

June 22, 2018

—Via Electronic Filing—

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

RE: RESPONSE TO MPUC INFORMATION REQUEST NO. 1

2018 SES Annual Report Docket No. E999/M-18-205

Dear Mr. Wolf:

Enclosed please find our response to the referenced Minnesota Public Utilities Commission information request in the above-noted docket.

Please contact me at (612) 330-5570 or <u>rebecca.d.eilers@xcelenergy.com</u> if you have any questions regarding this submission.

Sincerely,

/s/

REBECCA EILERS
REGULATORY CASE SPECIALIST

Enclosure c: Service List

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|----------------------------------------------------------------------|
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Xcel Energy

Docket No.: E999/M-18-205

Response To: MN Public Utilities Commission Information Request No. 1

Requestor: Hanna Terwilliger

Date Received: June 11, 2018

Question:

Laws of MN, 2018, Chapter 193 H.F. No. 3232 made changes to the SES Small Scale Carve Out and Solar*Rewards program. Please provide the following information:

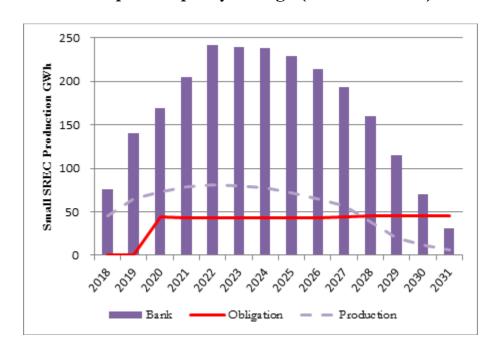
- A brief analysis of how the changes to the Solar*Rewards program and SES Small Scale Carve Out threshold will impact SES compliance.
- An updated Worksheet 3 Solar Generation using the 40 kW threshold.

Response:

On May 29, 2018, Governor Dayton signed House Bill 3232 that, in part, revised Minn. Stat. § 116.7792 so as to allow solar energy systems with a total aggregate nameplate capacity of no more than 40 kW DC to participate in the Solar*Rewards program. Previously, the law restricted participation in this program to systems no more than 20 kW DC.

The legislation does not impact the Company's ability to comply with the overall 2020 requirements, which requires 1.5 percent of the Company's total retail electric sales to retail customers in Minnesota be generated by solar energy (set forth in Minn. Stat. § 216B.1691, Subd. 2f). While the legislation does improve the Company's ability to potentially comply with the small solar carve out, the Company still forecasts being in compliance with the small solar carve out as noted in our June 1, 2018 SES Report. The adjustment will, however, alter our forecast towards the small solar carve out and extend our ability towards compliance. The graph below, shown as Graph 2 in Section 2 of our June 1, 2018 SES Report, has been updated to reflect changes to the nameplate capacity.

Graph 2 - Updated Small SREC Production with Solar*Rewards Nameplate Capacity Change (20 to 40 kW AC)



The updates to Graph 2 show that the Company may be in compliance with the small solar carve out through 2030. The legislative change has a minor impact to forecast for two reasons: 1) The small solar systems (now up to 40 kW AC) installed after August 1, 2013 but before 2020 have a shelf-life of 4 years beginning in 2020 (and those systems installed beginning or after 2020 have a shelf life of 4 years)¹; and 2) the Solar*Rewards funding level has not changed – the available capacity within each year remains the same. Graph 2 assumes 100 percent of funds awarded with 75 percent installed for the Solar*Rewards program. If predicted solar installations are lower than identified in Graph 2 above, the Company could fall out of compliance prior to the date shown.

We note that program assumptions used in Graph 2 have embedded risk that the actual results could be significantly different than the forecast. The Company cannot predict what the market installation rate will be for small solar rooftop.

Please see Attachment A to this response for an updated Worksheet 3 – Solar Generation using the 40 kW threshold. We have also provided this spreadsheet as a live Excel file for Staff's convenience.

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¹ See the Commission's April 25, 2014 Order in Docket No. E999/CI-13-542.

Preparer: Jessie Peterson

Title: Sr. Regulatory Analyst

Department: Customer Solutions

Telephone: 612-330-6850 Date: June 22, 2018

| Minnesota Public Utilities Commission | | | | | | | | |
|---------------------------------------|----------------------|-------------------------------------|--|--|--|--|--|--|
| INFORMATION DOCKET E999/M-18-2 | O5 Reporting Period: | January 1, 2017 - December 31, 2017 | | | | | | |
| Solar Energy Standard Annual Report | Utility: | Xcel Energy | | | | | | |
| Report Year: | 2017 Date Submitted: | June 22, 2018 | | | | | | |

| Solar generation on the utilites' system during the reporting period Docket No. E999/CI-13-542, Commission Order (April 25, 2014), Order Point 4.E | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------|-----------------------------|-------------------------------|-----------------|--|--|--|--|
| | Number of Facilities on Utility System | Capacity | Number registered in M-RETS | Capacity registered in M-RETS | SRECs Generated | | | | |
| Less than 40kW | 2,082 | 24.06 | 36 | 16.84 | 20,175 | | | | |
| Greater than 40kW | 137 | 480.21 | 243 | 477.49 | 570,348 | | | | |

| Estimated amount of solar generation a utility would be required to obtain in 2020 Docket No. E999/CI-13-542, Commission Order (April 25, 2014), Order Points 4.F & 4.G | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|--|--|--|--|
| | Capacity (MW) | SRECs (MWh) | | | | |
| Entire 1.5% Standard | 226 | 437,907 | | | | |
| Small Scale Carve-Out (10% of 1.5%) | 31 | 43,791 | | | | |
| 2030 Goal of 10% | 1,581 | 3,023,736 | | | | |

| Breakdown of S-RECS generated | | | | | | | | | |
|-----------------------------------------------------------------------------|----------------------------------------|------------------------------|---------------------------|------------------|--|--|--|--|--|
| Docket No. E999/CI-13-542, Commission Order (April 25, 2014), Order Point 5 | | | | | | | | | |
| | Balance at Beginning of Reporting Year | Accrued in Reporting Year | Used in Reporting Year | Year End Balance | | | | | |
| Utility-owned solar projects | | | | | | | | | |
| 2. Solar Facilities that have entered into a PPA with the utility | 20,113 | 420,305 | | 440,418 | | | | | |
| 3. Community Solar Gardens (ARR) | | | | 0 | | | | | |
| a. Receiving an incentive (any type) | 245 | 146,568 | | 146,813 | | | | | |
| b. Not receiving an incentive | | | | | | | | | |
| 4. Community Solar Gardens (VOS) | | | | | | | | | |
| a. Receiving an incentive (any type) | | | | | | | | | |
| b. Not receiving an incentive | | | | | | | | | |
| 5. Facilities receiving a VOS rate (not incuded above) | | | | 0 | | | | | |
| 6. Facilities under a net metering tariff | | | | 0 | | | | | |
| a. Receiving an incentive (any type) | 10,481 | 19,748 | | 30,229 | | | | | |
| b. Not receiving an incentive | | | | 0 | | | | | |
| 7. Facilities receiving an incentive (not included above) | | | | 0 | | | | | |
| 8. Facilities that do not fall into any other category | 497 | 3,902 | | 4,399 | | | | | |
| Total | 31,336 | 590,523 | 0 | 621,859 | | | | | |

| Purchases and sales of S-RECS to meet the SES | | | | | | | | |
|-------------------------------------------------------------------------------|-----------------|------------|--|--|--|--|--|--|
| Docket No. E999/CI-13-542, Commission Order (April 25, 2014), Order Point 4.K | | | | | | | | |
| | SRECs Purchased | SRECs Sold | | | | | | |
| SES (>20k/40W) | 0 | 0 | | | | | | |
| Small Scale Carve Out (<20/40kW) | 0 | 0 | | | | | | |
| Total | 0 | 0 | | | | | | |

CERTIFICATE OF SERVICE

I, Lynnette Sweet, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

- <u>xx</u> 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. E999/M-18-205

Dated this 22nd day of June 2018

/s/

Lynnette Sweet Regulatory Administrator

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