

Summary of the 2016 Xcel Settlement Agreement

Prepared by GRID Alternatives

In the fall of 2016, Xcel Energy filed their 2017-2019 global settlement and was approved by the Public Utilities Commission. In this plan Xcel Energy will significantly expand low-income solar programs. The Commission also approved rule changes to support broader participation by affordable housing providers in low-income solar programs, and encourage additional co-benefits including job training opportunities.

Advocates and stakeholders intervened in Xcel's RES Plan Proceeding to address equity issues, primarily that low-income ratepayers had paid in around \$60 million to the Renewable Energy Standard Adjustment (RESA) since 2006 with no access to direct benefits. The RESA is a 2% rider, approved with the Colorado Renewable Energy Standard, to allow utilities to finance the incremental costs of renewable energy. All Investor Owned Utility ratepayers in Colorado have contributed to the RESA account since 2006.

In total, the settlement includes about 20 MW of additional rooftop and community low-income solar capacity for 2017-19, as well as the opportunity to bid more low-income capacity in the large community solar program by offering consideration for low-income participation in RFPs for the sale of project RECs. Xcel has budgeted about \$25 million in ratepayer RESA rider funds to support these low-income solar programs for 2017-19. As part of the settlement, Xcel introduces new low-income solar programs for rooftop, multifamily, and community solar.

Rooftop - Colorado Energy Office Solar Pilot Program

- Total capacity – 300 rooftop systems, up to 1.05 MW
- Xcel will partner with the Colorado Energy Office to pilot a low-income rooftop program for up to 300 low-income customers for 2017-19, implemented through the CEO weatherization assistance program.

Multifamily - Affordable housing is included in community solar programs

- Language from settlement: The Settling Parties agree nonprofit affordable housing buildings or public housing authority buildings will be considered “low-income subscribers” so long as: (1) the building’s residents meet the “low-income” definition set forth in § 40-3-106, C.R.S.; and (2) the housing authority provides verifiable information that these residents are the beneficiaries of the CSG subscription(s).
- Takeaway: This is key for affordable housing providers because they can qualify as low-income under the community solar program rules, regardless of whether operators or tenants are paying utility bills, as long as the participating buildings have residents that meet the low-income program definition of 185% of FPL or below. This will allow affordable housing providers, or projects that include them, to qualify for incentives associated with the low-income community solar programs in the settlement.

Community Solar - Summary of Low-Income Community Solar Capacity

- 4 MW Low-income Community Solar RFP (*Total capacity: 13.5 MW for 2017-19*)
 - 4 MW annually of 100% low-income CSGs. Bidders can submit up-front or production-based incentives. Evaluations will also consider (1) percentage of expected electric utility bill reduction for the low-income customer, (2) provision of solar installation job training for low-income individuals at the bid CSG, and (3) coordination with installation of energy efficiency measures.

- 500 kW Low-income Standard Offer (*Total capacity: 1.5 MW for 2017-19*)
 - 500 KW annually of projects up to 100 kW in size (so, five 100 kW projects, ten 50 kW, etc.). The REC incentive for standard offer will be the average annual awarded REC for the low-income CSG RFP (above), paid as an up-front incentive, plus \$0.01/kWh.
- Xcel-owned low-income CSGs (*Total capacity: Up to 5.25 MW for 2017-19*)
 - Xcel will assume the 5% low-income subscription obligation through ownership of dedicated low-income CSGs. For 2017-19, this will be up to 5.25 MW of Xcel-owned low-income CSG capacity (5% of the total program capacity, which is up to 105 MW for 2017-19).

Other Policies: Consideration of higher RECs for low-income participation in the large program RFP

- Language from the settlement: Public Service is open to evaluating and accepting bids in the general CSG solicitation that offer a higher REC price in order to incent projects that provide higher levels of low-income participation, provided that any low-income minimum proposed through this solicitation, as well as through the low-income solicitation, must be maintained through the life of the Solar*Rewards Community contract.
- Takeaway: Projects with higher low-income participation may be able to win a higher REC payment in the form of a Production Based Incentive through the competitive RFP for the large program.