COMMUNITY SOLAR - NSP MINNESOTA

- Created by state Legislature
  - Many program features specified by law:
    - Same or adjacent county
    - Maximum 120% of annual usage
    - 200W minimum subscription
    - Up to 40% of a single garden
    - Payment for solar energy as monthly bill credit
    - 1 MW size limit
    - Bill credits at applicable retail rate (ARR) or Value of Solar (VOS)

- Company filed our proposal with PUC in fall 2013
How Solar*Rewards Community Works

- Bill credit rate set by regulators
- All Xcel Energy customers pay for the bill credit & use the solar energy
- NOT a green energy program
## Subscriber Bill Credits

Estimated $17M increase in customer costs per 100 MW

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Bill Credit Type</th>
<th>Bill Credit Rate per kWh (AC) for Energy Delivered to Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Service</td>
<td>Standard</td>
<td>$0.12596</td>
</tr>
<tr>
<td></td>
<td>Enhanced – Solar Gardens &gt; 250 KW (AC)</td>
<td>$0.14596</td>
</tr>
<tr>
<td></td>
<td>Enhanced – Solar Gardens ≤ 250 KW (AC)</td>
<td>$0.15596</td>
</tr>
<tr>
<td>Small General Service</td>
<td>Standard</td>
<td>$0.12229</td>
</tr>
<tr>
<td></td>
<td>Enhanced – Solar Gardens &gt; 250 KW (AC)</td>
<td>$0.14229</td>
</tr>
<tr>
<td></td>
<td>Enhanced – Solar Gardens ≤ 250 KW (AC)</td>
<td>$0.15229</td>
</tr>
<tr>
<td>General Service</td>
<td>Standard</td>
<td>$0.09740</td>
</tr>
<tr>
<td></td>
<td>Enhanced – Solar Gardens &gt; 250 KW (AC)</td>
<td>$0.11740</td>
</tr>
<tr>
<td></td>
<td>Enhanced – Solar Gardens ≤ 250 KW (AC)</td>
<td>$0.12740</td>
</tr>
</tbody>
</table>
Program Launch

• Bill Credit Rate established

• Program Opened in December 2014

• Large volume of co-located project applications
  – More than 400 MW received in first 10 minutes
  – Concentration in exurban/rural service territory

• June 2015: Company files Settlement Agreement with some developers
PARTIAL SETTLEMENT AGREEMENT

- Key terms:
  - Projects limited to 5 MW on a co-located basis (including those in queue and received through September 2015)
  - All projects proposed thereafter limited to 1 MW
  - Projects which require a substation outage on our distribution system are ineligible
  - Technical disputes to be referred to an Independent Engineer appointed by Department of Commerce
  - 50-day interconnection scoping study
APPLICATIONS AT A GLANCE

2015 Application Cadence

Program Launch

Dec 2014

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

2015

14

43

117

30

191

326

150

111

647

Co-location limit change

Applications

MW
PROGRAM STATUS

• 40 new applications in 2016
• 228 active project sites in the pipeline (more than 800 MW)
• 4 projects in-service
CURRENT TEAM FOCUS

• Push for progress; anticipate & remove barriers
• Frequent, open communications
• Improved web portal
• Bi-monthly workgroup meetings
• On pace for one of largest programs in country
WHAT’S NEXT

- PUC grandfathered in existing projects at current rates
- PUC Order: new projects to receive Value of Solar rate beginning in 2017
- Company exploring low income customer options