

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

March 12, 2019

**In the Matter of Xcel Energy’s Petition for
Approval of a Renewable*Connect Program**

Docket No. E002/M-19-33

INITIAL COMMENTS OF FRESH ENERGY

Fresh Energy submits these initial comments in response to Xcel Energy's January 7, 2019 [Petition for Approval of a Renewable*Connect Program](#). We support Xcel’s efforts to offer customers a renewable energy option on an ongoing basis by moving Renewable*Connect from the pilot phase to a permanent program. Customer demand for renewable energy options is strong and growing, and this proposal will provide a valuable service to these customers. Fresh Energy recommends the Renewable*Connect program be approved with the modification recommended in Section 2 below.

Section 1: Proposal

Fresh Energy supports customer renewable programs or “green tariffs” and supports Xcel’s efforts to expand its green tariff offerings by making the Renewable*Connect (R*C) Program a permanent offering. There is significant customer interest in green tariffs: as Xcel’s petition describes, the current Renewable*Connect pilot is fully subscribed and has 400 customers on the waitlist, while the Windsource program continues to see steady growth.¹ We agree with Xcel that it is the right time to transition the Windsource program, as the program “operates under an administratively established price from an earlier generation of the wind market” and “several of the resources that supply energy to Windsource customers are expiring in the next few years.”² We applaud Xcel for its continued effort to provide customer options and expand renewable energy generation.

Fresh Energy also supports Xcel’s proposal to add 230 MW of new renewable energy generation to support the proposed Renewable*Connect Program. The addition of new resources is an essential component of a green tariff, as discussed in the World Resources

¹ Xcel Energy, Initial Petition, at page 1, 2, and 11 ([link](#)).

² Xcel Energy, Initial Petition, at page 2 ([link](#)).

Institute's corporate renewable energy buyers' principles³ and the purchasing positions of many large corporate customers, including Google. This was also a key issue in the pilot phase of the R*C program.⁴ Because Xcel is procuring new resources specifically for the Long Term Offer, adding new solar resources to supply the Month-to-Month Offer, and committing to continue to supply the program with new, set-aside resources in the future, Xcel's proposal meets this criteria.

As Xcel notes in its proposal, "We understand the importance of this feature to some of our commercial and industrial customers"⁵ and "the Company is committed to work with customers to secure new resources to meet new Renewable*Connect demand."⁶ We are glad to see Xcel responding to customer demand for additionality in the next phase of the Renewable*Connect Program.

Section 2: Pricing Methodology

Xcel proposes pricing methodology for the R*C Program consistent with the methodology used in its R*C Pilot, which includes the resource costs, administrative costs, a neutrality adjustment, less a capacity credit. Fresh Energy recommends the Commission approve the proposed pricing methodology, with a modification to the capacity credit valuation.

2.1 Capacity Credit

Xcel proposes to use the same methodology to determine capacity credits as was used in the R*C Pilot: "the product of the Midcontinent Independent System Operator (MISO) accreditation percentage and the annual cost of a combustion turbine."⁷ However, Xcel also proposes to *not* provide a capacity credit for customers under the Long Term Offer until there is a system need for capacity, which it expects in 2025.

Fresh Energy recommends that Xcel maintain consistent treatment of customers under the R*C Month-to-Month Offer and the R*C Long Term Offer by including the capacity credit value in both tariffs starting in 2021, the year the proposed tariffs would take effect.⁸ We are open to other capacity valuation approaches for this program, but the most straightforward approach would be to use the same methodology as was used in the pilot.

³ World Resources Institute, Corporate Renewable Energy Buyers' Principles: Increasing Access to Renewable Energy, October 2018, at page 3 ([link](#)).

⁴ Clean Energy Organizations, November 15, 2016 Initial Comments ([link](#)) and November 29, 2016 Reply Comments in Docket 15-985 ([link](#)).

⁵ Xcel Energy, Initial Petition, at page 14 ([link](#)).

⁶ Xcel Energy, Initial Petition, at page 20 ([link](#)).

⁷ Xcel Energy, Initial Petition, at page 22 ([link](#)).

⁸ Xcel Energy, Initial Petition, at page 10 ([link](#)).

2.2 Indicative Pricing

Because Xcel has not yet acquired the additional generation resources that will serve R*C customers, the Company has filed indicative pricing. The Department of Commerce recommends that Xcel be directed to file its final pricing for its R*C Program within 30 days of approval of its resource acquisitions for the Program. Fresh Energy agrees with the Department's recommendation.

Conclusion and recommendations

We appreciate the opportunity to provide input on this important program, and we applaud Xcel for providing customers an attractive and ongoing renewable energy option supplied by new renewable energy resources. We urge the Commission to approve the program as filed, with the following small modifications:

- Include a capacity credit for all customers in 2021, and
- Require filing of final pricing for the R*C Program within 30 days of approval of Xcel's resource acquisitions for the Program.

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