

April 6, 2018

Via Electronic Filing

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place E., Suite 350
St. Paul, MN 55101

Re: Comments of the Institute for Local Self-Reliance for the Community Solar Garden Program in Xcel Energy Territory (Docket No. 13-867)

Dear Mr. Wolf:

The Institute for Local Self-Reliance (ILSR) respectfully submits these comments in response to the Commission's notice to provide input on Xcel Energy's analysis of a proposed residential adder for community solar gardens. Our comments address the importance of the Commission in preserving goals of financeability and broad participation on this topic, issues with the solar residential carve-out model, and how the residential adder as proposed provides a reasonable method for ensuring an equitable distribution of community solar benefits.

Preserve Financeability and Broad Participation

Aligning with the Commission's mission, ILSR underscores the need to maintain a regulatory process and legislative direction that ensure safe, adequate and efficient utility services at fair, reasonable rates. This direction requires the Commission act to preserve financeability and broad participation, and ILSR stresses the importance and consistency of these goals to the public interest when the Commission considers comments to the Department of Commerce's proposed residential adder for community solar gardens, which we believe would continue to ensure financeability and incentivize broad participation in the program.

Carve-out Model As Barrier to Residential and Community Solar

ILSR concurs with other commenters such as Cooperative Energy Futures that the proposed residential customer capacity carve-out model of 5% per garden on its own would, at best, act as a cap or ceiling on residential participation in solar gardens and, more likely, stifle community solar garden development by making garden development un-financeable. This would be particularly true for solar developers providing access to residential subscribers who may

otherwise require an incentive or additional support to attract participation across all customer classes.

Recommendation for Residential Adder as Reasonable Cost for Equitable Solar Benefits

ILSR finds the residential adder to be a reasonable cost method of meeting legislative intent outlined in the 2018 Value of Solar (VOS) and dispersing the economic benefits of community solar—such as reduced cost to lower-income, residential subscribers and local economic development—across Xcel Energy’s diverse customers in Minnesota. As previous research from the Minnesota House of Representatives concerning Minn. Stat. § 216B.1641 indicated, utilizing an adder mechanism can attract traditionally underserved residential subscribers, especially those who lack “sufficient capital to install their own solar systems” ([Eleff 2013](#)), ensuring participation in the community solar garden program is equitable and accessible to a range of customers.

However, while the method Xcel Energy used to analyze incremental impacts of the adder are reasonable, ILSR concurs with Cooperative Energy Futures that the existing residential participation estimated at 12% be used as a more realistic maximum bound on costs when evaluating ratepayer impact and administering subscriptions over the next three years, as opposed to the 100% participation outlined in Xcel Energy’s analysis (Tables 3 & 4). The lower bill credits for residential subscriber participation under a declining VOS with adder are unlikely to incent substantially different participation by residential subscribers than we see today (with higher residential bill credits available under the applicable retail rates framework, compared to the proposed adder). As a result, we do not believe the program costs incurred by providing incentives for residential subscribers would be as high as the upper bound outlined in the latest analysis.

Thank you for the opportunity to comment; we appreciate that there has not been any utility-drafted legislative preemption of this regulatory process.

Sincerely,

/s/

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