant,
- amount of additional time taken for processing the application,
- each instance in which the Company did not meet a Section 10 tariff interconnection process timeline, or otherwise restarted the timeline, and
- the reason for not meeting/restarting timeline.

While we could provide some of this detail, much of it is unavailable on a per application basis. The process for interconnection often includes ongoing communications between our S*RC program staff, Company engineers, and the Garden Operator. Our systems of record do not capture or track details including each communication date or follow-up request, in part because there are so many individual, day-to-day communications.

The Company is currently fulfilling three compliance items. These include:

- the April 7, 2014 Order (Order Point 3.c) stating "Xcel shall make information on the total number of pending and approved applications and their size available on its website";
- the February 13, 2015 Order (Order Point 3) requiring "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…"; and
- the February 13, 2015 Order (Order Point 3) notes "Xcel shall file in eDockets the approved minutes (with attachments) and the agendas from all stakeholder workgroup meetings, including past meetings."

To the extent these compliance items continue to be beneficial to the Commission, the Company will continue to report this information as Ordered. We have reviewed the current and proposed Department reporting requirements and believe there is a more efficient way to provide this detail, however. We respectfully requests that the Commission consider modifying the full scope of the Company's compliance requirements as follows.

Xcel Energy shall file a quarterly report to the Commission through eDockets including:

- Application process detail for S*RC[44] including the number of applications and associated MW by county for all applications submitted to-date;
- Interconnection status[45] of S*RC projects including application ID, rated AC output, substation, date the project paid all necessary fees, date the application was deemed complete, date the Scope of Work is provided to the applicant for the interconnection study, date payment was received for the interconnection study, and the date the interconnection study started and was completed;
- Application issues and causes of delay; and
- Implementation Stakeholder approved meeting minutes.

The Company will also provide all compliance reports on its website once filed.

[44] Application details are noted in Section 9 of the Company's electric rate book.
[45]Interconnection details are noted in Section 10 of the Company's electric rate book.

CONCLUSION

Xcel Energy remains committed to promoting solar generation in Minnesota and to a successful Solar*Rewards Community program. Based on the eligible applications received to date, we expect we will have one of the largest solar gardens programs in the country. We are also committed to ensuring the program is implemented in a manner consistent with the CSG statute and Commission Orders and in a way that protects all Xcel Energy customers, whether or not they choose to participate in the S*RC program. We will continue to work with stakeholders to attempt to resolve differences prior to the Commission's hearing.

To allow the program to move forward, we request the Commission issue an Order affirming that our proposed implementation of the program, as set out in our April 28, 2015 filing, is consistent with the CSG statute and prior Commission Orders. We also request the Commission deny SGC's request for an Order requiring Xcel Energy to accept co-located CSGs that exceed 1 MW and the Department's Motion requesting that the Commission issue an Order requiring Xcel Energy to show cause why its proposed actions do not violate prior Commission Orders in this docket. Finally, we respectfully request the Commission modify its prior Orders with respect to compliance reporting.

Dated: May 18, 2015

Northern States Power Company

CERTIFICATE OF SERVICE

I, James G. Erickson, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

Docket No. E002/M-13-867

Dated this 18th day of May 2015

/s/

_____

James G. Erickson
Regulatory Administrator

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Michael	Allen	michael.allen@allenergysolar.com	All Energy Solar	721 W 26th st Suite 211 Minneapolis, Minnesota 55405	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
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Michael J.	Bull	mbull@mncee.org	Center for Energy and Environment	212 Third Ave N Ste 560 Minneapolis, MN 55401	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Jessica	Burdette	jessica.burdette@state.mn.us	Department of Commerce	85 7th Place East Suite 500 St. Paul, MN 55101	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Joel	Cannon	jcannon@tenksolar.com	Tenk Solar, Inc.	9549 Penn Avenue S Bloomington, MN 55431	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
John J.	Carroll	jcarroll@newportpartners.com	Newport Partners, LLC	9 Cushing, Suite 200 Irvine, California 92618	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel

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Arthur	Crowell	Crowell.arthur@yahoo.com	A Work of Art Landscapes	234 Jackson Ave N Hopkins, MN 55343	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Dustin	Denison	dustin@appliedenergyinnovations.org	Applied Energy Innovations	4000 Minnehaha Ave S Minneapolis, MN 55406	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, Fifth Floor Minneapolis, MN 55401	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, 1400 BRM Tower St. Paul, MN 55101	Electronic Service	Yes	SPL_SL_13-867_Community Solar Garden - Xcel
Bill	Droessler	bdroessler@iwla.org	Izaak Walton League of America-MWO	1619 Dayton Ave Ste 202 Saint Paul, MN 55104	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Betsy	Engelking	betsy@geronimoenergy.com	Geronimo Energy	7650 Edinborough Way Suite 725 Edina, MN 55435	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
John	Farrell	jfarrell@ilsr.org	Institute for Local Self-Reliance	1313 5th St SE #303 Minneapolis, MN 55414	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Nathan	Franzen	nathan@geronimoenergy.com	Geronimo Energy	7650 Edinborough Way Suite 725 Edina, MN 55435	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Eric	Jensen	ejensen@iwla.org	Izaak Walton League of America	Suite 202 1619 Dayton Avenue St. Paul, MN 55104	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Michael	Kampmeyer	mkampmeyer@a-e-group.com	AEG Group, LLC	260 Salem Church Road Sunfish Lake, Minnesota 55118	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Brad	Klein	bklein@elpc.org	Environmental Law & Policy Center	35 E. Wacker Drive, Suite 1600 Suite 1600 Chicago, IL 60601	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Jon	Kramer	jk2surf@aol.com	Sundial Solar	4708 york ave. S Minneapolis, MN 55410	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Michael	Krause	michaelkrause61@yahoo.com	Kandiyo Consulting, LLC	433 S 7th Street Suite 2025 Minneapolis, Minnesota 55415	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Dean	Leischow	dean@sunriseenergyventures.com	Sunrise Energy Ventures	601 Carlson Parkway, Suite 1050 Minneapolis, MN 55305	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Rebecca	Lundberg	rebecca.lundberg@powerfullygreen.com	Powerfully Green	11451 Oregon Ave N Champlin, MN 55316	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Casey	MacCallum	casey@appliedenergyinnovations.org	Applied Energy Innovations	4000 Minnehaha Ave S Minneapolis, MN 55406	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Erica	McConnell	emcconnell@kfwlaw.com	Keyes, Fox & Wiedman LLP	436 14th Street, Suite 1305 Oakland, California 94612	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
Thomas	Melone	Thomas.Melone@AllcoUS.com	Minnesota Go Solar LLC	222 South 9th Street Suite 1600 Minneapolis, Minnesota 55120	Electronic Service	No	SPL_SL_13-867_Community Solar Garden - Xcel
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