

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
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In the Matter of the Petition of Northern
States Power Company for Approval of
Revisions to the Renewable*Connect Pilot
Program

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In the Matter of the Petition of Northern
States Power Company, d/b/a Xcel Energy,
for Approval of Renewable*Connect Pilot
Programs

ORDER APPROVING TARIFF
REVISIONS WITH MODIFICATIONS

PROCEDURAL HISTORY

On February 27, 2017, the Commission issued an order approving the Renewable*Connect and Renewable*Connect Government pilot programs proposed by Northern States Power Company, d/b/a Xcel Energy (Xcel).

On September 21, 2017, Xcel filed a petition requesting approval of revisions to its tariffs governing the Renewable*Connect pilot program (Renewable*Connect).

On September 29, 2017, the Commission issued a notice of comment period requesting comment from Xcel regarding the customers currently committed to the pilot tranche of Renewable*Connect and requesting comment from other parties about whether the Commission should approve the requested revisions.

On October 13, 2017, Xcel submitted comments providing the information requested in the notice.

On November 8, 2017, the Department of Commerce, Division of Energy Resources (the Department) filed comments recommending that the Commission approve the petition.

On November 9, 2017, the Office of the Attorney General – Residential Utilities and Antitrust Division (the OAG) submitted comments recommending modifications to one of Xcel's proposed tariff revisions.

On January 25, 2018, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Introduction

Minn. Stat. § 216B.169 authorizes utilities to offer one or more rate options for utility customers to secure electricity from renewable or high-efficiency, low-emission sources. Xcel proposed its Renewable*Connect and Renewable*Connect Government pilot programs under Minn. Stat. § 216B.169, and the Commission approved the pilot programs in February 2017.¹ Xcel has dedicated approximately 75 megawatts (MW) of wind and solar generation to Renewable*Connect, and customers who participate in Renewable*Connect pay a per-kilowatt-hour (kWh) rate for that renewable energy in lieu of the fuel clause charge that they would normally pay.

II. The Petition

Xcel's petition contains one update and two requests for tariff changes to the pilot program. First, the petition includes Xcel's annual update to the month-to-month and special-event pricing for Renewable*Connect.

Second, Xcel suggests an edit to the tariff and service agreement clarifying that the customer's service agreement for Renewable*Connect terminates when the pilot program ends on December 31, 2026, regardless of when the customer entered into the service agreement or the length of the service agreement.

Third, Xcel reports that Renewable*Connect is approximately two-thirds subscribed, with approximately one-third of the energy still available for subscription. The pilot program currently limits subscription levels to 10% of the total expected average output of the available Renewable*Connect resources in order to ensure that large customers do not dominate the pilot program and exclude small customers from participating. Xcel maintains that the subscription limit has served its purpose because all customers have had a reasonable opportunity to join the program, and requests that the Commission remove the 10% limit to allow customers to increase their subscriptions.

III. Parties' Positions

A. The Department

The Department agreed with Xcel's reasoning regarding the clarification of the service agreement term and removing the 10% limit. The Department also confirmed that Xcel correctly calculated the updated pricing. Accordingly, the Department recommended approval of the petition.

¹ Xcel's proposed tariff revisions apply only to Renewable*Connect and not to Renewable*Connect Government.

B. The OAG

The OAG commented that the undersubscription of the Renewable*Connect pilot program demonstrates how ratepayers can be harmed when “value-added services” are not as successful as predicted. The OAG noted that the initial pilot tranche comprises already-approved resources, but argued that a future tranche with incrementally procured resources that was not fully subscribed would force non-participating ratepayers to cover the cost of the Renewable*Connect resources.

The OAG took no position on whether the Commission should remove the 10% limit, but argued that if the Commission does remove the limit, it should confine that modification to the first tranche only. The OAG proposed adding the following language after Paragraph 2, Section No. 5, Sheet No. 151 of Xcel’s Renewable*Connect tariff:

2a. Limited Exception to Subscription Level. Customers who subscribe to the first tranche of resources approved for the Renewable*Connect Pilot Program may purchase a total Subscription Level from the first tranche without limitation.

IV. Commission Action

The Commission has reviewed Xcel’s update to the month-to-month and special-event pricing, as well as the tariff and service-agreement change to clarify the term of the service agreement, and concludes that those proposals are reasonable. The Commission will therefore approve the update and the change to the tariff and service agreement.

The Commission agrees with Xcel and the Department that the 10% limit on subscription levels has served its purpose of ensuring that all customers have access to Renewable*Connect, and the limit should be removed in order to allow interested customers to increase their subscriptions in the first tranche of the pilot program. The Commission agrees with the OAG that the limit should be removed only for the first tranche of the pilot program and therefore that the Renewable*Connect tariff should expressly confine the removal of the 10% limit to the first tranche of the pilot program. The Commission will therefore approve Xcel’s proposal to remove the 10% limit as modified by the OAG’s suggested tariff change described above.

ORDER

1. The Commission approves Xcel’s month-to-month and special-event pricing update.
2. The Commission approves Xcel’s change to the Renewable*Connect tariff and service agreement to clarify the term of the Renewable*Connect pilot program.
3. The Commission approves Xcel’s proposal to remove the 10% subscription limit for the first tranche of the Renewable*Connect pilot program as modified below. Xcel shall insert the following language after Paragraph 2, Section No. 5, Sheet No. 151 of the Renewable*Connect tariff:

2a. Limited Exception to Subscription Level. Customers who subscribe to the first tranche of resources approved for the Renewable*Connect Pilot Program may purchase a total Subscription Level from the first tranche without limitation.

4. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



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