

April 7, 2021

*Via Electronic Filing*

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101

**RE: Docket E002/M-20-812 In the Matter of Xcel Energy's 2020 Hosting Capacity Report**

Dear Mr. Seuffert:

The Institute for Local Self-Reliance (ILSR) respectfully submits the following comments on Xcel Energy's 2020 Hosting Capacity Report.

Xcel Energy (the Company) has been directed to complete its hosting capacity analysis in service of Xcel customers and grid stakeholders. However, ILSR feels there are three issues worth addressing in this docket: 1) Xcel slows the adoption of cost-effective distributed generation, 2) Xcel has not fulfilled the requirements outlined in the Public Utility Commission's July 2020 Order, and 3) Xcel could do more to advance toward the ultimate goal: delivering its customers more cost-effective clean energy by integrating hosting capacity analysis with the interconnection process. The Commission should accept Xcel Energy's 2020 Hosting Capacity Analysis Report, but we submit the following concerns about the Report and suggest additional development to advance the common goals of customers and the Commission.

**1. Xcel slows the adoption of cost-effective distributed generation.**

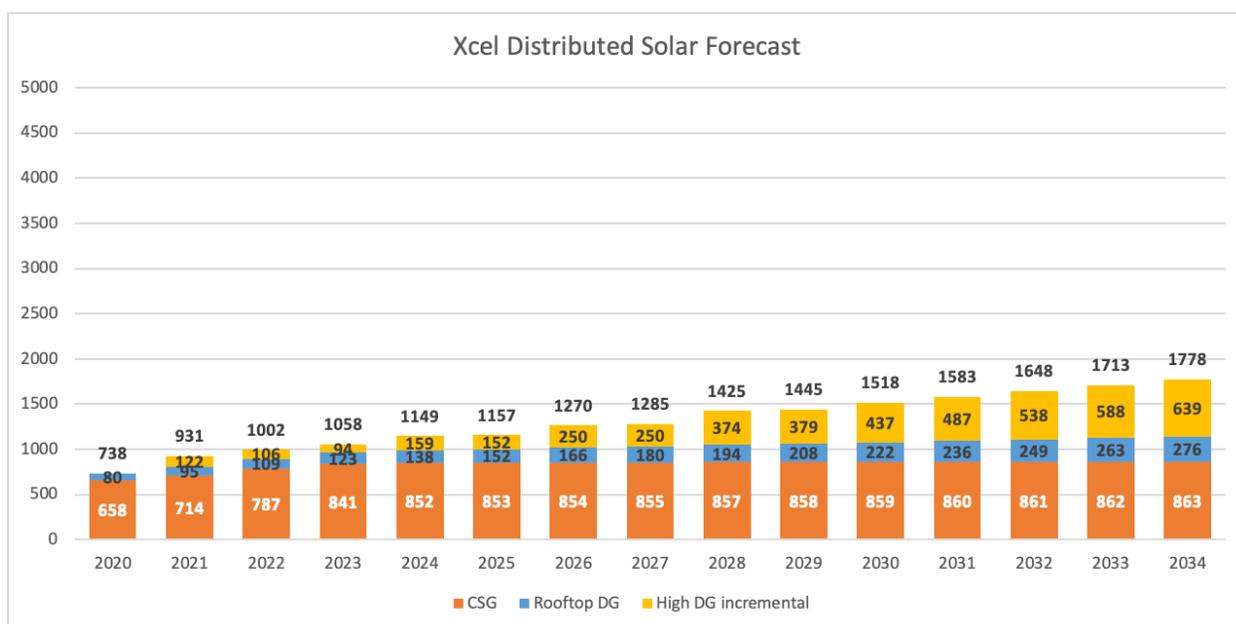
Xcel Energy celebrates its reputation as a "national leader in renewable energy" with "the nation's largest community solar program," which gives customers "cleaner energy options and more control over their energy use."<sup>1</sup> This pride in marketing often doesn't align with the utility's actions. The Company's actions can also run counter to the purpose of the hosting capacity analysis reports, as set by Minn. Stat. § 216B.2425, subdivision 8, "to support the continued development of distributed generation resources."<sup>2</sup>

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<sup>1</sup> Xcel Energy, "Clean Energy: A growing part of our energy supply," [https://www.xcelenergy.com/energy\\_portfolio/renewable\\_energy](https://www.xcelenergy.com/energy_portfolio/renewable_energy).

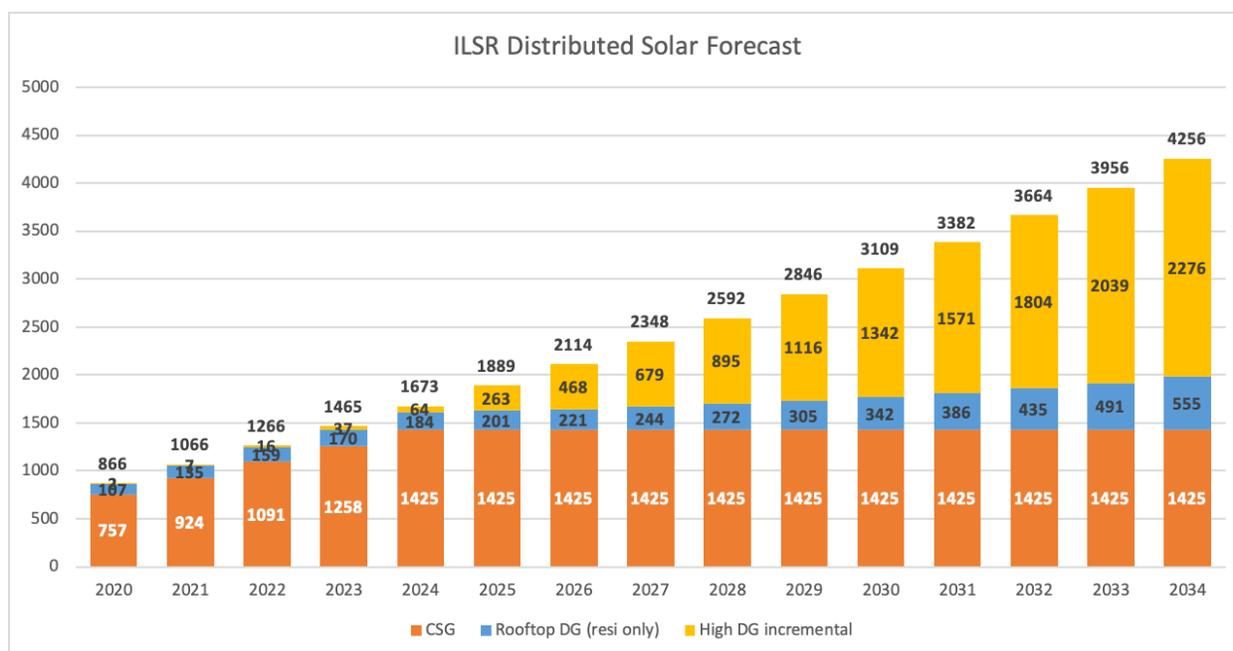
<sup>2</sup> Minn. Stat. § 216B.2425, subdivision 8.

For example, according to Xcel Energy’s integrated resource plan filing (Docket 19-368), future development of distributed generation resources will be meager. In *Why Utilities in Minnesota and Other States Need to Plan for More Competition*, ILSR found that “Xcel Energy’s forecasts for distributed solar, including customer-sited and community solar, are significantly low in light of existing trends and comparative models.”<sup>3</sup> It may be easy to under-invest in a robust hosting capacity analysis if the utility (and regulators) under-count potential distributed solar development. The following charts, taken from the joint comments of ILSR and partners, illustrate the gulf between Xcel’s distributed solar forecast and ILSR’s adoption model that aligns with distributed solar deployment in several mature markets.<sup>4</sup>



<sup>3</sup> John Farrell, “Why Utilities in Minnesota and Other States Need to Plan for More Competition,” Institute for Local Self-Reliance (July 2020), <https://ilsr.org/report-utility-distributed-energy-forecasts-2020/>.

<sup>4</sup> Dkt. E002/RP-19-368, Joint Comments of Vote Solar, Institute for Local Self-Reliance, The Environmental Law & Policy Center, and Cooperative Energy Futures (2/11/2021).



It’s also clear that hosting capacity could play an important role in addressing timeliness in processing the interconnection of distributed energy resources. As documented in the *Star Tribune*, interconnection delays have frustrated Minnesota’s solar developers.<sup>5</sup> Minnesota solar companies filed 129 interconnection complaints in 2019. The Company requested that the Commission excuse the complaints from the Quality of Service Plan, a request that the Commission denied.<sup>6</sup> The Commission then fined the Company one million dollars (about 0.0007 of their annual 2020 revenue).<sup>7</sup> In the same ruling, Xcel was ordered to create a better process for addressing interconnection complaints (by June 2021). This is necessary, because developer complaints have continued to the present.

Hosting capacity analysis provides an opportunity to accommodate significant potential growth in distributed solar resources and ILSR’s solar adoption model forecasts suggest that there’s an urgency to action: within five years, distributed solar deployment could push the margins of Xcel’s hosting capacity. Xcel has stated in the HCA report that the Company is “committed to

<sup>5</sup> Mike Hughlett, “Minnesota solar developers fault Xcel for delays in their projects,” *Star Tribune* (Sept. 26, 2020).

<sup>6</sup> Dkt. E,G-002/CI-02-2034, Order Accepting Filing and Denying Request to Exclude Complaints (Feb. 18, 2021).

<sup>7</sup> Business Wire, Xcel Energy 2020 Year End Earnings Report (1/28/21)

<https://www.businesswire.com/news/home/20210128005204/en/Xcel-Energy-2020-Year-End-Earnings-Report>.

make the interconnection process work better.”<sup>8</sup> ILSR asks that the Commission hold them to that with specific, time-bound deadlines.

## **2. Xcel has not fulfilled the requirements outlined in the Commission’s July 2020 Order.**

The Commission’s July 2020 order, in response to Xcel Energy’s 2019 Hosting Capacity Analysis (HCA) Report, found that “improved and additional information will be necessary in future reports” and provided the Commission’s “direction for future HCA reports.”<sup>9</sup> In this order, the Commission determined that Xcel should publish the actual locations of distribution system lines because “giving customers and developers access to more precise data would allow them to make informed decisions about whether to pursue a project before investing significant time or resources into the planning process.”<sup>10</sup> Order Point 12 required Xcel Energy to do so in its 2020 Hosting Capacity Report. The provision of this data would support using hosting capacity analysis in the place of initial review screens for interconnection processing, which the Commission adopted as a long-term goal in the July 2020 order.<sup>11</sup>

The Company, after being directed by the Commission to do so, has declined to provide the actual locations of distribution system lines in its 2020 hosting capacity report:

In Order Pt. 12 of the July 2020 Order, the Commission directed the Company, to the extent practicable, show the actual locations of distribution system lines instead of broad blocks of color on the HCA map. We continue to believe such an approach would risk grid security and customer privacy, confidentiality and security as described in more detail in Section III below and in attachment E. Therefore, we again provide a heat map view of available hosting capacity<sup>12</sup>

To its merits, ILSR offers the following question to Xcel Energy’s refusal to follow Commission orders: as several members of the Hosting Capacity Analysis and Distribution Grid Data Security Workshop pointed out, both New York and California IOUs disclose feeder lines on their hosting capacity maps. What makes feeder locations a greater risk threat in Minnesota than in New York or California? Grid security is a vital issue, but we fear it may serve as an

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<sup>8</sup> Xcel Energy, Dkt. E002/M-20-812, Distribution System – Hosting Capacity Analysis Report (Nov. 2, 2020).

<sup>9</sup> Dkt. E-002/M-19-685, Order Accepting Report and Setting Further Requirements (July 31, 2020).

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Xcel Energy, Dkt. E002/M-20-812, Distribution System – Hosting Capacity Analysis Report (Nov. 2, 2020).

excuse to further delay the interconnection of distributed generation. ILSR defers further discussion on this topic to Docket No. E999/CI20-800.

**3. Xcel could do more to advance toward the ultimate goal: delivering its customers more cost-effective clean energy by integrating hosting capacity analysis with the interconnection process.**

Xcel petitioned to, as mentioned in the Hosting Capacity Analysis report, “allow publicly posting additional information on CSGs in the interconnection queue, including feeder name, currently expected in-service date, and indicative interconnection cost.”<sup>13</sup> ILSR supports the publication of this information, as an interest in greater transparency was raised in the October 2, 2020 convening of the Distributed Generation Working Group. Supporters agreed that the Company’s participation in greater inter-developer transparency could facilitate cost-sharing in line upgrades and would be an improvement from the current cost-causer pays model. It may also speed up the interconnection process; if developers can split an upgrade charge with other projects in the queue for that same feeder, they may be less likely to withdraw their application in the final stretch. We thank the Commission for approving the November 2, 2020 Petition To Publish Certain Information about Applications in the Interconnection Queue, as we believe it will improve the interconnection process.<sup>14</sup> However, the interconnection process stands to gain much more from hosting capacity analysis.

In the Commission’s July 2020 order, the Commission adopted “a long-term goal to use the hosting capacity analysis in the interconnection process’s fast track screens.”<sup>15</sup> The Commission’s July 2020 order also required the Company to study three additional objectives for hosting capacity analysis:

- a. Remaining an early indicator of possible locations for interconnection;
- b. Replacing or augmenting initial review screens and/or supplemental review in the interconnection process; and/or
- c. Automating interconnection studies.<sup>16</sup>

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<sup>13</sup> Ibid.

<sup>14</sup> Dkt. E-002/M-13-867, In the Matter of Northern States Power Company, d/b/a Xcel Energy’s Community Solar Garden Program, Approved Northern States Power Company dba Xcel Energy’s request to make additional information on its Community Solar Garden applications publicly available (Feb. 23, 2021).

<sup>15</sup> Dkt. E-002/M-19-685, Order Accepting Report and Setting Further Requirements (July 31, 2020).

<sup>16</sup> Ibid.

These objectives set the Commission's intentions for hosting capacity analysis to, at the least, augment initial review screens and, at the most, totally automate interconnection studies. Xcel has since written "should the Commission determine it is in the public interest for the Company to advance and mature the HCA to be conducted more frequently and/or to integrate with the interconnection process," the Company would refine cost and timing estimates.<sup>17</sup> The Company continues to question the Commission's intentions and displays a general lack of urgency in this matter.

Integrating hosting capacity analysis with the interconnection process is not only possible, it is already being done. As part of changes to Rule 21, the California Public Utilities Commission is requiring utilities to use their Integration Capacity Analysis (equivalent to hosting capacity analysis) as part of the interconnection process.<sup>18</sup> To similarly incorporate hosting capacity analysis into the Xcel interconnection process's fast track screens would support the development of distributed energy resources in Minnesota by reducing costs and time for project development, and would direct project development to locations with existing grid capacity.

ILSR asks that the Commission provide the Company more direction, in the form of deadlines to use HCA in initial or supplemental interconnection review (in the next 18-24 months) and automating at least a portion of interconnection proceedings (by 2025) as well as staff-facilitated working groups to guide implementation. California's process to incorporate hosting capacity analysis into the interconnection process began in 2014, so we understand that this will take some time.<sup>19</sup> However, if the Commission does not apply greater pressure for action, hosting capacity may continue to be a largely performative exercise without providing tangible benefits to Minnesota stakeholders and electric customers.

Beyond the pending integration into interconnection, California utilities have additional features on their hosting capacity maps that ILSR believes should be implemented in Minnesota. Southern California Edison provides one such example of a more thorough hosting capacity

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<sup>17</sup> Xcel Energy, Dkt. E002/M-19-721, E002/M-20-812, Information Request No. 1 (Jan. 6, 2021).

<sup>18</sup> California Public Utilities Commission, Dkt. R.17-07-007, Rulemaking to Streamline Interconnection of Distributed Energy Resources, D.20-09-035 Decision Adopting Recommendations From Working Groups Two, Three, and Subgroup (Sept. 30, 2020).

<sup>19</sup> California Public Utilities Commission, RULEMAKING 14-08-013, Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769 (Aug. 20, 2014).

map that includes criteria violation values.<sup>20</sup> We are glad that the Commission has asked Xcel to provide all criteria threshold violations, rather than just the primary limiting factor. We ask that the Commission require Xcel Energy to provide these violations in the HCA map pop-ups (as requested by the Commission in the July 2020 order), rather than just in the sub-feeder Tabular Results.<sup>21</sup>

In summary, there are 5 things we ask of the Commission:

- A. The Commission should accept Xcel Energy's 2020 Hosting Capacity Analysis Report, but set more parameters around its implementation.
- B. The Commission should, after considering stakeholder input in Docket No. E999/CI20-800, rule whether Xcel Energy must comply with Order Point 12 of the July 2020 order. If the Commission rules that Xcel must comply with Order Point 12, it should levy financial penalties if the Company does not comply.
- C. The Commission should set a deadline and intermediate goals for the ultimate integration of hosting capacity analysis with the interconnection process.
- D. The Commission should host staff-facilitated working group sessions on integrating hosting capacity analysis with the interconnection process.
- E. The Commission should order Xcel Energy to publish all criteria violations on the HCA map.

Thank you for the opportunity to comment and for taking up this important conversation; we appreciate that there has not been any legislative preemption of this regulatory process.

Sincerely,

/s/

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<sup>20</sup> Southern California Edison's Distribution Resources Plan External Portal (DRPEP)  
<https://ltmdrpep.sce.com/drpep/>.

<sup>21</sup> Dkt. E-002/M-19-685, Order Accepting Report and Setting Further Requirements (July 31, 2020).