

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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

March 29, 2019

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

Docket No. E002/M-19-33

REPLY COMMENTS OF FRESH ENERGY

Fresh Energy submits these reply comments in response to the Commission's February 25, 2019 Second Notice of Extended Comment Period related to Xcel Energy's January 7, 2019 [Petition for Approval of a Renewable*Connect Program](#). We support Xcel's effort to make Renewable*Connect (R*C) a permanent program offering and continue to recommend the Commission approve the program with the modification described in Section 1 below.

Section 1: Capacity Credit

In Fresh Energy's initial comments, we recommended that the Commission approve Xcel's proposed pricing methodology with a modification to the capacity credit valuation to provide a capacity credit to both Month-to-Month and Long Term customers starting in 2021. We wish to offer more specifics here on our concerns around the proposed capacity credit valuation.

In the proposed capacity credit methodology, Xcel has included a new line called "percent retained" which acts as a discount factor for the calculated capacity value. "Percent retained" is set at 100% for the Month-to-Month Offer but for the Long Term Offer is set at 0% for 2021-2024, at 10% for 2025, 20% for 2026, and so on, with a gradual increase until "percent retained" reaches 100% in 2039.¹ To our knowledge Xcel has not used this capacity discount approach previously (neither Windsource nor the R*C Pilot include "percent retained" in the calculation of capacity credits^{2,3}) and this new component is not discussed in Xcel's petition, although it appears intended to reflect anticipated future capacity needs. We continue to recommend providing all R*C participating customers with the calculated capacity value, rather than discounting based on Xcel's projection of its capacity position.

¹ Xcel Energy, January 7, 2019 Petition, Attachment H, Attachment H-1, Attachment H-2 ([link](#))

² Xcel Energy, October 28, 2016 Pricing Update to Petition for Approval of a Renewable*Connect Pilot Program, Attachment A ([link](#))

³ Order June 21, 2010, Docket 09-1177 ([link](#))

Section 2: Impacts on Non-Participating Customers

The Office of Attorney General's (OAG's) comments raise several concerns about fairness and potential cost shifting between participating and non-participating customers. Among other concerns, the OAG notes changes to the neutrality adjustment, allowing excess energy from R*C program resources to be allocated to the system via the fuel clause adjustment (FCA) and the addition of new resources outside of the integrated resource plan (IRP) process.

Fresh Energy agrees it is important to ensure fairness between participating and non-participating customers. The neutrality adjustment is designed for this purpose and should ensure nonparticipants are treated fairly. We support getting the neutrality adjustment methodology and components right and would support continued analysis and possible future revision if warranted. We note that the neutrality adjustment proposed by Xcel is 46% higher in 2021 and 120% higher 2040 compared to the neutrality adjustment used in the R*C Pilot tariffs.⁴

OAG is also concerned about the ability to shift R*C resource costs to the system should R*C be undersubscribed. Fresh Energy believes the risk of undersubscription is low given Xcel's experience with Windsource and the R*C Pilot and given the growing popularity of renewable energy among consumers. As OAG notes, the new resources proposed for the R*C program may already be fully or near-fully subscribed, given the 10 memoranda of understanding Xcel has secured for customers seeking to subscribe to the Long Term Offer at about 550 GWh per year.⁵ Given these circumstances it seems very unlikely that there will be a lack of subscribers. If there is, since Xcel is planning significant wind and solar additions for its general system, it is also very unlikely that material harm would result from undersubscription.

In general, Fresh Energy agrees it is preferable to authorize new resources during the IRP process. However, given the scale of the proposed program as a piece of Xcel's system, the fact that this type of offering is encouraged by State law,⁶ and that Xcel is responding to customer demand, we support the review and approval of this program in this docket.

Section 3: Impacts on Community Solar Program

Community Solar Garden (CSG) Providers raised concerns that the R*C program would allow Xcel to provide a product similar to community solar without the limitations established for the CSG program. Fresh Energy sees renewable tariffs and community solar subscriptions as different products that are both important for providing customer options and advancing clean energy.

⁴ Office of Attorney General, March 13, 2019 Comments at page 6 ([link](#))

⁵ Office of Attorney General, March 13, 2019 Comments at page 13 ([link](#))

⁶ Minn. Stat. §216B.169 Renewable and High-Efficiency Energy Rate Options ([link](#))

CSG Providers also raise concerns about “the protracted interconnection process replete with errors and delays that have yet to be fully resolved.”⁷ These are valid concerns. As an example, Xcel’s most recent CSG compliance filing shows 26 overdue interconnection studies as of March 1.⁸ It appears that 55% of studies due since September 2018 are still pending and that, of those delivered, 71% have been late with an average delay of 28 business days. One of these studies was delivered 118 business days (over 5 months) after the tariff allowed timeline with no explanation for the delay in Xcel’s reporting.⁹ We are in year five of the CSG program with a predictable and manageable volume of new interconnection applications. It is not unreasonable for CSG Providers to expect full compliance with well-established tariff timelines.

Conclusion and Recommendations

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

- Provide a capacity credit for both Month-to-Month and Long Term Offer customers beginning in 2021 and without a discount factor (“percent retained”), 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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⁷ CSG Providers, March 14, 2019 Comments at page 4 ([link](#))

⁸ Xcel Energy, March 14, 2019 Monthly Compliance Report in Docket 13-867, Attachment E ([link](#))

⁹ Xcel Energy, March 14, 2019 Monthly Compliance Report in Docket 13-867, Attachment E, Site ID 700 ([link](#))