

DECISION

BEFORE THE COMMISSIONER OF THE MINNESOTA DEPARTMENT OF COMMERCE

In the Matter of Xcel Energy's
Energy Storage Incentive Grant Program Proposal

Issue Date: March 20, 2024
Docket No.: E002/M-23-459

I. INTRODUCTION

[Minnesota Statutes § 216C.379](#) established an Energy Storage Incentive Program. The statute requires Northern States Power Company, doing business as Xcel Energy (Xcel or the Company), to operate a customer-sited, incentive-based program, designed to reduce the cost to purchase and install on-site energy storage systems that are co-located with photovoltaic (PV / solar) generating system(s).¹

Pursuant to Minnesota Statutes § 216C.379(a), Xcel cannot operate the Solar-Powered Storage Incentive Program, herein referred to as the "Xcel-administered Storage Program," until it is approved by the Commissioner of Commerce (Commissioner).²

The law included a one-time appropriation of \$4 million for a program to be administered by Xcel within their service territory between 2024 and June 30, 2027.³ The Department of Commerce (Department of Commerce) will withhold up to \$200,000 for administrative purposes, and Xcel requested a withholding of \$320,000, leaving a programmatic total of \$3,480,000 for incentives.

II. XCEL'S PROPOSED PROGRAM

On November 1, 2023, Xcel filed their *Solar-Powered Storage Incentive Program Proposal* as required by Minn. Stat. § 216C.379.⁴ Key features of the *proposed* program include:

- Battery storage systems must be new and in the process of being purchased and installed. Existing installed battery storage systems that are already in operation at the start of this Program are not eligible for the incentive.
- Systems must be paired with an existing solar Interconnection Agreement or application for interconnection of a solar system. An example application was provided by Xcel in Attachment A to their November 1, 2023, proposal.⁵

¹ [Minn. Stat. § 216C.379](#)

² [Minn. Stat. § 216C.379\(a\)](#)

³ Minnesota Session Laws [2023 Chapter 60, Article 11, Section 2, Subd. 9.](#)

⁴ Docket No. E002/M-23-459, Xcel Proposal for On-Site Energy Storage Program. November 1, 2023.

⁵ Docket No. E002/M-23-459, Xcel Proposal for On-Site Energy Storage Program at page 13. November 1, 2023.

- Incentives will be allocated on a first come, first served basis (until the Xcel-administered Storage Program allocated funds are depleted).
- As with Solar*Rewards,⁶ if the number of incentive applications exceeds the available funds, Xcel will administer a waitlist to disperse funds to applicants on the waitlist if any previously-awarded applications decide to withdraw.
- Incentives will be paid within 30 business days of Xcel granting the energy storage system (and, if applicable, associated new solar system) permission to operate (provided program funds are not fully allocated).
- Annual reporting will be completed June 1 of each year for the previous calendar year, with an additional final compliance report submitted by October 28, 2027.

Xcel proposed incentives tiers based on non-income qualified and income-qualified (IQ) eligibility, as well as offering higher incentives for participants in their future demand response program: Renewable Battery Connect (later renamed Battery Connect, part of the Energy Conservation and Optimization (ECO) program). The incentive levels proposed on November 1, 2023, were later revised in Xcel’s February 13, 2024, comments. Their proposed incentive levels are listed in *Table 2* later in this Decision. Incentive rates are calculated on a per kilowatt-hour of storage system capacity basis (“/kWh of capacity”).

To determine IQ eligibility, Xcel proposed using the same criteria as the Solar*Rewards decision finalized on December 6, 2023.⁷ This includes:

- Low-Income Home Energy Assistance Program (LiHEAP) participants
- Weatherization Assistance Program (WAP) participants
- Low-income renter certificate
- Section 8 Housing Choice Voucher users
- Habitat for Humanity candidates
- Women, Infants, and Children (WIC) program participants
- Supplemental Nutrition Assistance Program (SNAP) participants
- Community Land Trust homeowners
- Medical Assistance recipients

Eligibility for low-income multi-family properties, non-profits, and for-profit businesses serving low-income constituents is described thoroughly in Xcel’s November 1, 2023, proposal at page 7.

⁶ As seen in Docket No. E002/M-13-1015.

⁷ Docket No. E002/M-13-1015, Commissioner Decision December 6, 2023, Decision Point 8.

Xcel requested \$320,000 in funds for launching and operating the program through June 30, 2027. For additional details on the proposed program, please refer to Xcel's Program Proposal⁸ or the Department's Proposed Decision.⁹

III. 2024 PROPOSED DECISION AND COMMENT SUMMARY

After Xcel filed their Storage Program Proposal a comment period was opened, with initial comments due December 1, 2023, and reply comments due December 11, 2023. Refer to the Proposed Decision for a summary of comments received during that comment period.⁹

Staff presented program analyses and recommendations in the Proposed Decision on January 30, 2024. Taking into consideration comments of all parties, market factors, and program funding, Staff recommended approval of Xcel Energy's proposed Storage Program, with modifications, as summarized below.

Staff recommended that the Commissioner:

- **Recommend a program start date of July 1, 2024. Accordingly, program year 2024 will be from July 1, 2024, to December 31, 2024; program year 2025 will be from January 1, 2025, to December 31, 2025; program year 2026 will be from January 1, 2026, to December 31, 2026; and program year 2027 will be from January 1, 2027, to June 30, 2027;**
- **Approve Xcel's Proposal to establish up-front incentives for non-IQ applicants, but to \$175 per kWh of capacity, rather than \$75 per kWh of capacity;**
- **Approve Xcel's Proposal to establish up-front incentives for IQ applicants, but to \$370 per kWh of capacity, rather than \$100 per kWh of capacity;**
- **Deny Xcel's Proposal to establish separate up-front incentive tiers for Renewable Battery Connect participants;**
- **Approve Xcel's Proposal in their Reply Comments to establish a 10% carve-out for IQ participants. Staff recommend that the carve-out be maintained in program years 2024, 2025, 2026, and 2027. If, by September 1, 2026, the combined dollar value of applications for and allocations of the IQ carve-out do not sum to 50% of the carve-out allotment, the IQ carve-out may be sunset at the Department's discretion;**
- **Recommend that uncommitted IQ project dollars at the end of each program year remain available to only IQ projects in subsequent program years;**
- **Recommend that, should the 10% IQ carve-out be reached at any point, IQ projects may still apply for remaining unallocated funds alongside other non-IQ projects using available non-IQ general program funds;**

⁸ Docket No. E002/M-23-459, Xcel Proposal for On-Site Energy Storage Program. November 1, 2023.

⁹ Docket No. E002/M-23-459, Analysis, Recommendations, and Proposed Decision of the Staff of the Minnesota Department of Commerce. January 30, 2024.

- Recommend Xcel maintain the IQ carveout separate from the general funding pool so that funding from IQ projects that withdraw are reallocated to the next IQ projects on the list, until such time that the Department sunsets the IQ carve-out;
- Recommend that Xcel use the full list of federal, state, municipal, and utility programs approved to demonstrate low-income (IQ) eligibility, as established under the December 1, 2023, Commissioner Decision on Docket No. E,G003/CIP-23-92;
- Recommend approving Xcel’s proposed eligibility for low-income multi-family properties, non-profits, and for-profit businesses serving low-income constituents, as described in Xcel’s November 1, 2023;
- Recommend that Xcel provide at least monthly incentive funding updates on its program website and via email, and recommend the method of registering for the monthly program email be clearly stated on the main program webpage;
- Recommend that Xcel provide a detailed synopsis of IQ participant information (number of participants, battery units, battery kW, battery kWh, associated PV size (kW_{AC}), and up-front incentive) per county in each subsequent annual summary report, using its current customer data aggregation thresholds approved by the PUC;
- Recommend Xcel add two check boxes on the program application forms that ask, “Will upgrades be needed to meet the fire code?” and “Will electrical panel upgrades be needed?”;
- Recommend approving Xcel’s initial and three-year administrative budget.

The Comment and Reply Comment periods for the Proposed Decision ended on February 13 and February 27, 2024, respectively. A full list of documents and comments filed by parties is provided in *Table 1* below, with a summary of the second round of comments following the table, separated into topics.

Table 1: Documents and Comments Filed by Parties RE: Xcel’s Proposed Xcel-administered Storage Program

Parties	Document	Date
<i>Xcel Energy</i>	Program Proposal	November 1, 2023
<i>Dept. of Commerce</i>	Request for Comments	November 16, 2023
<i>All Energy Solar</i>	Comments	December 4, 2023
<i>Xcel Energy</i>	Reply Comments	December 11, 2023
<i>Dept. of Commerce</i>	Proposed Decision	January 30, 2024
<i>Xcel Energy</i>	Comments	February 13, 2024
<i>All Energy Solar</i>	Comments	February 13, 2024
<i>Xcel Energy</i>	Reply Comments	February 27, 2024
<i>All Energy Solar</i>	Reply Comments	February 27, 2024

A. TOPIC: INCORPORATING XCEL’S FUTURE BATTERY CONNECT PROGRAM

XCEL ENERGY – 2/13/2024 COMMENTS

- Xcel maintains its initial proposal to establish higher incentive levels for applicants who also sign up for its new Battery Connect demand response program. Its points include:
 - Batteries can benefit the grid as a whole when they are tied to demand response programs. Benefits could include the creation of virtual power plants, which can lower customer electricity costs once established.
 - Participation in the Battery Connect program is not mandatory for people to participate in the Xcel-administered Storage Program.
 - The Company’s affiliate Colorado operations conducted a pilot of a battery demand response program, which helped demonstrate opportunities of Virtual Power Plants. Xcel reported that 94 percent of participant survey respondents were either satisfied or very satisfied with the pilot.
 - At the time, the Company planned to submit a modification to their 2024-2026 ECO triennial in late February. The modification was submitted on February 27, 2024. A response is required within 90 days (i.e., by the end of May 2024). Thus, Xcel maintains that the start date of the Xcel-administered Storage Program will not be delayed by linking it to the Battery Connect program.
- Xcel has concerns that the higher incentive level Staff proposed will lower the potential total number of participants. The Company maintains that it is better to have lower incentives for participants who only do the Xcel-administered Storage Program, and higher incentive levels for participants who apply for both the Xcel-administered Storage Program and the Battery Connect Program:

Table 2: Proposed Xcel Incentive Levels as of February 13, 2024

Incentive Type	Applicant Type	Incentive (per kWh of capacity)
Xcel-administered Storage Incentive Only	Non-Income-Qualified	\$100
	Income-Qualified	\$250
Xcel-administered Storage Incentive + Battery Connect	Non-Income-Qualified	\$175
	Income-Qualified	\$370

ALL ENERGY SOLAR – 2/13/2024 COMMENTS

- All Energy Solar is supportive of Staff’s recommendation to deny Xcel’s proposal for separate incentive tiers for Battery Connect participants. They agree that the incentive program is not required to benefit the system as a whole and believe Xcel can encourage participation in their Battery Connect program through a tariff and fair rate for purchasing dispatched energy from batteries.

- All Energy Solar agrees with the incentive tiers recommended by Staff in the Proposed Decision.

XCEL ENERGY – 2/27/2024 COMMENTS

- Xcel disagrees with All Energy’s Solar assertion that the Xcel-administered Storage Program is not required to address larger grid benefits. The Company continues to assert that it is in the public interest and follows the intent of the legislation to have higher incentive levels for Battery Connect program participants, applied in tiers, as proposed in their February 13, 2024, comments.

ALL ENERGY SOLAR – 2/27/2024 COMMENTS

- All Energy Solar maintains that in Virtual Power Plant programs, like Battery Connect, incentive rates are frequently paid by utilities in exchange for the energy stored in participating batteries and utilized by the utility occasionally throughout the year. They agree programs like this can have benefits of peak load reduction and solar time shifting. Further, the value to the grid and ratepayers could be equal or greater to the rates proposed by Xcel in their February 13, 2024, Comments. As such, they would support a proposal by Xcel to pay these rates for a contracted program term, to be determined in Docket No. G,E002/CIP-23-92 (see *Table 3*). All Energy Solar asserts that the two programs should be separate and independent of each other, and any demand response incentives be paid for by Xcel and approved through a separate docket process.

Table 3: All Energy Solar Proposed Incentive Rates

Incentive Type	Applicant Type	Incentive Amount (per kWh of capacity)	Recommended Additional Xcel-paid rate in the Battery Connect filing (per kWh of capacity)
Xcel-administered Storage Incentive Only	Non-Income- Qualified	\$175	\$75
	Income-Qualified	\$370	\$120

B. TOPIC: LOW-INCOME ELIGIBILITY CRITERIA

XCEL ENERGY - 2/13/2023 COMMENTS

- Xcel has concerns about expanding IQ eligibility criteria beyond the nine criteria proposed on November 1, 2023, and listed in Appendix 1:
 - The Company believes it will be difficult for customers to prove eligibility, and Xcel does not want to collect private customer information.
 - If Xcel is required to offer additional IQ eligibility criteria, it will hire a third party to administer the IQ applicant review, requiring an additional \$15,000

for year one of the program and \$10,000 for each of the remaining two years, paid for by the program funds.

- Further, it will take additional time to set up and manage this larger list of IQ eligibility criteria, and, as such, the expanded list may not be available when the program launches.

C. TOPIC: PROGRAM START DATE

XCEL ENERGY - 2/13/2023 COMMENTS

- Xcel indicates that it is unable to meet the Staff recommended start date of July 1, 2024, explaining that it needs more time to develop the application and payment tools, and communicate with customers, stakeholders, and the storage industry. Xcel suggests a September 3, 2024, launch date, assuming the Final Decision is posted by mid-March 2024.
- If a July 1, 2024, start date is required, Xcel will require doubling the IT development budget (\$370,000 rather than \$185,000), for a total three-year administrative budget of \$505,000, as compared to the \$320,000 originally proposed.

ALL ENERGY SOLAR - 2/13/2023 COMMENTS AND 2/27/2023 REPLY COMMENTS

- All Energy Solar strongly supports a July 1, 2024, launch. They argue that a July 1, 2024, start date is already over a year since the statute was passed. Launching the program in September will push back much of the uptake of storage to 2025, leaving only two years to utilize program funds.
- All Energy Solar points out that the July 1, 2024, start date lines up better with Solar*Rewards funding, which could increase participation in the Xcel-administered Storage Program. In past years, Solar*Rewards funds have been depleted by September, and in 2025 those funds decrease, which could slow adoption of storage. All Energy Solar argues it takes a minimum of two to three months to complete installations, suggesting that Xcel begin accepting applications July 1, 2024, with payments for incentives to begin October 2024. They believe this provides a workable solution – it does not delay applications but still provides additional time for Xcel to meet IT needs without increasing administrative costs.
- All Energy Solar encourages a rejection of Xcel’s request to double its IT budget to launch on July 1, 2024. They attest that Xcel is already accepting incentive applications for other programs and has an existing process for storage and interconnection. They suggest that if Xcel cannot implement an application system in three months and payment system in six months on their original \$185,000 budget, that Commerce consider administering the program for its first year.

D. TOPIC: REPORTING

XCEL ENERGY - 2/13/2023 COMMENTS

- Xcel supports Staff's recommendations around reporting dates and requirements, as well as suggested additions to the application.

E. TOPIC: OTHER CONSIDERATIONS

XCEL ENERGY - 2/13/2023 COMMENTS

- Xcel supports several of Staff's recommendations, including increasing incentives for non-IQ applicants, establishing incentives for IQ applicants, and treatment of the IQ carveout.

ALL ENERGY SOLAR - 2/13/2023 COMMENTS

- All Energy Solar recommends the Xcel-administered Storage Program allow a similar level of flexibility to that of the Solar*Rewards program, by allowing incentive levels to increase if necessitated by market conditions.

XCEL ENERGY - 2/27/2023 COMMENTS

- Xcel is supportive of All Energy Solar's recommendation that incentives be adjusted based on market conditions and suggests that recommended changes to incentive levels be submitted in the annual report, submitted each June 1.

ALL ENERGY SOLAR - 2/27/2023 COMMENTS

- All Energy Solar appreciates Xcel's plans to inform the trade community of the new program, acknowledging that energy storage is new and will have a learning curve. All Energy Solar suggests an installer verification of knowledge be incorporated into the program, such as requiring NABCEP certification. Alternatively, installers could show certification by a storage manufacturer. All Energy Solar believes maintaining a minimum threshold would ensure consumer protection and installation of quality devices by reputable manufacturers.

IV. COMMISSIONER'S DECISION-MAKING APPROACH

[Minn. Stat. § 216C.379](#) requires that the Commissioner approve the Xcel-administered Storage Program prior to its establishment. Xcel's program proposal in their November 1, 2023, filing initiated this required step in the process of establishing the program. When making decisions regarding the Company's program, the Commissioner considers several factors, including:

- The Company's program proposal,
- Compliance with Minnesota Statutes and Rules,
- The Commissioner's authority,
- Staff Proposed Decision,
- Federal Incentives,

- The Company’s approved tariff,
- Program budgets and expenditures,
- Public comments, and
- The broader public interest.

V. COMMISSIONER’S ANALYSIS AND FINDINGS

A. COMPLIANCE WITH MINNESOTA STATUTES, SECTION 216C.379

The Commissioner agrees with Staff that Xcel’s Program Proposal and Reply Comments demonstrate compliance with the following requirements of Minn. Stat. § 216C.379:

- The program must operate with legislatively directed funding levels of \$4 million until June 30, 2027;
- Maximum capacity for participating systems is 50 kWh;
- Participating systems must have a solar energy generating system¹⁰ operating at the same site, or the owner must have an application on file with Xcel to interconnect a solar energy generating system at the same site as the proposed storage system;
- The incentives are based on the number of watt-hours that reflect the duration of the storage system at its rated capacity;
- The incentive is a one-time payment, capped at \$5,000 per storage system; and
- Xcel must file a plan with the Commissioner to operate the program and the Company may not operate the program until it is approved by the Commissioner.

B. 2024 XCEL-ADMINISTERED STORAGE PROGRAM PROPOSAL

The Commissioner acknowledges the Company’s review of market indicators and efforts to improve IQ access to the Xcel-administered Storage Program. The Commissioner also appreciates the time and effort put toward Xcel’s Program Proposal, Comments submitted by parties, Comments filed by the Company, and Staff recommendations.

The Proposed Decision and Comments received are considered in the analysis below.

INTEGRATION WITH BATTERY CONNECT

The Commissioner agrees with Staff’s assessment that Xcel’s future demand response program Battery Connect should not be integrated into the Xcel-administered Storage Program’s incentive levels. The Commissioner appreciates All Energy Solar and Xcel sharing their perspectives on the proposal and agrees that demand response programs will play an important role in Minnesota’s carbon free future by reducing peaks on the grid. However, the Commissioner does not agree that the Battery Connect Program should be tied to the Xcel-administered Storage Program.

¹⁰ As defined in Minn. Stat. § 216E.01, subdivision 9a.

The first lines of the statute state the program is “to reduce the cost to purchase and install an on-site energy storage system.” While the statute does not state this should be done through multiple incentive tiers, it also does not preclude Xcel from doing so. The Commissioner agrees with Staff that offering an IQ tier is a valuable way to increase access to the program for low-income Minnesotans. The Commissioner also recognizes that a tier to reduce barriers for low-income communities who have significantly less access to capital is very different from an incentive tier that requires participants to join a utility-based program. Further, Minnesotans install energy storage for a variety of reasons, so the Commissioner agrees with Staff that it would not be fair to offer higher incentives to users with greater flexibility due to their use case.

The Commissioner commends Xcel in being innovative by creating its new Battery Connect Program and agrees with Xcel and All Energy Solar that demand response programs can have positive impacts by reducing peak load and enabling solar time shifting. The Commissioner thanks Xcel for describing its Battery Connect Program Colorado pilot in the comments. The Commissioner also appreciates All Energy Solar’s proposal for Xcel to add their own Xcel-paid incentive rate for Battery Connect participants. The Commissioner agrees that Xcel can pursue incentivizing participation in Battery Connect through Docket No. G,E002/CIP-23-92. Further, the Commissioner wishes to highlight that there is nothing in the Xcel-administered Storage Program that would preclude people from participation in Battery Connect.

Xcel’s Battery Connect Proposal was filed on February 27, 2024 (Docket No. E, G002/CIP-23-92). Xcel stated this timeline will not delay the Xcel-administered Storage Program launch, as a decision on this docket would be anticipated in May of 2024. While the Battery Connect approval timeline may not affect the Xcel-administered Storage Program, the Commissioner has other concerns regarding the integration of the two programs. Within the proposal, Xcel indicates participation in the program will be limited to approved battery manufacturers, anticipating that Tesla and Enphase would be initially approved and additional manufacturers could be eligible in 2025. If the Xcel-administered Storage Program included a Battery Connect incentive tier, this would then require those participants to follow the requirements outlined in Battery Connect. The Commissioner anticipates this would create confusion and complexity for Xcel-administered Storage Program applicants, wherein there are different requirements for different incentive tiers and fewer storage options creating potential barriers to participation. Additionally, the Battery Connect program could go through changes in its approval process that will further impact applicants of the Xcel-administered Storage Program. The Commissioner believes there are too many unknowns in how the Battery Connect Program will be implemented and its potential impacts to the Xcel-administered Storage Program.

The Commissioner recognizes that a simpler Xcel-administered Storage Program will increase the ease for participation by Minnesotans. Additionally, the Commissioner believes reducing the complexity of the program will reduce the program and IT implementation resources required. The Commissioner appreciates that Xcel indicates they are ready to move forward without the Battery Connect tiers if necessary.

The Commissioner:

- **Denies Xcel's proposal to establish separate up-front incentive tiers for Battery Connect participants.**

INCENTIVE LEVELS

The Commissioner thanks Xcel and All Energy Solar for their insights on proposed incentive levels. The Commissioner appreciates the consensus that the \$175/kWh level for non-IQ tier will help maximize the incentive level for the average participant, as many may install a 27 kWh storage system for a total incentive of \$4,725 for 27 kWh capacity. The Commissioner agrees with Staff's assertion that the high cost of storage increases the likelihood of IQ participants installing smaller storage units. The Commissioner approves of Staff's recommended incentive amount for IQ participants of \$370 per kWh. This rate would enable an IQ participant to maximize their incentive amount with a 13.5 kWh system, resulting in an incentive of \$4,995.

The Commissioner disagrees with Xcel's argument that Staff's proposed incentive tiers significantly increase the available incentive thus lowering the potential number of participants. As Xcel previously stated, the assumption is that most participants will maximize the incentive available to them. The Commissioner asserts that the tiers laid out above enable participants, both non-IQ and IQ, to maximize the incentive. Maximizing the incentive will meet the statute goal of reducing the cost to purchase and install storage systems.

The Commissioner:

- **Approves Xcel's proposal to establish up-front incentives for non-IQ applicants, but to \$175 per kWh of capacity, rather than \$100 per kWh of capacity.**
- **Approves Xcel's proposal to establish up-front incentives for IQ applicants, but to \$370 per kWh of capacity, rather than \$175 per kWh of capacity.**

INCOME QUALIFIED ELIGIBILITY

The Commissioner appreciates Xcel and Staff's consensus to establish an IQ carve-out for the Xcel-administered Storage Program and agrees with the IQ carve-out details outlined in the Proposed Decision.

The Commissioner thanks Xcel for its input about expanding the proposed IQ eligibility criteria. Continuing to improve eligibility criteria and reduce barriers to participation in energy programs is vital to equitably decarbonize Minnesota's energy sector.

The Commissioner understands that this program could be the first occurrence of Xcel using the entire ECO low-income list as IQ eligibility criteria. Accordingly, it is understood that, when IQ eligible people apply, evaluating them against double the eligibility criteria (listed in Appendix 1) may be more intensive than evaluating them against the original nine criteria that Xcel proposed. However, the Commissioner does not agree to a funds increase that represents 37% of the entire program's labor budget, just to review IQ applications for eligibility.

After accounting for Commerce and Xcel administrative fees, the total amount for the Xcel-administered Storage Program's incentives is currently \$3,480,000. Ten percent of that will be set aside for IQ applicants, or \$348,000. If IQ applicants can maximize their incentives (i.e., each receiving approximately \$5,000), this amount would cover about 70 IQ applicants. Accordingly, the \$35,000 administrative funds request for administering the additional IQ eligibility criteria represents a potential cost of \$500 per IQ applicant. This cost would simply confirm an applicant is participating in a low-income program. Further, this cost per applicant could increase if there were fewer IQ applicants.

The Commissioner notes that Xcel's justification for this cost increase is inconsistent with its original proposal to allow nine IQ eligibility criteria. The following concern, that:

"...participants would need to provide a card, letter, statement, or other documentation to prove that they participate in a qualified program. This creates additional challenges for customers to "prove" they meet one of the nearly 20 criteria suggested by Staff; it also puts the Company in a position where it would have to collect private customer information..."

is not justified, as the expanded eligibility list is consistent with Xcel's proposed nine IQ-eligible programs that would require the same steps from IQ applicants and Xcel. Xcel already performs this service for a multitude of energy programs, including Solar*Rewards, Home Energy Savings Program, and Low-Income Home Energy Squad, among others. Xcel expressly argued against self-attestation for IQ applicants during the last Solar*Rewards cycle, implying that the Company is already performing this function for its current IQ applicants and would like to continue to do so. Xcel also previously agreed to collect medical documentation by accepting Medical Assistance recipients in its 2024 Solar*Rewards IQ eligibility criteria.¹¹

However, the Commissioner appreciates Xcel sharing that the longer IQ list will take time to incorporate into its processes. As stated previously, the Commissioner understands that this program could be the first time Xcel uses the entire ECO low-income list as IQ eligibility criteria. To support an effective transition, Xcel has until July 1, 2025, to incorporate the additional 13 IQ eligibility criteria. As the original nine criteria are being used for Solar*Rewards 2024 program year, the Commissioner expects that Xcel will already have those criteria well understood and available to applicants for the 2024 program start date.

As this decision allows Xcel to begin the program year with its originally-proposed IQ criteria list, the Commissioner expects Xcel to implement the IQ criteria utilizing the original budget, without the proposed additional \$35,000.

The Commissioner:

- **Approves Xcel's proposal in their Dec. 11, 2023, Reply Comments to establish a 10% carve-out for IQ participants. The Commissioner requests that the carve-out be maintained in program years 2024, 2025, 2026, and 2027. If, by September 1, 2026, the combined dollar value of applications for and allocations of the IQ carve-out do**

¹¹ Docket No. E002/M-13-1015, Xcel Energy Reply Comments at page 5, September 25, 2023.

not sum to 50% of the carve-out allotment, the IQ carve-out may be sunset at the Department's discretion.

- Requires that uncommitted IQ project dollars at the end of each program year remain available to only IQ projects in subsequent program years.
- Requires that, should the 10% IQ carve-out be reached at any point, IQ projects may still apply for remaining unallocated funds alongside other non-IQ projects using available non-IQ general program funds at the IQ incentive rate.
- Requires Xcel maintain the IQ carveout separate from the general funding pool so that funding from IQ projects that withdraw are reallocated to the next IQ projects on the list, until such time that the Department sunsets the IQ carve-out.
- Requires that Xcel use its list of nine IQ eligibility criteria at program implementation (detailed in Appendix 1), and expand IQ eligibility to the full list of federal, state, municipal, and utility programs approved to demonstrate low-income (IQ) eligibility (as established under the December 1, 2023, Commissioner Decision on Docket No. E,G003/CIP-23-92) as soon as possible, and no later than July 1, 2025.
- Approves Xcel's proposed eligibility for low-income multi-family properties, non-profits, and for-profit businesses serving low-income constituents, as described in Xcel's November 1, 2023, proposal at page 7.

PROGRAM TIMELINE

The Commissioner thanks Xcel for outlining its plans and needed time to implement the Xcel-administered Storage Program, intending for a September 3, 2024, launch date. The Commissioner is also appreciative of All Energy Solar's reasoning for the preference for July 1, 2024, launch date. The Commissioner agrees with All Energy Solar that it is in the best interests of the program to launch as early as possible to increase the likelihood that property owners can take advantage of Solar*Rewards 2024 program year incentives before they are fully allocated. Further, the Commissioner agrees with All Energy Solar that Xcel has an established framework for accepting incentive applications and a process for storage and interconnection. The Commissioner appreciates All Energy Solar's creative idea for Xcel to accept applications beginning July 1, 2024, with payments to be processed beginning October 1, 2024.

The Commissioner believes a compromise that gives more time for Xcel to implement the program without waiting until September to launch would be an August 1, 2024, program launch. Further, an August 1, 2024, start date will increase the likelihood of Solar*Rewards funds still being available at program launch. As the Commissioner's decisions above have simplified the application requirements (the removal of the Battery Connect incentive tier and delaying the launch of the full 19 IQ criteria), the Commissioner expects Xcel to implement the program for the August 1, 2024, launch using their original proposed IT budget of \$185,000.

The Commissioner:

- **Requires Xcel to launch the program on August 1, 2024. Accordingly, program year 2024 will be from August 1, 2024, to December 31, 2024; program year 2025 will be from January 1, 2025, to December 31, 2025; program year 2026 will be from January 1, 2026, to December 31, 2026; and program year 2027 will be from January 1, 2027, to June 30, 2027. Payments are expected to be processed within 30 days of applicants being given permission to operate.**
- **Rejects Xcel's request to double their IT budget and instead maintains its original \$185,000 IT budget.**

ADMINISTRATIVE CONSIDERATIONS

The Commissioner agrees with All Energy Solar and Xcel's desire to allow the adjustment of incentive levels based on market conditions. Both parties agreed on the same approach as outlined in Minn. Stat. § 216C.379(e), with Xcel suggesting any such requests be made as part of their annual report submitted on June 1. The Commissioner approves the plan as outlined.

The Commissioner recommends Xcel provide program clarity on whether participants in the program will be eligible for one incentive per premise number, per person, or per solar array.

The Commissioner thanks All Energy Solar for their suggestion to incorporate an installer verification or certification into the Xcel-administered Storage Program for consumer protection and quality assurance. However, it is the Department's understanding that the State of Minnesota does not recognize certifications, per Minn. Stat. §§ 326B.31 to 326B.399 and Minn. Rules 3800 and 3801 of the Electrical Act, instead using the electrical licensing and inspection process to ensure safety and compliance.

The Commissioner:

- **Approves Xcel's proposal to submit any needed adjustments to incentive levels based on market conditions as part of their annual report on June 1.**
- **Recommends Xcel provide clarity on whether participants in the program will be eligible for one incentive per premise number, per person, or per solar array.**
- **Rejects All Energy Solar's proposal to include an installer verification and/or certification process.**
- **Requests that Xcel provide no less than monthly incentive funding updates on its program website and via email and recommends the method of registering for the monthly program email be clearly stated on the main program webpage.**
- **Requests that Xcel provide a detailed synopsis of IQ participant information (number of participants, battery units, battery kW, battery kWh, associated PV size (kW_{AC}), and up-front incentive) per county in each subsequent annual summary report, using its current customer data aggregation thresholds approved by the MN Public Utilities Commission.**

- Requests Xcel add two check boxes on the program application forms that ask, “Will upgrades be needed to meet the fire code?” and “Will electrical panel upgrades be needed?”
- Approves Xcel’s initial and on-going (three-year) administrative budget for a total of \$320,000.

C. SUMMARY OF INCENTIVE DECISIONS

The Commissioner’s Decisions regarding the incentives for the 2024 Xcel-administered Storage Program year are summarized in *Table 4* below.

Table 4: Incentive Levels for 2024 Program Year

Applicant Type	Incentive (/kWh of capacity)
Non-Income Qualified	\$175
Income Qualified	\$370

VI. COMMISSIONER’S DECISION

The Commissioner approves Xcel Energy’s *Solar-Powered Storage Incentive Program Proposal* and follow-up Commented revisions, subject to the following decision points:

The Commissioner:

1. Denies Xcel’s proposal to establish separate up-front incentive tiers for Battery Connect participants;
2. Approves Xcel’s proposal to establish up-front incentives for non-IQ applicants, but to \$175 per kWh of capacity, rather than \$100 per kWh of capacity;
3. Approves Xcel’s proposal to establish up-front incentives for IQ applicants, but to \$370 per kWh of capacity, rather than \$175 per kWh of capacity;
4. Requires Xcel to launch the program on August 1, 2024. Accordingly, program year 2024 will be from August 1, 2024, to December 31, 2024; program year 2025 will be from January 1, 2025, to December 31, 2025; program year 2026 will be from January 1, 2026, to December 31, 2026; and program year 2027 will be from January 1, 2027, to June 30, 2027. Payments are expected to be processed within 30 days of applicants being given permission to operate;
5. Rejects Xcel’s request to double their IT budget and instead maintains its original \$185,000 IT budget;
6. Approves Xcel’s proposal in their Dec. 11, 2023, Reply Comments to establish a 10% carve-out for IQ participants. The Commissioner requests that the carve-out be maintained in program years 2024, 2025, 2026, and 2027. If, by September 1, 2026, the combined dollar value of applications for and allocations of the IQ carve-out do

not sum to 50% of the carve-out allotment, the IQ carve-out may be sunset at the Department's discretion;

7. Requires that uncommitted IQ project dollars at the end of each program year remain available to only IQ projects in subsequent program years;
8. Requires that, should the 10% IQ carve-out be reached at any point, IQ projects may still apply for remaining unallocated funds alongside other non-IQ projects using available non-IQ general program funds at the IQ project rate;
9. Requires Xcel maintain the IQ carveout separate from the general funding pool so that funding from IQ projects that withdraw are reallocated to the next IQ projects on the list, until such time that the Department sunsets the IQ carve-out;
10. Requires that Xcel use its list of nine IQ eligibility criteria at program implementation (detailed in Appendix 1), and expand IQ eligibility to the full list of federal, state, municipal, and utility programs approved to demonstrate low-income (IQ) eligibility (as established under the December 1, 2023, Commissioner Decision on Docket No. E,G003/CIP-23-92) as soon as possible, and no later than July 1, 2025;
11. Approves Xcel's proposed eligibility for low-income multi-family properties, non-profits, and for-profit businesses serving low-income constituents, as described in Xcel's November 1, 2023, proposal at page 7;
12. Approves Xcel's proposal to submit any needed adjustments to incentive levels based on market conditions as part of their annual report on June 1;
13. Recommends Xcel provide clarity on whether participants in the program will be eligible for one incentive per premise number, per person, or per solar array;
14. Rejects All Energy Solar's proposal to include an installer verification and/or certification process;
15. Requests that Xcel provide no less than monthly incentive funding updates on its program website and via email and recommends the method of registering for the monthly program email be clearly stated on the main program webpage;
16. Requests that Xcel provide a detailed synopsis of IQ participant information (number of participants, battery units, battery kW, battery kWh, associated PV size (kW_{AC}), and up-front incentive) per county in each subsequent annual summary report, using its current customer data aggregation thresholds approved by the MN Public Utilities Commission; and
17. Requests Xcel add two check boxes on the program application forms that ask, "Will upgrades be needed to meet the fire code?" and "Will electrical panel upgrades be needed?"
18. Approves Xcel's initial and on-going (three-year) administrative budget for a total of \$320,000.

BY ORDER OF THE COMMISSIONER

A handwritten signature in dark ink, reading "Michelle Gransee". The signature is written in a cursive style with a long horizontal flourish extending to the right.

MICHELLE GRANSEE
Deputy Commissioner for Energy
Minnesota Department of Commerce

APPENDIX 1: PROPOSED LOW-INCOME QUALIFICATIONS

Participants, recipients, and users of the following programs could be considered low-income (income qualified (IQ)) for the Xcel-administered Storage Program:

	Xcel's Program Proposal, November 1, 2023	Commerce's Proposed Decision, January 29, 2024	Final Decision
Low-Income Home Energy Assistance Program (LIHEAP)	X	X	1
Weatherization Assistance Program (WAP)	X	X	1
Low-income renter certificate	X		1
Section 8 Housing Choice Voucher	X		1
Habitat for Humanity candidates	X		1
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	X	X	1
Supplemental Nutrition Assistance Program (SNAP)	X	X	1
Community Land Trust homeowners	X		1
Medical Assistance (Medicaid)	X	X	1
MinnesotaCare		X	2
Supplemental Security Income (SSI) - 1 and 2 person households		X	2
Minnesota Family Investment Program (MFIP)		X	2
Federal Public Housing Assistance (FPHA), including <ul style="list-style-type: none"> • Housing Choice Voucher (HCV) Program (Section 8 Vouchers), • Project-Based Rental Assistance (PBRA)/202/811 Public Housing, and • Affordable Housing Programs for American Indians, Alaska Natives, or Native Hawaiians 		X	2
Lifeline (discounted phone and internet service)		X	2
Telephone Assistance Plan (TAP)		X	2
Veterans Pension and Survivors Benefit		X	2

Head Start ¹²		X	2
Received a Federal Pell Grant in the current award year ¹³		X	2
Bureau of Indian Affairs General Assistance ¹⁴		X	2
Tribally administered Temporary Assistance for Needy Families (TANF) ^{12,14}		X	2
Tribally administered Head Start ^{12,14}		X	2
Food Distribution program on Indian Reservation (FDPIR) ¹⁴		X	2

1. IQ eligibility criteria to be incorporated into the Xcel-administered Storage Program at program launch.
2. IQ eligibility criteria to be added to the Xcel-administered Storage Program by July 1, 2025.

¹² Only those meeting its income qualifying standard

¹³ Documents must be from the student's school (college or university, community college, or career school) or the Department of Education and show the student has received a Pell Grant for the current award year.

¹⁴ For persons living on a Tribal reservation