



Xcel Energy has five bills this legislative session that advance Minnesota's energy future in the areas of energy conservation, renewable energy and innovative energy technologies, including solar. They are as follows:

(SF 1214 - Prettner Solon)
(HF 1434 - Sheldon Johnson)

Mass Transit Utility Corridors (Central Corridor Project)

Will allow Xcel Energy to integrate the replacement of traditional utility infrastructure with forward thinking energy technologies, in conjunction with the light-rail transportation project, in an effort to advance the development and understanding of specific technologies.

Objectives and components of the project are intended to include:

- ◆ Establishment of a model for future energy/transportation corridors.
- ◆ Dramatic increase in energy conservation participation along the corridor.
- ◆ Distributed solar partnerships with residential and small business customers.
- ◆ Biogas delivery for commercial and industrial customers.
- ◆ Plug-in hybrid vehicle applications.
- ◆ LED lighting systems.
- ◆ Combination Solar/Energy Storage/Smart-Grid R&D project.

(SF 1346 - Dibble)
(HF 1425 - Sailer)

Solar in the Renewable Energy Standard

The Solar/Energy Storage/Smart-Grid R & D project, associated with the central corridor initiative, would be a larger solar installation that Xcel Energy would own and operate in conjunction with an institutional, or large commercial, customer. This solar is different from the Solar Rewards program and is closely aligned with the state's strategy on renewable energy. (Xcel has a 30% by 2020 requirement). For that reason, we propose to count that particular amount of solar (approximately 1 to 2MW) within our 25% wind mandate currently in the RES statute. Since our 5% "other" RES category is fully subscribed with biomass and small hydro, the only place it fits is within the wind portion of our RES.

1434 Johnson 007
1425 Sailer

(SF 1335 - Doll)
(HF 1478 - Sailer)

Distributed Solar Generation Projects (Solar Rewards)

In the 2007 session, we agreed to place a small amount of solar spending in our CIP budget, to accommodate the state's desire to jump-start this emerging technology. The amount was capped at 5% of our annual CIP budget, or approximately \$2.5 million. We've since developed our "Solar Rewards" program that will allow customers to install small solar projects on their homes or businesses to offset their electric use, which makes it an energy conservation strategy. As a result, customers can receive an approximate 50% rebate from us, to buy-down the up-front costs of their systems. Our market analysis indicates about 500 homes would take advantage of this program in the first year, resulting in \$4.5 million in CIP spending for us. This bill will allow us, after approval from the DOC, to use additional CIP resources to satisfy the market's demand for additional solar projects.

(SF 1330 - Dibble)
(HF 1533 - Sailer)

Green Pricing Program/Energy Storage Devices, Cost Recovery

This bill has two components. The first is designed to accommodate customers who wish to participate in solar technology development by paying a little more on their monthly energy bill, yet who don't want to invest thousands of dollars in a system of their own. We will place a modest amount of solar generation assets within our voluntary Windsource program, so as to not dramatically increase the current price of Windsource.

The second components provides more direct language requiring the PUC to provide cost recovery for the 1MW battery project Xcel Energy has in Luverne, Minnesota. The battery is connected to an 11MW wind farm and is providing information to us on how energy storage can be integrated with the intermittency of wind as a generation sources.

(SF 1347 - Dibble)
(HF 1605 - Kalin)

Incentive Plan for Energy Conservation Improvement Projects (CIP)

Will allow Xcel Energy to receive improved financial incentives for its traditional CIP expenditures, including solar projects (i.e. Solar Rewards) when compared to other utility investments in generation assets. The company's CIP department currently loses money every year based on its reduced energy sales in the range of 0.7 percent. The transition to the state's new 1.5 percent energy savings goal will greatly magnify this revenue loss and therefore requires an adjustment to the current regulatory model. This bill is designed to turn the company's CIP operations from a losing business unit, into a profitable one.