

March 12, 2021

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. E002/M-12-1278

Dear Mr. Seuffert:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department), in the following matters:

Renewable Development Fund Cycle 4 Request for Approval of an Amendment to the First Amended and Restated Grant Contract for an Energy Production Project (EP4-15).

Renewable Development Fund Cycle 4 Petition for Approval of a Change in Scope of a Renewable Development Fund Grant Contract with Bergey Windpower Co. (EP4-24) and the University of Minnesota (RD4-11).

The Petitions were filed on December 16, 2020 and January 8, 2021 by:

Bria E. Shea, Directory, Regulatory & Strategic Analysis
Xcel Energy Services, Inc.
401 Nicollet Mall, 7th Floor
Minneapolis, MN 55401
(612) 330-6064

The Department's recommendations are described herein. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ GEMMA MILTICH
Financial Analyst, CPA

GM/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002/M-12-1278

I. INTRODUCTION

On December 16, 2020 Northern States Power Company, doing business as Xcel Energy, (Xcel or the Company) filed a petition requesting that the Minnesota Public Utilities Commission (Commission) approve a scope amendment to the Renewable Development Fund (RDF) grant contract for the energy production project EP4-15. Subsequently, on January 8, 2021, Xcel submitted a second petition requesting Commission approval for scope amendments to two additional RDF grant contracts for energy production project EP4-24 and research and development project RD4-11.

II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) reviewed the Company's December 16, 2020 and January 8, 2021 petitions to determine whether the proposed scope amendments to the RDF grant contracts for EP4-15, EP4-24, and RD4-11 are reasonable.

A. BACKGROUND SUMMARY ON THE RENEWABLE DEVELOPMENT FUND

In 1994, the Minnesota Legislature established the RDF under Minnesota Statutes §116C.779. Currently Minn. Stat. §116C.779 requires Xcel, as the public utility that owns the Prairie Island and Monticello nuclear power plants, to transfer specific dollar amounts, determined by the number of dry casks¹ stored at each of these nuclear facilities, into an account administered by the Department of Minnesota Management & Budget (MMB). This MMB-administered account is referred to as the Renewable Development Account (RDA) and has replaced the original RDF account initially established under Minn. Stat. §116C.779. The initial law also provided rudimentary guidance on how RDF funds could be used; the original law states that “[f]unds in the account can only be expended for development of renewable energy sources.”²

Prior to 2017, Xcel administered the original RDF account privately. In 2017, the Legislature modified Minn. Stat. §116C.779 by establishing the current MMB-administered RDA and directing the Company to transfer all funds, by July 1, 2017, from the Xcel-administered RDF to the MMB-administered RDA (a one-time transfer requirement). This action effectively eliminated the Xcel-administered RDF account. The statute clarifies that certain funds were not subject to this one-time transfer requirement,

¹ A dry cask is a sealed container storing spent fuel.

² [Laws of Minnesota 1994, chapter 641, Article 1, Section 10.](#)

including “funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (f) and (g) and sections 116C.7792 and 216C.41.”³ In its September 25, 2018 *Order* in Docket No. E002/M-17-712, the Commission approved the Company’s assessment that no funds were eligible for the one-time transfer requirement from the original RDF to the new RDA.

Minn. Stat. §116C.779 obligates Xcel to pay into the RDA \$500,000 for each dry cask at the Prairie Island nuclear power plant and \$350,000 for each dry cask at the Monticello nuclear power plant by January 15 each year, beginning in 2018. The statute authorizes Xcel to withhold from these annual payments “the amount necessary to pay its obligations under paragraphs (f) and (g) and sections 116C.7792 and 216C.41, for that calendar year.”⁴

The Company recovers expenditures associated with the RDF/RDA through its Resource Adjustment charge to customers. Through its RDF Rider, Xcel true up RDF/RDA expenditures and rider revenues annually and tracks the remainder of obligated funds as unencumbered or as deferred payments not yet collected from ratepayers. The Company adjusts the RDF Rider rate annually, based on the RDF/RDA true ups, actual expenditures, and forecasted expenditures.⁵

Going forward in the instant comments, we will consistently use the term “RDF” rather than “RDA” to refer to the Renewable Development Fund.

B. BACKGROUND SUMMARY ON THE FOURTH RDF GRANT PROJECT FUNDING CYCLE

Unless otherwise noted, all references to filings, comments, orders, and petitions included in the remainder of the instant comments are contained in the record of the current docket, Docket No. E002/M-12-1278.

The first RDF project grant funding cycle began in 2001. As of December 31, 2019, the RDF has disbursed approximately \$93 million to grant projects across four grant cycles.⁶

On November 29, 2012, the Company filed a notice of its intent to proceed with the fourth funding cycle (Cycle 4) of the RDF grant program and a petition for approval of standard grant contracts for certain RDF projects. Subsequently, on February 6, 2013, the Commission issued an *Order* approving Xcel’s request for proposals (RFPs) and standard grant contracts, as modified. The Commission’s February 6, 2013 *Order* required that Xcel follow specific processes for its RDF-related RFP process and RDF grant contracts, including a requirement that the Company submit its project selections to the Commission for approval.

³ Minn. Stat. § 116C.779, subdivision 1 (b).

⁴ Minn. Stat. § 116C.779, subdivision 1 (e).

⁵ The Commission most recently approved Xcel’s RDF Rider rate, effective January 1, 2021, in Docket No. E002/M-20-766.

⁶ Attachment 13 of Xcel’s October 1, 2020 filing in Docket No. E002/M-20-766 (see the total of the row labeled “RDF Grant Payments (a+b+c)”).

Xcel issued its RFP for the fourth RDF grant funding cycle on February 15, 2013,⁷ and accepted proposals through April 1, 2013.

The Company received 67 qualifying proposals with a combined grant funding request of about \$133.5 million, more than four times the available funding. On July 29, 2013, Xcel filed its RDF Cycle 4 selection report, which recommended 20 projects with a combined funding request of \$30 million.⁸ Xcel requested that the Commission approve its selected projects and corresponding grant awards as well as a list of reserve projects (Reserve List).

As set forth in the Company's December 12, 2013 Reply Comments, the Commission approved Xcel's requested grant awards for energy production (EP) projects, research and development (RD) projects, higher-education block grants, and reserve-project list in its March 11, 2014 *Order*. The March 11, 2014 *Order* also required the Company to allocate the remaining additional funding proposed in Xcel's January 20, 2014 letter to fund the projects numbered 1-9 on Xcel's Reserve List.

On December 4, 2015, Xcel filed a letter requesting approval to cancel four Cycle 4 RDF projects that were at an impasse (EP4-4, EP4-9, EP4-21 and RD4-4) and move forward with the next three projects on the Commission-approved Reserve List (EP4-36, EP4-44 and RD4- 8). The Commission's December 21, 2015 Notice approved Xcel's request.

In its April 6, 2016 letter, Xcel requested approval to cancel another two Cycle 4 RDF projects that were at an impasse (EP4-36 and EP4-39) and move forward with the three remaining projects on the Commission-approved Reserve List (RD4-1, RD4-5 and RD4-7). The Commission approved the Company's request through an April 29, 2016 Notice.

The Commission's February 6, 2013 *Order* requires Xcel to file all RDF grant contracts with the Commission. For RDF grant contracts that are consistent with the standard form contract for EP or RD projects, Xcel must file the grant contract with the Commission (and in the docket) for informational purposes only. For RDF grant contracts that deviate from the standard form contract, the Commission requires the Company file the grant contract, including a red-lined version, with the Department for compliance review. The Department has agreed to either (1) file a compliance letter in the proceeding if there are no issues or (2) bring any identified issues that cannot be resolved to the Commission for review.

Specific criteria, developed by Xcel in response to the Commission's June 2, 2010 *Order* in Docket No. E002/M-09-1145, determine whether RDF grant project expenditures are eligible for recovery through Xcel's RDF Rider. These criteria require projects to meet certain milestones before the corresponding

⁷ See February 22, 2013 compliance filing in Docket No. E002/M-12-1278.

⁸ Xcel's July 29, 2013 RDF Cycle 4 Project Selection Report, pages 6 - 7 of 128 in Docket No. E002/M-12-1278.

expenditures are included for recovery in rates and therefore provide some protection to Xcel's ratepayers to ensure that they pay only for known and measurable RDF grant project costs.⁹

C. RDF GRANT CONTRACT AMENDMENT GUIDELINES

In its June 28, 2005 *Order* in Docket No. E002/M-05-109, the Commission approved guidelines for amending RDF contracts. The level of documentation and regulatory review required for an RDF contract amendment depends on the type of contract modification proposed. The Commission's June 28, 2005 *Order* in Docket No. E002/M-05-109, pages 6 -7, discusses the following three amendment types:

Type 1 contract amendments represent modifications to the language, but not the meaning, of the contract. Correcting typographical errors or clarifying the definition of a term are examples of a Type 1 contract amendment. Xcel is not required to seek Commission approval for these modifications, but the change must be documented, and the documentation should demonstrate that the parties to the contract agreed to the change. The Company is to note such amendments in its quarterly RDF status reports.

Type 2 contract amendments represent minor changes in the contract's meaning. Examples of Type 2 amendments include things like schedule changes due to circumstances outside of the parties' control, reordering or reshipment of goods to correct for errors, delays in routine status reports, and minor changes in work scope. Like Type 1 amendments, Xcel must disclose Type 2 amendments in its quarterly RDF status reports, but the Company need not seek Commission approval. Note that, in reference to Type 2 amendments, Xcel has also stated that "a formal amendment to the RDF contract is required."¹⁰

Type 3 contract amendments represent material changes that would significantly modify the scope of work, technology or equipment associated with the project, primary contractors, or remediation for defective work. For a Type 3 amendment, Xcel initially seeks support from the RDF advisory group support for the proposed modification and subsequently requests Commission approval of the amendment.

The Commission emphasized that Xcel is responsible for demonstrating that the RDF contract amendments are reasonable.

⁹ For details on the referenced criteria, see page 4 and 6 of the Department's November 23, 2020 Comments in Xcel's most recent RDF Rider filing in Docket No, E002/M-20-766.

¹⁰ Xcel's January 8, 2021 filing, page 6, Docket No. E002/M-12-1278.

D. EP4-15 RDF GRANT CONTRACT WITH MINNESOTA RENEWABLE ENERGY SOCIETY

As a result of the Commission's March 11, 2014 *Order* in the instant docket, a grant award of \$2,661,320 was approved for the Minnesota Renewable Energy Society's (MRES's) EP4-15 project.¹¹ On February 19, 2015, Xcel filed the EP4-15 grant contract in compliance with the Commission's February 6, 2013 *Order*.

The Commission-approved initial RDF grant contract for EP4-15 provided the following summary of the project:¹²

The Minnesota Renewable Energy Society ("MRES") will install not more than 1,000 kilowatts of direct-current (kW_{DC}) solar capacity with the development of Community Solar Gardens located within Xcel Energy's Minnesota service area. At a minimum, one facility will be installed within a rural setting and one facility will be installed within an urban setting.

A Solar Garden is a form of solar facility tenure in which a specified piece of the solar array is individually owned. Power produced by designated panels is associated with the individual ownership whereby the facility is controlled by the association of owners that jointly represent ownership of the whole. A Community Solar Garden provides the opportunity for those who do not have appropriate space for a solar array on their home or business to actively participate in a renewable energy initiative. Participants will receive an on-bill credit reflecting the kWh energy produced from their portion of the facility. MRES intends to sell all energy generated to Xcel Energy through a Power Purchase Agreement.

The project's total cost is \$3,966,420. RDF grant funds will be applied to the capital costs of the project and result in a long-term energy production facility.

The goal of the Solar Project is to install 1,000 kW_{DC} PV capacity and demonstrate the concept of collective ownership as a way to increase the penetration of solar renewable electric production in Minnesota.

1. Summary of Previous EP4-15 Contract Amendments

Xcel executed three RDF contract amendments to document three successive replacements of the EP4-15 Project Manager, and, in compliance with the Commission's June 5, 2005 *Order* in Docket No. E002/M-05-109, the Company noted these amendments in the quarterly RDF status reports filed May 5,

¹¹ Attachment C of the Commission's March 11, 2014 *Order* in Docket No. E002/M-12-1278.

¹² Xcel's February 19, 2015 filing of the EP4-15 grant, Exhibit A, page 25, Docket No. E002/M-12-1278.

2016, August 2, 2016 and May 4, 2017. The Commission subsequently approved additional amendments to EP4-15 in its October 11, 2018 *Order*, which, in *Order* Point 1, provided for the following contract modifications:

- Allow third-party ownership of the solar photovoltaics; this action permits third-party ownership by an entity that has the tax liability necessary to realize the investment tax credits associated with the EP4-15 project.
- Allow Xcel to use its community solar garden tariff for the solar arrays rather than a power purchase agreement.

Allowing Xcel to use its community solar garden (CSG) tariff for the solar arrays, rather than the originally contracted power purchase agreement (PPA), significantly increased (by approximately 75 percent) the price paid by Xcel's ratepayers for the energy output of the EP4-15 project's CSGs.¹³ To compensate for these increased payments to the developers and subscribers of the CSGs, the amendment approved in the Commission's October 11, 2018 *Order* reduced the RDF grant amount available to MRES for the original two EP4-15 solar gardens from \$2,661,320 to \$1,283,100.¹⁴

Point 2 of the Commission's October 11, 2018 *Order* stated that "[t]he Commission permits a change of scope to allow a third solar garden on City of Minneapolis property, subject to a compliance filing and Commission approval." Importantly, during the August 23, 2018 agenda meeting at which the Commission considered the possibility of MRES installing a third solar garden as a part of the EP4-15 project, the Commission stated clearly that it was not at that time *approving* a third solar garden for EP4-15. Rather, the Commission explained that it was giving Xcel permission to negotiate a third solar garden project with MRES, and, based on the results of these negotiations, file a proposal requesting Commission approval of the negotiated terms and specifications of a potential third solar garden.¹⁵ Xcel's December 16, 2020 filing in the instant docket represents the Company's request for Commission approval of a proposed third solar garden under project EP4-15.

Since the Commission issued its October 11, 2018 *Order* approving the revised EP4-15 RDF contract, Xcel has documented three additional amendments to this contract, as well as a need for a fourth amendment:

- On January 14, 2019, Xcel submitted a EP4-15 contract amendment to accommodate minor schedule and budget changes as well as a shift the amount of installed capacity between the two approved solar gardens. The Company also noted these contract modifications in its May 16, 2019 RDF quarterly status report.

¹³ Department's December 21, 2017 Comments, page 8, Docket No. E002/M-12-1278.

¹⁴ Page 30 of Exhibit B of Xcel's September 22, 2017 petition in Docket No. E002/M-12-1278.

¹⁵ See archived webcast of the Commission's August 23, 2018 agenda meeting, beginning at approximately 1 hour and 50 minutes of webcast: http://minnesotapuc.granicus.com/MediaPlayer.php?view_id=2&clip_id=762.

- In its December 2, 2019 RDF quarterly status report, Xcel noted that it amended the EP4-15 contract to update the Grant Contract Program Manager.
- On March 24, 2020 Xcel submitted another EP4-15 contract amendment as an informational filing, explaining that it had extended the EP4-15 grant contract with MRES through November 30, 2020 and noting on page 3 of this filing that “[s]hould MRES request contract an extension(s) in the future, under the Commission-approved terms of the Amended and Restated Grant Contract, the grant contract can end no later than January 11, 2024 (3 years and 27 months from the Grant Contract Start Date of October 11, 2018).” The Company also noted these contract modifications in its May 15, 2020 RDF quarterly status report.
- In its November 30, 2020 RDF quarterly status report, Xcel noted that an amendment would be needed to extend the rural solar garden project end date beyond the November 30, 2020 deadline.

2. *Current Contract Amendment Proposed for EP4-15 (Xcel’s December 16, 2020 Filing)*

In its December 16, 2020 filing in the instant docket, Xcel explained that it made the currently proposed grant contract amendment for EP4-15 pursuant to Point 2 of the Commission’s October 11, 2018 *Order*. If approved by the Commission, the amendment proposed for the EP4-15 grant contract in Xcel’s December 16, 2020 filing would:

- Allow MRES to install a third solar garden of up to 700 kW_{DC} on City of Minneapolis property. Subscriptions to this proposed solar garden would be reserved for Xcel ratepayers that qualify as low income.¹⁶
- Permit MRES to use up to \$1,171,025 of RDF grant money on the proposed third solar garden project. The \$1,171,025 represents the RDF grant amount requested over the \$1,283,100 currently available to MRES to use on the two solar gardens previously approved for EP4-15. If the Commission approves the \$1,171,025 for the third solar garden, the cumulative RDF grant amount approved for EP4-15 would be \$2,454,125 (\$1,283,100 + \$1,171,025), a total amount that is less than the \$2,661,320 grant amount that the Commission initially approved (prior to the amendments approved in the Commission’s October 11, 2018 *Order*) for EP4-15.¹⁷ To clarify, if the Commission approves the proposed contract amendment, Xcel ratepayers would pay up to \$2,454,125 for the EP4-15 project (provided that the required milestones are completed), which is more than the currently approved \$1,283,100 maximum grant amount.

¹⁶ Xcel’s December 16, 2020 filing, page 4, Docket No. E002/M-12-1278. Note that page 5 of Exhibit C of the same filing states that the proposed third solar garden is “[t]o be completed approximately 48 months after the Grant Contract Start Date.”

¹⁷ *Id.*, page 5.

- Move the EP4-15 project performance assessment for MRES until after MRES has completed the installation of the proposed third solar garden. Specifically, Xcel is requesting that the EP4-15 Milestone 4 – *Performance Assessment*, be completed approximately 49 months after the start date of the amended contract (one month after the completion of the proposed third solar garden).¹⁸

Xcel provided forecasts showing that MRES would incur project costs for the proposed third solar garden through 2022 and estimating that installation of this solar garden would be complete by the end of 2022.¹⁹ The total budget for the proposed 700 kW_{DC} solar garden is equal to \$2,062,500²⁰ (\$1,171,025 of which the Company is requesting be paid for with RDF grant money).

Xcel explained that it computed the currently requested \$1,171,025 RDF grant increase following the same basic calculation methodology that it used to determine the amount by which to reduce the RDF grant for the contract changes approved in the Commission's October 11, 2018 *Order*. In reference to its calculation of the \$1,171,025 RDF grant requested for the proposed third solar garden, the Company stated "[i]n summary, the total project costs were estimated, including an average PPA price over a 15-year period. The difference between the net present value of energy sold under the CSG program over the 25-year period and the PPA provided the amount of the grant reduction in 2017. This methodology was updated to present time calculations to determine the amount of the grant for the third solar garden."²¹ Xcel noted that it applied the currently approved Value of Solar (VOS) pricing (as opposed to ARR pricing) to its computation of the currently requested RDF grant award,²² and provided a PDF of a spreadsheet showing these calculations.²³

3. Department Analysis

The Department maintains the concerns it expressed in its December 21, 2017 Comments regarding the significant changes to the EP4-15 project size (capacity) and pricing terms proposed in the Company's September 22, 2017, relative to the original EP4-15 proposal evaluated in the RFP process and approved by the Commission in 2014.²⁴ If the Commission were to approve the contract amendment allowing the third CSG, the total capacity permitted under EP4-15 would increase by 70 percent, from 1,000 kW_{DC} to 1,700 kW_{DC}. In addition, the price Xcel's ratepayers would pay for the output from the third CSG would be the currently approved VOS, consistent with Xcel's CSG tariff. While the VOS has decreased since 2017, it remains substantially higher than the price included in the original EP4-15 PPA proposal.²⁵ In addition, the purpose of the project has also changed, from a pilot intended to provide information regarding the tariff structure of CSGs generally, to a pilot focused on

¹⁸ *Id.*, page 3 and page 5 of Exhibit C

¹⁹ *Id.*, page 2 of Exhibit B and page 3 of Exhibit C.

²⁰ *Id.*, page 3 of Exhibit C.

²¹ Department Attachment 2.

²² Xcel's December 16, 2020 filing, page 5, Docket No. E002/M-12-1278.

²³ Department Attachment 1, page 3.

²⁴ Department's December 21, 2017 Comments, page 7, Docket No. E002/M-12-1278.

²⁵ Department Attachment 1, page 3, compare the price per MWh shown in the first and third column b.

CSGs for low-income subscribers. The version of this project that was evaluated, scored, and compared to other proposals in the RFP process is significantly different than the project contemplated in Xcel's December 16, 2020 petition. While it is possible that the project contemplated in the December 16, 2020 petition would have been selected had it been proposed in the original RFP process, it may not be reasonable to assume that it would have. In short, the Department is concerned that the significant changes in the scope and terms of the project have undermined the integrity of the RFP process and given the project an unfair advantage over other proposals.

However, Point 2 the Commission's October 11, 2018 *Order* may have already resolved these concerns by permitting a change of scope in the grant contract to allow a third solar garden, with only the specific details of the proposal subject to further Commission approval.

With respect to the details of the proposal for the third solar garden, the Department does have some minor concerns related to the determination of the grant amount for the proposed third solar garden. It is unclear to the Department whether and why it is reasonable for Xcel to apply the same procedure that the Company previously used to compute the RDF grant reduction (September 22, 2017 petition) to arrive at the Company's currently requested increase in the EP4-15 RDF grant. The Department recognizes that the Commission's October 11, 2018 *Order* approved Xcel's then-proposed EP4-15 grant reduction, but it is not clear that this calculation methodology should be carried forward and applied to the RDF grant increase that the Company is now requesting. Additionally, in calculating the grant amount, Xcel assumes as a starting point that the third solar garden is entitled to a grant equal to 70 percent of the initial \$2,661,320 grant awarded to the project (because the capacity of the third solar garden is 70 percent of the combined capacity of the first two gardens). That initially-assumed grant amount is then reduced to reflect the notional increase in the price to be paid by Xcel's rate payers for the energy produced by the third solar garden (i.e. the increase from the initial purchase price to the Value of Solar). It is not clear to the Department why that is a reasonable starting assumption for the currently requested grant amount.

Finally, the Department has some concerns about the extent to which this third CSG project would deliver savings to subscribers, which was a point of emphasis by the Commission with respect to the first two solar gardens. The price to be paid by ratepayers for the third garden's energy is notably lower than the price paid for the output of the first two gardens,²⁶ and the budgeted capital costs for the third garden are higher, on a \$/kW basis, than the first two.²⁷ In response to a Department information request regarding the potential savings for subscribers to the proposed third solar garden, Xcel was unable to provide an estimate of these possible savings. Instead, the Company referred to MRES's representation at the August 23, 2018 Commission agenda meeting that a third solar garden would deliver "significant" savings and indicated that the Company could not approximate how

²⁶ Department Attachment 1, page 3, compare the price per MWh shown in the second and third column b.

²⁷ Xcel's December 16, 2020 filing, page 2 and 3 of Exhibit C, Docket No. E002/M-12-1278. Total combined budget for the two previously approved EP4-15 solar gardens = \$2,201,861. Total budget for the proposed third solar garden = \$2,062,500. The budget per kW for the two previously approved EP4-15 solar gardens is $(\$2,201,861/1,000 \text{ kW}) = \$2,202$ per kW, compared to the budget per kW for the proposed third solar garden at $(\$2,062,500/700\text{kW}) = \$2,946$ per kW. The proposed third solar garden budget is \$744 per kW higher $(\$2,946 - \$2,202)$ than the budget for the first two EP4-15 solar gardens.

subscriber savings might be impacted if the Commission approves a lower RDF grant amount than is currently requested.²⁸ Considered together, the available project budget, energy pricing, and potential subscriber savings estimates for the proposed third solar garden present some uncertainty as to the range of savings that this third CSG would deliver to subscribers.

However, these concerns notwithstanding, the Department acknowledges that the total grant amount for these three CSGs (\$2,454,125) is less than the total grant amount initially approved in 2014 (\$2,661,320), and given that these are essentially experimental pilot projects, the Department does not have any strong objections to the proposed contract amendment.

E. EP4-24 RDF GRANT CONTRACT WITH BERGEY WINDPOWER CO.

As a result of the Commission's March 11, 2014 *Order* in the instant docket, a grant award of \$1,106,600 was approved for the Bergey Windpower Co. (Bergey) EP4-24 project.²⁹ On November 24, 2014, Xcel filed the EP4-24 grant contract in compliance with the Commission's February 6, 2013 *Order*.

The Commission-approved initial RDF grant contract for EP4-24 provided the following summary of the project:³⁰

Bergey Windpower Co. will install not more than 500 kilowatts of alternating-current (kWAC) wind capacity in central Minnesota. Most of the sites will be in the jurisdictions of Stearns, Benton, and Meeker Counties. The project will install fifty 10 kWAC grid connected wind turbines at 50 rural Xcel Energy customer sites.

Turbines will be installed on 120 ft Guyed-Lattice towers with sub-surface "deadman" anchors. Each turbine will be monitored using a web-enabled system that will provide the owners with real time and historical performance. The data will also be posted in real time to a publicly accessible project web site. Energy generated will be consumed on-site or delivered to Xcel Energy through the grid under the net metering tariff.

The project's total cost is \$3,191,745. RDF grant funds will be applied to the capital costs of the project and result in long-term distributed generation of scale using small wind turbines.

The goal of the wind project is to install 500 kWac wind capacity to demonstrate small-wind distributed generation.

²⁸ Department Attachment 3.

²⁹ Attachment A of the Commission's March 11, 2014 *Order* in Docket No. E002/M-12-1278.

³⁰ Xcel's November 24, 2014 filing of the EP4-24 grant contract, Exhibit A, page 25, Docket No. E002/M-12-1278.

1. *Summary of Previous EP4-24 Contract Amendments*

Xcel filed its first grant contract amendment for EP4-24 on April 26, 2016, requesting Commission approval to expand the geographical area³¹ of the project and make corresponding modifications to the project milestones and deliverables in order to maintain the basic design and purpose originally approved for EP4-24. The Commission approved this first amendment in its July 27, 2016 *Order*.

On June 19, 2018, the Company filed a second amendment to the EP4-24 grant contract, seeking Commission approval to extend the contract term through November 24, 2020, slightly modify specific deliverables, and allow Bergey to install wind turbines with greater per-turbine capacity than that initially approved for the project (15 kW as opposed to 10 kW turbines). The Department notes that the second amendment did not change the total capacity allowed to be installed for this project (500 kW). The Commission approved this second amendment through its August 8, 2018 *Order*.

2. *Current Contract Amendment Proposed for EP4-24 (Xcel's January 8, 2021 Filing)*

In its January 8, 2021 filing in the instant docket, Xcel explained that Bergey has yet to meet the EP4-24 project's first milestone, which requires Bergey to, among other things, commission and install a cluster of wind turbines with a combined nameplate capacity of 25 kWac.³² The currently approved EP4-24 contract includes eight milestones; milestones one through seven each set forth requirements for Bergey to commission and install wind turbines to achieve specific amounts nameplate capacity.³³ The Company explained that, in October 2020, Bergey requested an extension of the EP4-24 grant contract period, citing the COVID-19 pandemic as the cause of additional delays in the project's progress.³⁴ In reference to the EP4-24 contract, Xcel stated that "Under the existing terms, the contract would simply terminate without any requirement on the part of Bergey to share the lessons it learned in trying unsuccessful[ly] to achieve its project goal."³⁵ To salvage some value from the EP4-24 project and acknowledge of the impact of the COVID-19 pandemic on project progress, Xcel has proposed a third amendment to the grant contract with Bergey, which, if approved by the Commission would:

- Extend the contract period through June 30, 2021.
- Reduce the total RDF grant award to Bergey from \$1,106,600 to \$155,000.
- Allow Bergey to complete the previously approved Milestone/Deliverable 1 within the proposed extended contract period. If Bergey completes Milestone 1/Deliverable 1 (commissioning/installing wind turbines to achieve 25 kW of combined nameplate capacity) by June 30, 2021, Bergey would receive an RDF grant payment of \$155,000.

³¹ The expansion would increase the project area to include Minnesota's Lincoln, Lyon, Pipestone, and Murray counties.

³² Xcel's January 8, 2021 filing, page 1, Docket No. E002/M-12-1278.

³³ Xcel's June 19, 2018 EP4-24 contract amendment filing, pages 28 – 31, Docket No. E002/M-12-1278.

³⁴ Xcel's January 8, 2021 filing, page 5, Docket No. E002/M-12-1278.

³⁵ *Id.*, pages 1 – 2.

- Eliminate the previously approved Milestones/Deliverables 2 – 8.
- Add a new Milestone2/Deliverable 2 requiring Bergey to provide an analysis of all research completed and lessons learned and a final project presentation to the RDF advisory group by June 30, 2021.³⁶

The Department supports the proposed amendments to of the EP4-24 grant contract for the following reasons:

- It is plausible that the COVID-19 pandemic, a factor outside of the grantee’s control, has caused further delays in the EP4-24 project progress. The Department concludes that a short extension of the grant contract period is reasonable to accommodate a pandemic-induced delay.
- The proposed amendment provides a compromise that (1) would allow stakeholders to capture at least a portion of the potential benefits/lessons learned from the long-delayed EP4-24 project and (2) establish a firm end date (June 30, 2021) and reduced the RDF grant amount for EP4-24, a project which has not progressed as planned, despite multiple accommodating contract amendments. Because this compromise balances realizing benefits from the project with cost control and reasonable time limits, the Department concludes that the proposed amendments for EP4-24 are in the public’s interest.

The Department recommends that the Commission approve the proposed EP4-24 grant contract amendment proposed in Xcel’s January 8, 2021 filing in the instant docket.

F. RD4-11 RDF GRANT CONTRACT WITH THE UNIVERSITY OF MINNESOTA

As a result of the Commission’s March 11, 2014 *Order* in the instant docket, a grant award of \$1,899,499 was approved for the University of Minnesota (U of M) RD4-11 project.³⁷ On September 3, 2015, Xcel filed the RD4-11 grant contract with the in compliance with the Commission’s February 6, 2013 *Order*.

The Commission-approved initial RDF grant contract for RD4-11 provided the following summary of the project:³⁸

The Natural Resources Research Institute (“NRRI”) of the University of Minnesota (“Contractor”) will demonstrate a prototypic torrefaction bioconversion process and steam electric generation that will lead to the efficient generation of carbon-neutral electricity on a distributed basis. The

³⁶ *Id.*, pages 5, 8, and Attachment A.

³⁷ Attachment C of the Commission’s March 11, 2014 *Order* in Docket No. E002/M-12-1278.

³⁸ Page 1 of Exhibit A of Xcel’s September 3, 2015 RD4-11 grant contract filing in Docket No. E002/M-12-1278.

two-year research project will utilize a Minnesota-grown biofuel to demonstrate technologies that have been proven at the pilot-scale but need to be vetted at the demonstration-scale for cost effectiveness and environmental benefits.

The bioconversion and steam electric generation process will be designed and constructed in a modular form and scale. A variety of biomass raw materials will be tested to determine the energy content, profiles, and operational characteristics.

The project's total cost is \$2,345,502.

The research goal is to reduce greenhouse gas emissions by using torrefaction to produce a biofuel that can be used for cost-effective distributed power generation.

1. Summary of Previous RD4-11 Contract Amendments

In its RDF reports filed July 27, 2017, October 31, 2018, December 2, 2019, and May 15, 2020, Xcel noted four separate no-cost amendments to the RD4-11. These four amendments each incrementally extended the RD4-11 grant contract end date from September 3, 2017 (the originally approved end date) to, ultimately, December 3, 2020.

2. Current Contract Amendment Proposed for RD4-11 (Xcel's January 8, 2021 Filing)

In its January 8, 2021 filing in the instant docket, Xcel explained that, as of December 2020, the U of M has completed five out of eight milestones for the RD4-11 project. According to the Company, the U of M requested an extension to the RD4-11 grant contract period, citing the COVID-19 pandemic as the reason for needing a six-month extension through June 30, 2021.³⁹ If approved by the Commission, the proposed amendment would simply extend the grant contract period through June 30, 2021.⁴⁰

Department supports the proposed amendments to of the EP4-24 grant contract for the following reasons:

- It is plausible that the COVID-19 pandemic, a factor outside of the grantee's control, has caused a delay in the RD4-11 project progress, especially given the corresponding shutdown of the

³⁹ Xcel's January 8, 2021 filing, page 5, Docket No. E002/M-12-1278.

⁴⁰ Normally, a six-month RDF grant contract extension would not require Commission approval. However, on page 1 of its January 8, 2021 filing in the instant docket, Xcel explained on that "Under a lesson learned in the Company's initial filing in this docket, the Company indicated that it would not allow contract extensions to a Cycle Four RDF Grant Contract beyond three years from the originally scheduled contract end date and incorporated this limitation into Section 2 of the Cycle Four grant contracts. Both entities [Bergey and U of M] had previously requested and received extensions to their grant contracts extending completion to three years from each entities' originally scheduled contract end date."

- U of M campus. The Department concludes that a short extension of the grant contract period is reasonable to accommodate a pandemic-induced project delay.
- Without changing the project's RDF grant amount, Milestones/Deliverables, or purpose, the proposed amendment would permit stakeholders to fully realize the benefits/lessons learned of RD4-11, a project on which considerable progress has already been made. Because it would allow the project's benefits to be realized in their entirety, without requiring additional RDF grant funding, the Department concludes that the proposed amendment to the RD4-11 grant contract is in the public's interest.

The Department recommends that the Commission approve the proposed RD4-11 grant contract amendment proposed in Xcel's January 8, 2021 filing in the instant docket.

III. CONCLUSION AND RECOMMENDATIONS

Based on our review, the Department has minor concerns about, but no strong objections to, the EP4-15 contract amendment proposed in Xcel's December 16, 2020 filing in the instant docket. The Department recommends that the Commission approve the proposed EP4-24 and RD4-11 grant contract amendments proposed in Xcel's January 8, 2021 filing in the instant docket.

/ja

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- Public Document

Xcel Energy Information Request No. 3
Docket No.: E002/M-12-1278
Response To: Department of Commerce
Requestor: Gemma Militch
Date Received: February 24, 2021

Question:

Topic: Increased funding request for the EP4-15 project.

Reference(s): Pages 4 - 5 of Xcel's December 16, 2020 petition in E002/M-12-1278.

Request:

Xcel stated that "...the Commission has approved the 2020 VOS pricing and a 700 kW_{DC} third solar garden supports an RDF Grant amount increase of \$1,171,025 from the amount included in the First Amended and Restated EP4-15 Grant Contract which was approved by the Commission in Order Point 1 of the October 11, 2018 Order. Attachment 2 shows the calculation of the \$1,171,025 and illustrates how this proposed grant amount was calculated in a similar manner as the grant amount the Commission approved in the October 11, 2018 Order."

a) Please explain whether and demonstrate how the approved VOS pricing is factored into the estimated installation cost and RDF grant request for the proposed third solar garden.

b) Please explain how the above-referenced Attachment 2 calculations are consistent with the calculations of the grant amount approved by the Commission in its October 11, 2018 Order (please provide any relevant references to calculations/exhibits contained in the record). Is Xcel referring to a specific calculation methodology by which it calculated the RDF grant amounts requested for EP4-15 (if so, please explain what that methodology is)?

Response:

The Company made two adjustments to arrive at the increased grant amount. First, the Company calculated the grant amount based on the size (700 kW_{DC}) of the third solar garden using the currently-applicable rate of the VOS (instead of that used for the projects included in 2017 for the First Amended and Restated Grant Contract). Second, the Company compared the NPV of the cash flows of the original proposal

and the revised proposal incorporating the VOS. The VOS pricing was used to establish the cash flow that would result from the third solar garden. The increased NPV from the third solar garden proposal was subtracted from the calculated grant amount. Please see Attachment A to this response for the detailed calculations. This is the same methodology used in the calculations considered by the Commission in reaching its October 11, 2018 Order.

Preparer: Nick Paluck
Title: Rate Consultant
Department: Regulatory Analysis
Telephone: 612.330.2905
Date: March 8, 2021

Calculation of Grant Allocation to Install a 3rd Community Solar Garden (Minnesota Renewable Energy Society, EP4-15)

Original Proposal, as presented in MRES' original 2012 Grant Proposal							Control - additional 500 kW dc using 2017 ARR Pricing (i.e., the ARR pricing used when the Commission approved the First Amended and Restated Agreement in 2018)							3rd Garden - 700 kW dc Maximum Capacity using 2020 VOS Pricing (i.e., the ARR pricing proposed in the instant filing)									
Assumptions - Installed capacity, production, discount rate, total project costs, and avoided costs based on original proposal. Term of contract 15 years. \$70/MWh initial price with a 2.5% price escalation starting the second year of operation.							Assumptions - Installed capacity, production and total project costs based upon MRES revised values. Discount rate based on original proposal. CSG application completed prior to April 2017 to receive ARR price for energy, 25 year term based on CSG requirement.							Assumptions - Total project costs based upon MRES revised values from 2017. Discount rate based on original proposal. Avoided costs based 2017 methodology used to calculate 2017 grant reduction. CSG application completed after April 2017 to receive VOS price for energy, 25 year term based on CSG requirement.									
1.0 MW dc (Original TRC calculation at \$0.07 PPA)							1,000 MW dc (25 year ARR tariff and MRES production)							0.700 MWdc (25 year VOS tariff and MRES production)									
Discount rate = 0.0721 Capacity = 1000							Discount rate = 0.0721 Capacity = 1000							Discount rate = 0.0636 Capacity = 700									
Energy	Price	Energy	RDF Funding	Externality	Avoided	Total	Energy	Price	Energy	RDF Funding	Externality	Avoided	Total	Energy	Price	Energy	RDF Funding	Externality	Avoided	Total			
kwh	\$/MWh	Cost (\$)	+Bidder Cost	cost	Cost	Cost	kwh	\$/MWh	Cost (\$)	+Bidder Cost	cost	Cost	Cost	kwh	\$/MWh	Cost (\$)	+Bidder Cost	cost	Cost	Cost			
a	b	a*b=c	d	e	f	(c+d+e)-f	a	b	a*b=c	d	e	f	(c+d+e)-f	a	b	a*b=c	d	e	f	(c+d+e)-f			
2017	1,224,178	\$70.00	\$85,692	\$3,613,139	\$727	\$3,698,104	2017	1,294,902	\$125.96	\$163,106	\$3,966,420	\$27,402	\$4,102,124	2021	906,431	\$94.0	\$85,222	\$2,776,494	\$19,181	\$2,842,535			
2018	1,218,057	\$71.75	\$87,396	\$264,296	\$27,402	\$324,290	2018	1,292,137	\$128.88	\$166,534	\$28,087	\$38,447	\$28,087	\$138,447	2022	904,496	\$96.1	\$86,937		\$19,661	\$67,276		
2019	1,211,967	\$73.54	\$89,133	\$74,167	\$28,087	\$135,213	2019	1,289,379	\$131.87	\$170,033	\$28,789	\$14,244	\$28,789	\$141,244	2023	902,565	\$98.3	\$88,686		\$20,152	\$68,533		
2020	1,205,907	\$75.38	\$90,904	\$84,818	\$28,789	\$146,933	2020	1,286,626	\$134.93	\$173,607	\$29,509	\$14,098	\$29,509	\$144,098	2024	900,638	\$100.5	\$90,470		\$20,656	\$69,814		
2021	1,199,877	\$77.27	\$92,711		\$29,509	\$123,220	2021	1,283,879	\$138.06	\$177,255	\$30,247	\$14,708	\$30,247	\$147,008	2025	898,715	\$102.7	\$92,290		\$21,173	\$71,117		
2022	1,193,878	\$79.20	\$94,553		\$30,247	\$124,800	2022	1,281,138	\$141.27	\$180,980	\$31,003	\$14,977	\$31,003	\$149,977	2026	896,797	\$105.0	\$94,147		\$21,702	\$72,445		
2023	1,187,909	\$81.18	\$96,433		\$31,003	\$127,436	2023	1,278,403	\$144.54	\$184,784	\$31,778	\$15,306	\$31,778	\$153,006	2027	894,882	\$107.3	\$96,041		\$22,245	\$73,796		
2024	1,181,969	\$83.21	\$98,349		\$31,778	\$130,127	2024	1,275,674	\$147.90	\$188,667	\$32,572	\$15,695	\$32,572	\$156,095	2028	892,972	\$109.7	\$97,973		\$22,801	\$75,172		
2025	1,176,059	\$85.29	\$100,304		\$32,572	\$132,876	2025	1,272,950	\$151.33	\$192,632	\$33,387	\$15,945	\$33,387	\$159,245	2029	891,065	\$112.2	\$99,944		\$23,371	\$76,573		
2026	1,170,179	\$87.42	\$102,298		\$33,387	\$135,685	2026	1,270,232	\$154.84	\$196,680	\$34,221	\$16,249	\$34,221	\$162,459	2030	889,163	\$114.7	\$101,954		\$23,955	\$77,999		
2027	1,164,328	\$89.61	\$104,331		\$34,221	\$138,552	2027	1,267,520	\$158.43	\$200,814	\$35,077	\$16,537	\$35,077	\$165,279	2031	887,264	\$117.2	\$104,005		\$24,554	\$79,452		
2028	1,158,546	\$91.85	\$106,404		\$35,077	\$141,481	2028	1,264,814	\$162.11	\$205,134	\$35,954	\$16,880	\$35,954	\$169,080	2032	885,370	\$119.8	\$106,098		\$25,168	\$80,930		
2029	1,152,714	\$94.14	\$108,519		\$35,954	\$144,473	2029	1,262,114	\$165.87	\$209,343	\$36,853	\$17,240	\$36,853	\$172,490	2033	883,480	\$122.5	\$108,232		\$25,797	\$82,435		
2030	1,146,950	\$96.50	\$110,676		\$36,853	\$147,529	2030	1,259,419	\$169.71	\$213,742	\$37,774	\$17,568	\$37,774	\$175,968	2034	881,594	\$125.2	\$110,409		\$26,442	\$83,968		
2031							2031	1,256,731	\$173.65	\$218,234	\$38,718	\$17,916	\$38,718	\$179,516	2035	879,711	\$128.0	\$112,631		\$27,103	\$85,528		
2032							2032	1,254,048	\$177.68	\$222,820	\$39,686	\$18,314	\$39,686	\$183,134	2036	877,833	\$130.9	\$114,896		\$27,780	\$87,116		
2033							2033	1,251,370	\$181.80	\$227,503	\$40,678	\$18,625	\$40,678	\$186,825	2037	875,959	\$133.8	\$117,208		\$28,475	\$88,733		
Totals	16,592,478	-	\$1,367,702	\$4,036,420	\$0	\$415,606	\$4,309,079	2034	1,248,699	\$186.02	\$232,284	\$41,695	\$19,089	\$41,695	\$194,589	2038	874,089	\$136.8	\$119,566		\$29,187	\$90,379	
Average		\$82.59		Calculated TRC =		\$0.2597	/kWh	2035	1,246,033	\$190.34	\$237,166	\$42,738	\$19,428	\$42,738	\$199,428	2039	872,223	\$139.8	\$121,971		\$29,916	\$92,055	
								2036	1,243,372	\$194.75	\$242,150	\$43,806	\$19,844	\$43,806	\$201,344	2040	870,361	\$143.0	\$124,425		\$30,664	\$93,760	
								2037	1,240,718	\$199.27	\$247,239	\$44,901	\$20,337	\$44,901	\$202,337	2041	868,503	\$146.1	\$126,928		\$31,431	\$95,497	
								2038	1,238,069	\$203.89	\$252,434	\$46,024	\$20,811	\$46,024	\$204,411	2042	866,648	\$149.4	\$129,481		\$32,217	\$97,265	
								2039	1,235,426	\$208.62	\$257,740	\$47,174	\$21,365	\$47,174	\$210,565	2043	864,798	\$152.7	\$132,086		\$33,022	\$99,064	
								2040	1,232,788	\$213.46	\$263,156	\$48,354	\$21,902	\$48,354	\$214,802	2044	862,952	\$156.1	\$134,743		\$33,848	\$100,896	
								2041	1,230,156	\$218.42	\$268,686	\$49,563	\$22,424	\$49,563	\$219,124	2045	861,109	\$159.6	\$137,454		\$34,694	\$102,760	
								Totals	31,556,599	-	\$5,292,621	\$3,066,420	\$0	\$935,991	\$8,323,050	Totals	22,089,619	-	\$2,733,797	\$2,776,494	\$0	\$655,194	\$3,580,379
								Average		\$166.05		Revised TRC =		\$0.2637	/kWh	Average		\$124.06		Revised TRC =		\$0.1621	/kWh

Note - The original proposal was assessed with a flat price structure of \$70/MWh as submitted on pages 2 and 3 of the Grant Application Form.

Grant Award Calculation ¹						
Option	Original Award	Reduction Factor	Modified Award	Modified NPV Control	NPV Alternative	Grant Award ²
	a	b	(a) (b) = c	(NPV) (b) = d	e	e - d = f
1000 kW dc	\$2,661,320	1.0000	\$2,661,320	\$825,326	\$2,200,607	\$1,378,281
700 kW dc	\$2,661,320	0.7000	\$1,862,924	\$577,728	\$1,260,627	\$691,899
			GRANT AWARD TO MRES IF THIS REQUEST IS APPROVED			\$2,454,065
			MAXIMUM GRANT AWARD TO MRES (APPROVED IN 2014)			\$2,661,320

	ARR Price	VOS Price
Capacity (kW)	1000	700
Grant (\$/)	\$1,283,039	\$1,171,025
Grant\$/kW	\$1,283	\$1,673

Notes: ¹ To have a similar comparative analysis, capacity of the control has to be reduced to the capacity of the alternative. Otherwise one is comparing the value of the production from a small array to a larger array. Likewise, the original award is reduced by the same percentage as the reduction in capacity. A maximum of 824 kW_{DC} could be installed to utilize the remaining \$1,378,281 grant balance.

² Calculation of the grant award for a facility that uses VOS uses the same methodology to determine the grant award using ARR pricing.

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Xcel Energy Information Request No. 2
Docket No.: E002/M-12-1278
Response To: Department of Commerce
Requestor: Gemma Militch
Date Received: February 24, 2021

Question:

Topic: Increased funding request for the EP4-15 project.

Reference(s): Page 2 of Xcel’s December 16, 2020 petition in E002/M-12-1278.

Request:

Xcel stated that “As a result of the 700 kWDC of installed capacity by MRES, this is an increase of the RDF Grant from \$1,283,100 to \$2,454,125, **which was calculated consistent with the proposal approved by the Commission in the October 11, 2018 Order.**”

a) Please explain what Xcel means when it states that the requested increase in funding was

“calculated consistent with the proposal approved by the Commission in the October 11, 2018 Order.”

If the requested increase in funding was calculated pursuant to a specific Commission- approved methodology or directive, please provide a reference showing where that methodology or directive was described and approved.

Response:

In calculating the amount for the third solar garden installation, the Company used the same methodology as was used to initially reduce the grant award in 2017, which was approved by the Commission in an Order dated October 11, 2018 in Docket No. E002/M-12-1278 and with an installation size of up to 700 kW_{DC}, consistent with that Order. In summary, the total project costs were estimated, including an average PPA price over a 15-year period. The difference between the net present value of energy sold under the CSG program over the 25-year period and the PPA provided the amount of the grant reduction in 2017. This methodology was updated to present time calculations to determine the amount of the grant for the third solar garden.

Docket No. E002/M-12-1278

Department Attachment 2

Page 2 of 2

The specific method can be found on page 6 of the Company's September 22, 2017 Petition in Docket No. E002/M-12-1278. This is also explained in the current petition filed on December 16, 2020, at pages 4-5.

Preparer: Pamela Gibbs
Title: Regulatory Case Specialist
Department: NSPM Regulatory
Telephone: 612-330-2889
Date: March 8, 2021

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- Public Document – Not Public Data Has Been Excised
- Public Document

Xcel Energy Information Request No. 5
Docket No.: E002/M-12-1278
Response To: Department of Commerce
Requestor: Gemma Militch
Date Received: February 24, 2021

Question:

Topic: Low-income subscribers of the EP4-15 third solar garden.

Reference(s): December 16, 2020 petition in E002/M-12-1278.

Request:

a) How is low-income defined for the proposed third EP4-15 solar garden subscriptions? How, if at all, does this definition differ from that used for the first two solar gardens approved under the EP4-15 project?

b) What are the estimated \$/kWh and/or percentage of energy bill savings for a qualifying low-income subscriber for the proposed third EP4-15 solar garden? Please provide any relevant supporting calculations/explanations.

c) To what extent are the savings discussed in part b) of the information request incrementally impacted by the RDF amount granted? For example, how would the savings change if only 75%, 50%, or 25% of the requested RDF amount was granted?

d) What percentage of the installed capacity of the proposed third solar garden does Xcel expect will go to low-income subscribers (as defined in part a) of this information request)?

Response:

A. The definition of low-income was first defined and approved by the Commission in the First Amended and Restated Grant Contract Order dated October 18, 2018 in Docket No. E002/M-12-1278 and is defined as:

“Individual subscribers will be deemed income eligible for a subscription if they or their family have been determined to be eligible by the applicable government or nonprofit agency for receipt of or participation in the Minnesota Low Income Home Energy Assistance Program; Medical Assistance; Supplemental Nutrition Assistance Program; WIC; Head Start; free or reduced cost school meals; or HUD

subsidized housing pursuant to Section 8 or the equivalent (including public housing, Section 202 housing for seniors, or Section 811 housing for persons with disabilities); or equivalent programs where income eligibility requirements as implemented are not greater than 125 percent of the federal poverty guideline.

Multi-family Housing Eligibility: Subscribers who own or operate multi-family housing are income eligible subscribers if (i) the owner/operator of the building is exclusively a nonprofit provider of low-income housing and related services at the applicable premises and (ii) 95 percent or more of the tenants are the applicable building(s) qualify for low-income eligibility as defined above. Nonprofit affiliates of for-profit entities will not be eligible unless it can be demonstrated that the benefits from the subscription will be retained by the nonprofit affiliate only.”

- B. At the August 23, 2018 Commission hearing, MRES represented that subscribers to the first urban garden would see savings of 3.5 cents per kWh, as summarized in the Commission’s October 11, 2018 Order. At that time, the third garden was not far enough along for MRES to make a specific commitment but expected those subscribers to experience “significant” savings.
- C. The proposed third solar garden is consistent with the Commission’s October 11, 2018 Order. It is unknown what the savings changes would be or if MRES would proceed with the third solar garden if a lesser RDF grant amount than that approved consistent with the October 11, 2018 Order were approved.
- D. Consistent with the First Amended and Restated Grant Contract, the third solar garden will be “dedicated to low-income subscribers” and is estimated to serve from 50 to 75 low-income households, as stated at Section III.D. of the Commission’s October 11, 2018 Order.

Preparer: Pamela Gibbs
Title: Regulatory Case Specialist
Department: NSPM Regulatory
Telephone: 612-330-2889
Date: March 8, 2021

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. E002/M-12-1278

Dated this 12th day of March 2021

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Mara	Ascheman	mara.k.ascheman@xcelenergy.com	Xcel Energy	414 Nicollet Mall Fl 5 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_12-1278_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_12-1278_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_12-1278_Official
Cheryal Lee	Hills	chills@regionfive.org	Region Five Development Commission	200 First Street NE Suite 2 Staples, MN 56479	Electronic Service	No	OFF_SL_12-1278_Official
Kevin	McKoskey	awards@umn.edu	Regents of the University of MN	450 McNamara 200 Oak Street SE Minneapolis, MN 55455	Electronic Service	No	OFF_SL_12-1278_Official
Thomas	Melone	Thomas.Melone@AllcoUS.com	Minnesota Go Solar LLC	222 South 9th Street Suite 1600 Minneapolis, Minnesota 55120	Electronic Service	No	OFF_SL_12-1278_Official
Robert	Messerich	b.messerich@gmail.com	Dragonfly Solar, LLC	10583 202nd St West Lakeville, MN 55044	Electronic Service	No	OFF_SL_12-1278_Official
Brian	Millberg	brian.millberg@minneapolismn.gov	City of Minneapolis	661 5th Avenue North Minneapolis, Minnesota 55405	Electronic Service	No	OFF_SL_12-1278_Official
Alan	Muller	alan@greendel.org	Energy & Environmental Consulting	1110 West Avenue Red Wing, MN 55066	Electronic Service	No	OFF_SL_12-1278_Official
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_12-1278_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_12-1278_Official
David	Shaffer	shaff081@gmail.com	Minnesota Solar Energy Industries Project	1005 Fairmount Ave Saint Paul, MN 55105	Electronic Service	No	OFF_SL_12-1278_Official
Bria	Shea	bria.e.shea@xcelenergy.com	Xcel Energy	414 Nicollet Mall Minneapolis, MN 55401	Electronic Service	No	OFF_SL_12-1278_Official
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_12-1278_Official
Dr. Don	Weinkauf	dhweinkauf@stthomas.edu	University of St. Thomas	Mail OSS 101 2115 Summit Ave St. Paul, MN 55105-1079	Electronic Service	No	OFF_SL_12-1278_Official