BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Dan Lipschultz	Commissioner
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
John A. Tuma	Commissioner

In the Matter of Northern States Power Company's, d/b/a Xcel Energy, Petition to Expand its Renewable*Connect Program

ISSUE DATE: August 12, 2019

DOCKET NO. E-002/M-19-33

ORDER APPROVING PETITION WITH MODIFICATIONS

PROCEDURAL HISTORY

On November 12, 2015, in Docket No. E-002/M-15-985, Northern States Power Company d/b/a Xcel Energy (Xcel) requested the Commission's approval for a Renewable*Connect (R*C) Pilot program to be offered under Minn. Stat. § 216B.169.

On February 27, 2017, the Commission issued an order approving the R*C pilot program proposed by Xcel.

On September 21, 2017, Xcel requested approval of revisions to its tariffs governing the R*C pilot program.

On February 21, 2018, in Docket No. E-002/M-17-695, the Commission issued an order approving the proposed tariff revisions.

On January 7, 2019, Xcel requested approval to expand its R*C Pilot program into a full-time, permanent offering.

On February 27, 2019, the Minnesota Department of Commerce (the Department) filed comments, recommending that the Commission approve Xcel's petition with an additional reporting requirement.

On March 12, 2019, Fresh Energy filed comments, recommending that the Commission approve Xcel's petition with a modification to the pricing methodology.

On March 13, 2019, the Office of the Attorney General (OAG) filed comments, recommending that the Commission deny Xcel's petition, or approve the petition with a number of modifications.

On March 14, 2019, a group of community solar garden providers (CSG providers) filed comments, recommending that the Commission approve Xcel's petition with several modifications relating to Xcel's plan to build additional large solar facilities, or deny Xcel's petition if the modifications were not made.

On March 29, 2019, Fresh Energy filed reply comments with additional information about their recommended modification to the pricing methodology. The Department also filed reply comments responding to concerns raised by the other parties.

On July 11, 2019, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Summary

Minn. Stat. § 216B.169 permits a utility to offer green pricing options – also referred to as green tariffs. A green tariff allows customers to "determine that a certain amount of the electricity generated or purchased on behalf of the customer is renewable energy or energy generated by high-efficiency, low-emissions, distributed generation . . . ."[1] The statute requires that rates charged under a green tariff must: (1) "be calculated using the utility's cost of acquiring the energy for the customer," (2) "reflect the difference between the cost of generating or purchasing the additional renewable energy and the cost that would otherwise be attributed to the customer for the same amount of energy based on the utility's mix of renewable and nonrenewable energy sources," and (3) "be distributed on a per kilowatt-hour basis among all customers who choose to participate in the program."[2] A utility may acquire energy for a green tariff program "in whole or in part, through procuring or generating the renewable energy directly, or through the purchase of credits . . . ."[3]

Xcel currently has two green tariff programs – the Windsource program and the R*C pilot program – which have both been approved by the Commission under Minn. Stat. § 216B.169.[4] Xcel petitioned to expand the R*C pilot program into a full-time, permanent offering because the pilot program is fully subscribed and there is significant customer demand for additional capacity and different subscription options. According to Xcel, at the time the petition was filed, more than 400 customers were on a waiting list to enter the R*C pilot program. Windsource also has a waiting list of over 2,200 customers. Xcel stated at the Commission hearing that overall, the unfulfilled demand for renewable energy programs is more than three times the current combined enrollment in the Windsource program and the R*C pilot program. Xcel proposed to

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[1] MINN. STAT. § 216B.169, subd. 2.

[2] *Id.*

[3] *Id.*

[4] *See In the Matter of Northern States Power Company d/b/a Xcel Energy Renewable Energy Rate Implementation Plan*, Docket No. E-002/M-01-1479 (Windsource program approval and modifications); *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy, for Approval of a Renewable*Connect Pilot Programs*, Docket No. E-002/M-15-985 (R*C pilot program approval and modifications).

add an estimated 180 megawatts (MW) of additional wind generation and 50 MW of additional solar generation to meet customer demand for renewable energy programs.

Xcel also stated that it has learned during the R*C pilot program that certain commercial and industrial customers have unique requirements; it proposes to introduce additional service options for customers who prefer long-term contracts and who have high off-peak usage.

Finally, Xcel proposed to discontinue the Windsource program and migrate existing Windsource resources and customers to the new permanent R*C program in order to address several issues with the existing Windsource program and simplify Xcel's green tariff offerings.

II. Program structure

A. Current and proposed program structures

Currently, Xcel has two separate green tariff programs – Windsource and the R*C pilot. Windsource has existed since 2003[5] and Xcel stated that it has become one of the largest voluntary renewable energy programs in the country. It has both month-to-month and special event pricing options, and includes resources from Windsource power purchase agreements (PPAs), a small percentage of output from an Xcel wind generation project, and wind renewable energy credits. The R*C pilot program was approved in 2017 and includes month-to-month (R*C) and longer-term contract (R*C Government) pricing options.

Xcel proposed to discontinue the existing Windsource program and move Windsource customers and resources into a new, permanent R*C program. The proposed permanent R*C program would include month-to-month, special event, five-year, ten-year, fifteen-year, and twenty-year contract options. For long-term contracts of five to twenty years, Xcel proposed a standard option for customers with an off-peak usage of less than 62.5 percent of total usage, and a high-off-peak option for customers with off-peak usage of more than 62.5 percent of total usage. At the Commission hearing, Xcel stated that the 62.5% figure is calculated as the halfway point between the energy usage of a customer with 100% load factor (which is roughly 65% off-peak) and the system mix of on- and off-peak energy (which is roughly 60% off-peak).

To start, Xcel would dedicate 50 MWs of wind and 25 MWs of solar to the long-term standard option, similar to the R*C pilot program. 100 MWs of wind and 25 MWs of solar would be dedicated to the high-off-peak option, reflecting the increased wind capacity during off-peak times.

Xcel proposed to acquire new wind and solar resources to meet the needs of the expanded R*C program. Xcel plans to acquire 150 MW of new wind and 50 MW of new solar to support the long-term offerings, and 30 MW of new solar to support the month-to-month offering. The month-to-month offering would also be supported by existing Windsource resources.

Xcel has entered into just under 20 non-binding memoranda of understanding (MOUs) with various large customers who have expressed interest in entering into long-term contracts if the

[5] *See In the Matter of Northern States Power Company d/b/a Xcel Energy Renewable Energy Rate Implementation Plan*, Docket No. E-002/M-01-1479.

R*C program is approved.[6] Customers who have signed an MOU will be given priority when the initial enrollment period opens, although Xcel retains the ability to reduce the subscription size stated in the MOU if necessary to allow additional customers to participate.

Xcel stated that one of the reasons it proposed contract term lengths of up to twenty years is to comply with renewable energy corporate buyers' principles established by the World Resources Institute (WRI). One of the WRI principles is "access to longer-term, fixed-price renewable energy."[7]

Xcel also proposed continuing the annual compliance reports that it has been filing for the R*C pilot program[8] and incorporating additional relevant program narratives and tracker reports.

B. Issues

1. Length of contracts

The first issue regarding the structure of the program is whether or not the R*C program should include long-term contracts.

The OAG objected to the inclusion of any long-term contracts in the R*C program, arguing that they unfairly advantage Xcel's largest, most sophisticated customers, thereby disadvantaging both month-to-month subscribers and non-participating customers. First, long-term customers would be protected from future fuel cost increases. A customer who has signed a long-term contract is not exposed to variation in costs that could result from, for example, commodity cost changes or costs incurred to maintain reliability throughout the entire Xcel system. As an example, the OAG stated that long-term R*C customers "will not have to pay for replacement power costs if there are outages at Xcel's nuclear plants or other large generators. These customers, however, would continue to receive the benefits of uninterrupted power, provided to all customers. . . ."[9]

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[6] Xcel comments at Commission hearing. When Xcel submitted its petition in January 2019, it had signed MOUs with 10 customers (Xcel petition, at 2), but at the Commission hearing, Xcel stated that it had signed additional MOUs, bringing the total to just under 20 MOUs.

[7] Corporate Renewable Energy Buyer's Principles (January 2017), https://www.wri.org/publication/corporate-renewable-energy-buyers-principles.

[8] *See In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy, for Approval of a Renewable*Connect Pilot Programs*, Docket No. E-002/M-15-985, Order Approving Pilot Programs and Requiring Filings (February 27, 2017). Order item 5 requires that the report contain: a. Total number of participants broken down by customer class, and by length of contract (including "special events"); b. Total wind production; c. Total solar production; d. Total Renewable*Connect expenses; e. Total Renewable*Connect Government expenses; f. Total Amount collected in Renewable*Connect charges; g. Total Amount collected in Renewable*Connect Government charges; h. The Tracker balances as shown in . . . Xcel's filing; i. Monthly comparisons of Renewable*Connect Pricing for participants with the Fuel Charge for nonparticipant customers; j. Impact of Renewable*Connect pilots on all nonparticipant customers; k. Impact on all Xcel Ratepayers through updates in base rates; and l. Information on the number of terminations and an accounting of termination fees.

[9] OAG comments, at 10–11.

Additionally, the OAG argued that over the term of a perhaps decades-long contract, the R*C charge may fall below the fuel clause adjustment (FCA) charge, causing long-term R*C customers to pay lower rates than non-participants. If that were to occur, every Xcel customer would have an incentive to participate in the R*C program, but once the program is fully subscribed, additional customers would not be able to join. The remaining pool of non-subscribers would continue to decrease, and that small pool would bear the cost of Xcel's aging "default" system.

Finally, the OAG raised a concern that it is unfair that Xcel has already signed MOUs with a number of its largest customers, giving those customers an advantage over others who may seek to participate in a limited pool of resources.

2. Resource planning and acquisitions

Another issue is whether Xcel's plan to acquire additional wind and solar resources to serve the R*C program is acceptable.

The OAG objected to Xcel's plan on the grounds that it is outside the standard resource planning process. First, the OAG raised concerns that Xcel had not demonstrated any need for capacity; the OAG argued that Xcel has forecasted excess capacity for several years. The OAG asserted that if Xcel is permitted to acquire these additional resources, there is a risk that Xcel could overbuild its system, creating excessive costs. Xcel proposes to allocate any R*C energy that is not purchased by R*C subscribers to the system and recover excess energy costs through the fuel clause rider, thereby shifting any risk of overbuilding onto customers who are not participating in the R*C program. Furthermore, according to the OAG, if the R*C program continues to grow and additional resources are added to the program when not needed, there is an increased risk that its older resources may become stranded assets.[10]

Xcel responded that its plan for resource acquisition is consistent with Minn. Stat. § 216B.169, which permits a utility to "acquire the energy demanded by customers, in whole or in part, through procuring or generating the renewable energy directly, or through the purchase of credits from a provider that has received [the relevant] certification of eligible power supply . . . ."[11] Xcel stated that these proposed resource acquisitions are needed in order to fulfill customer demand, particularly with certain Windsource resources nearing end of life. Finally, Xcel argued that the Commission will retain authority to review resources identified to supply the R*C program. When resources are proposed to be added to the program, Xcel will need to demonstrate reasonableness, and the Commission will maintain oversight.

The Department recommended approving the additional resource acquisitions, stating that the additional wind and solar resources acquired for R*C will offset the need for other resource

[10] OAG comments, at 16. A stranded asset is an asset that has lost economic value before the end of its anticipated useful life.

[11] MINN. STAT. § 216B.169, subd. 2, paragraph (c).

acquisitions identified in Xcel's recently filed resource plan.[12] The Department agreed with Xcel that the Commission will still have the opportunity to review any new resources proposed to be added to the program and can ensure that the price is reasonable.

C. Commission action

The Commission will approve Xcel's proposed program structure and terms and conditions with several modifications.

On the issue of contract term lengths, the Commission will limit the maximum term length to ten years. Although it is understandable that some large commercial and industrial customers prefer a longer term with fixed costs, Xcel has not demonstrated that those customers would drop out of the program, or that the committed resources would otherwise go unsubscribed, if fifteen- and twenty-year contracts are not offered. As part of the MOU process, Xcel gathered data on which term length was preferred by each signatory, and the weighted average of preferred term lengths was slightly over eleven years, suggesting that there is not a significant demand for fifteen- or twenty-year term lengths. In other states where Xcel offers contracts for renewable energy, the longest term length is ten years. If Xcel does find that a significant number of corporate customers are unwilling to sign contracts of ten years or less, Xcel can petition the Commission to modify the program structure based on that information.

The Commission will approve Xcel's proposed annual compliance reports and trackers; the Commission previously established the report's requirements and they continue to be relevant. The Commission will also require Xcel to include in its annual compliance reports a discussion of the rate for each of the program offerings relative to the fuel clause adjustment. If any of the R*C rates do fall significantly below the FCA, the Commission will be aware of, and can take steps to address, the discrepancy.

On the issue of resource acquisition, the Commission will approve Xcel's plan to establish the size of the program using the proposed 230 MW of new wind and solar resources. The Commission has already approved Xcel's resource request related to Moraine II in Docket E-002/M-19-58, and will handle additional resources as they are proposed by Xcel. Any further resource acquisition or reallocation that Xcel may later propose will need to be reviewed and may be approved or denied by the Commission. Xcel must, in current and future resource plans, break out the resources dedicated to the R*C program and provide a thorough discussion of the present and forecasted resources that are necessary to meet present and forecasted demand for the program. The proposed 230 MW of new resources is a small percentage of the total new resources anticipated in Xcel's most recently filed resource plan,[13] and the Commission agrees with the Department that it will have sufficient oversight to approve or reject the addition or allocation of resources to the R*C program. Requiring additional detail in future resource plans will ensure that the Commission is made aware of Xcel's plans in advance of any necessary program modifications.

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[12] *See In the Matter of Xcel Energy's Upper Midwest Integrated Resource Plan*, Docket No. E-002/RP-19-368.

[13] *See id*. Xcel proposes adding 4,000 MW of cumulative utility-scale solar and approximately 1,200 MW of cumulative wind by 2034.

The Commission will permit Xcel to allocate any excess R*C program energy to the utility's system, but will prohibit Xcel from recovering the costs of unsubscribed portions of the Renewable*Connect resources through the fuel clause adjustment without Commission approval in the fuel clause adjustment proceeding. The Commission agrees with the OAG that any risk of overbuilding should not be borne by non-subscribers; rather, that cost should remain within the R*C program. If Xcel believes there is a need to recover costs through the FCA under unusual circumstances, Xcel may ask the Commission for approval in an FCA proceeding.

Finally, the Commission will permit Xcel to use energy from a system wind resource during months of low wind production to support the new offerings, balanced by excess wind production in months where generation exceeds usage. The Commission finds that this is a reasonable approach to efficiently distribute energy from a source that produces different amounts of energy throughout the year. The Commission is persuaded that any potential impact to non-participating customers resulting from seasonal price differentials or price differences between system wind resources and R*C wind resources will be adequately addressed through the neutrality adjustment, discussed below.

III. Pricing methodology

A. Xcel's proposal

Xcel proposed a pricing methodology for the permanent R*C program similar to that of the pilot program. It includes four components: the cost of the resource, less a capacity credit, plus administrative costs, plus a neutrality adjustment.

The resource cost Xcel included in its proposed pricing structure is an estimate of the costs to acquire the resources. Xcel has not yet finalized the actual costs, so the proposal includes only indicative pricing. Xcel proposed a fixed mix of wind and solar energy for the program. Xcel proposed to support the month-to-month pricing option through existing wind resources, plus 30 MW of new solar resources. Xcel proposed to support the long-term pricing option through new wind and solar resources, with the high off-peak option having a higher proportion of wind to solar in order to reflect the greater availability of wind during off-peak hours.

Because wind energy is less expensive than solar, the blended indicative resource cost for the high off-peak option is lower than for the standard long-term and month-to-month options. Additionally, the existing Windsource PPAs that will be included in the month-to-month option are more expensive than new wind generation. As a result, the blended indicative resource cost for the month-to-month option is higher than either of the long-term options.

The proposed capacity credit reflects the value to the system of the additional capacity driven by participation in the R*C program. Xcel proposed to include a capacity credit for month-to-month customers beginning in 2021; the credit would be phased in for long-term customers between 2025 and 2039. The delay and phase-in of capacity credits for long-term customers is accomplished through use of a "percent retained" value in the capacity credit calculation, which is set at 100% for month-to-month customers and 0% for long-term customers in 2021.

The administrative cost covers initial marketing costs and program administration. Xcel proposed a different administrative cost level for each of the program terms. Under the proposal, customers with longer contracts pay a lower administrative cost level, since Xcel generally expects administrative costs to decrease with longer contract term lengths.

The neutrality adjustment is intended to minimize the impact of the program on non-participants and includes consideration for line losses, curtailment costs, renewable energy integration, and system balancing costs (including the wind resource price differentials discussed above). Revenues from the neutrality adjustment will be credited to non-participating customers through the fuel clause. A neutrality adjustment is included in the R*C pilot pricing methodology, but Xcel has made several changes based on what it has learned during the pilot.

B. Issues

1. Capacity credit

The first issue regarding Xcel's proposed pricing methodology is whether Xcel's proposed capacity credit should be modified.

Fresh Energy raised concerns about the capacity credit. Fresh Energy objected to the use of "percent retained," which has not been used previously and which is not discussed or explained in Xcel's petition. Fresh Energy argued that long-term and month-to-month customers should be treated equally, and both should receive a capacity credit starting in 2021, when the program is proposed to begin.

Both Xcel and the Department responded that a capacity credit should not be assessed until there is an actual need for the capacity.

2. Neutrality adjustment

The second issue is whether the neutrality adjustment is adequate to protect customers.

The OAG objected to the use of the neutrality adjustment, arguing in part that the calculation is complicated and not sufficiently developed to be relied on for the entire length of a long-term contract. The OAG stated that the neutrality adjustment was first adopted only a few years ago in the R*C pilot and Xcel already seeks to modify the adjustment in this proceeding, suggesting that it is "still somewhat of a 'work in progress.'"[14]

The OAG also objected to one specific change to the neutrality adjustment proposed by Xcel – the removal of the economic impacts category. This category was used in the R*C pilot program and was intended to address the possibility that some of Xcel's resources may become stranded assets.

Xcel replied that all of its proposed changes to the neutrality adjustment are based on what it has learned during the pilot program. More is now known about the potential impact to non-subscribers, and Xcel asserted that it has reasonably incorporated these insights, leading Xcel to

[14] OAG comments, at 14.

focus the neutrality adjustment more on operational and integration costs and less on the economic impacts of stranded assets. Xcel stated that the proposed neutrality adjustment amount for the permanent R*C program is nearly 50% higher than the neutrality adjustment amount in the pilot program.

3. Lowest cost resources dedicated to high off-peak customers

The third issue is whether it is reasonable to dedicate certain low-cost resources to high-off-peak customers.

The OAG objected to the proposed pricing methodology on the grounds that the lowest cost resources are dedicated to high off-peak customers, again providing a financial advantage to some of Xcel's largest and most sophisticated customers. For example, the Windsource PPAs that Xcel plans to dedicate to the R*C month-to-month customers cost more than twice the amount of the new wind resources proposed to be dedicated to the long-term customers.

Xcel argued that dedicating new resources to long-term customers is reasonable because "access to projects that are new or help drive new projects in order to reduce energy emissions beyond business as usual" is one of the WRI principles, and therefore very important to Xcel's commercial and industrial customers.[15] Xcel contended that it is a fundamental principle of rate design that rates should reflect cost causation, and that this principle is also emphasized by the WRI.

Additionally, Xcel noted that it has dedicated a higher proportion of wind energy to its high off-peak customers because wind energy production increases at off-peak times, so this is a way to efficiently match resource production to usage.

C. Commission action

With the modifications listed below, the Commission finds that Xcel's proposed pricing methodology satisfies the requirements of Minn. Stat. § 216B.169, subdivision 2, and the Commission will therefore approve the proposed pricing methodology.

On the issue of the capacity credit, the Commission will require that Xcel provide a capacity credit for all R*C program participants beginning in 2021, without using the "percent retained" discount factor. When new energy resources are added to Xcel's system, all customers derive a benefit from the extra capacity, which contributes to the reliability of the entire system. R*C customers will benefit from the energy itself, but all Xcel customers will benefit from the higher capacity reserve margin. Therefore, the capacity credit should be included in the pricing methodology for all R*C customers beginning in 2021.

On the issue of the neutrality charge, the Commission will require Xcel to update the neutrality adjustment annually based on the most currently available information and file specific details and supporting analysis in its annual program compliance reports. When a long-term contract is signed, the neutrality adjustment amount in effect at the time will be incorporated into the

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[15] Corporate Renewable Energy Buyer's Principles (January 2017), https://www.wri.org/publication/corporate-renewable-energy-buyers-principles.

contract and will remain constant for the length of the contract, but the neutrality adjustment will be updated annually and new contracts will incorporate the neutrality adjustment in effect at the time of signing. The Commission understands and appreciates the need for price certainty over the length of a contract. Because the neutrality adjustment constitutes only about 25% of the rate and long-term contracts will be limited to ten years, the impact of outdated neutrality adjustments will be limited.

On the issue of dedicating certain low-cost resources to high-off-peak customers, the Commission will require Xcel to include in its annual compliance reports a discussion of high-off-peak program resource usage compared to resource availability, including whether the off-peak hours continue to accurately reflect the hours of high wind resource availability. The Commission considers the actual cost of the resource to be an important factor in determining the charge to a customer, but it is important to continuously examine this aspect of the program structure and ensure that the pricing methodology remains just and reasonable. The Commission agrees with Xcel that dedicating new resources to long-term customers is reasonable because those customers have expressed a strong interest in supporting the addition of new resources to Xcel's system through their support of the WRI principles and a commitment to securing those resources with long-term contracts.

The Commission will also require Xcel to file its pricing for the R*C program within 30 days of approval of its resource acquisitions for the program, as recommended by the Department.

IV. Tariff sheets

A. Xcel request

Xcel requested that the Commission approve the tariff sheets for the long-term offer and the ongoing month-to-month offer, approve revisions to the tariff sheets for Windsource and the R*C pilot, and permit Xcel to file the tariff sheets with approved pricing on or near the time the resources are in place.

B. Commission action

The Commission will approve the tariff sheets with certain additional requirements to increase transparency and provide additional clarity for customers. The tariff sheets for the long-term offer must include a statement that "the neutrality charge is subject to change upon Commission order," in order to be clear that, as discussed above, the neutrality charge may be modified following Xcel's annual filings. Additionally, the tariff sheets for the long-term offer must include a statement that 200 MW of capacity can be subscribed under the program. This statement provides clarity to customers and ensures that if Xcel wishes to expand the program in the future, Xcel will need to petition the Commission to modify the tariff sheet to increase the total available capacity.

V. Transition of Windsource and R*C pilot customers to R*C program

A. Xcel request

Xcel proposed to transition both Windsource and R*C pilot customers to the new, permanent R*C program.

Xcel listed several challenges faced by Windsource and petitioned to terminate the Windsource program and transition Windsource customers to the R*C program. First, Windsource pricing was established from an earlier generation of the wind market; the price of wind generation has subsequently decreased. Second, several of the resources allocated to Windsource customers will be expiring in the near term. Third, Windsource customers have expressed a preference for solar in addition to wind energy. Finally, there is some confusion among customers relating to the multiple similar green tariffs in Xcel's portfolio.

However, all of the challenges faced by Windsource could potentially be addressed through other means and do not necessarily require terminating the Windsource program.

Xcel proposed to transition Windsource customers to the R*C month-to-month option beginning in 2021. Xcel surveyed Windsource customers to determine customer preferences surrounding the anticipated transition to R*C and found that almost 90% of customers prefer to either be notified in advance and have the opportunity to opt out of the transition, or simply be provided notice and enrolled in R*C automatically.[16] Between now and 2021, Xcel proposed to continue to administer Windsource largely as-is. Beginning in 2021, Xcel proposed to discontinue Windsource and reallocate its resources to the R*C month-to-month option. Customers will be notified of the transition, including the change of name from Windsource to R*C, and will have the opportunity to opt out of the R*C program.

Xcel also proposed to transfer the R*C pilot customers to the R*C month-to-month program option and cancel the pilot Service Agreements for these customers.

B. Commission action

The Commission will allow Xcel to terminate Windsource and transition Windsource customers and resources to the R*C program. It is likely that Xcel could solve many of Windsource's problems were the Commission not approving Xcel's request to make the R*C program permanent; however, the Commission is largely approving the request, and there is no compelling reason to keep Windsource separate. It is in the public interest to have clear, easy-to-understand green tariff options. Xcel has developed a reasonable plan to transition Windsource customers to R*C that takes into account customer preferences and provides sufficient opportunity to opt out of the R*C program. Because Xcel's request to combine both of its month-to-month green tariff options into one program is reasonable, the Commission will approve it.

The Commission will also allow Xcel to transfer the R*C pilot customers to the R*C month-to-month program option and cancel the pilot Service Agreements for these customers. The Commission finds this to be reasonable since the R*C program month-to-month option is a continuation of the R*C pilot program.

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[16] Xcel petition, at 18. 21% of customers preferred to be automatically enrolled with notification and 67% preferred an opportunity to opt out.

VI. Negative check-off for amendments to customer service agreement

A. Xcel request

Xcel requested that the Commission approve a 30-day negative check-off process for amendments to the customer service agreement for the long-term offer. Under this process, Xcel would file proposed amendments to the service agreement, and if no objection were received within 30 days of filing, the amendment would be deemed approved.

The Department did not object to use of the negative check-off process, since it has been used in other programs, such as solar gardens, with no significant issues. According to the Department, long-term R*C customers are particularly sophisticated and should be able to navigate the process without problems.

B. Commission action

The Commission will allow Xcel to use a 30-day negative check-off process for amendments to the customer service agreement that may differ from an approved and tariffed version of the service agreement for the long-term offer of the R*C program. The Commission agrees with the Department that this process has been used successfully in the past and is particularly appropriate in this context since the affected customers are quite sophisticated. The public interest will be adequately protected by allowing objections to amendments to be raised and considered by the Commission if necessary.

VII. Community solar garden provider comments

Several community solar garden providers jointly submitted comments opposing Xcel's petition on the grounds that the R*C program "would essentially give Xcel authority to construct what is in effect one or more large-scale community solar gardens."[17] The CSG providers contend that because Xcel's solar program is proposed under Minn. Stat. §216B.169 (the green pricing statute) rather than §216B.1641 (the community solar garden statute), Xcel does not have to abide by many of the restrictions that govern community solar gardens, thus giving Xcel an unfair advantage.

The Commission finds that Xcel's proposed renewable tariff program, R*C, is a different program from a community solar garden and it is reasonable for those different programs to be subject to different restrictions. A community solar garden allows subscribers to sell solar output to Xcel, whereas R*C provides an opportunity for customers to purchase output from wind and solar resources. The structure of the R*C program is authorized by statute and the Commission will not require any changes based on the CSG providers' objections.

ORDER

1. Xcel's petition to expand the Renewable*Connect pilot program into a full-time permanent offering is approved, including the following:

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[17] CSG provider comments, at 2.

a. The program structure, pricing methodology, and terms and conditions of the new offerings, with the following modifications:

   i. Xcel must update the neutrality adjustment annually based on the most currently available information and must file specific details and supporting analysis in its annual program compliance reports;

   ii. Xcel must 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

   iii. Renewable*Connect contract terms may be no more than ten years in length.

b. The tariff sheets for the new long-term offer, with the following modification:

   i. Xcel must include in its tariff sheets for the long-term offer:

      1. the statement, “the neutrality charge is subject to change upon Commission order”; and

      2. a statement that there are 200 MW of capacity available for the program.

c. The transition of Windsource program customers to the ongoing month-to-month offer of the Renewable*Connect program.

d. The transition of month-to-month pilot customers to the ongoing month-to-month offer of Renewable*Connect, and the cancellation of the pilot Service Agreements for these customers.

e. The ability to utilize energy from a system wind resource during months of low wind production to support the new offerings balanced by excess wind production in months where generation exceeds usage.

f. The allocation to Xcel’s system of any excess energy from existing or new Renewable*Connect program resources and the recovery of excess energy costs through the fuel charge. However, Xcel is prohibited from recovering the costs of unsubscribed portions of the Renewable*Connect resources through the fuel clause adjustment without Commission approval in the fuel clause adjustment proceeding.

g. Use of a negative check-off process for amendments to the customer Service Agreement that may differ from an approved and tariffed version of the Service Agreement for the long-term offer of the Renewable*Connect program.

h. The proposed annual reporting components and tracker report template.

2. Xcel is required to file its initial final pricing for the Renewable*Connect program within 30 days of receiving Commission approval of its resource acquisitions for the program.

3. In current and future resource plans, Xcel must identify the resources dedicated to the Renewable*Connect program and must provide a thorough discussion of the present and

forecasted resources that are necessary to meet its present and future demand for the program.

4. Xcel must also include in annual compliance reports for the Renewable*Connect program:

    a. A discussion of the rate relative to the fuel clause adjustment for each of the Renewable*Connect program offerings; and

    b. An assessment and discussion of Xcel's actual experience of the high off-peak program customer resource usage compared to resource availability.

5. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf

Daniel P. Wolf
Executive Secretary