

# What is a community

# solar garden?

Solar garden in Faribault, MN

Credit: Cooperative Energy Futures

## Go Solar Without Installing Panels

**A Community Solar Garden (CSG) is a solar photovoltaic (PV) system that produces solar electricity for participating subscribers.**

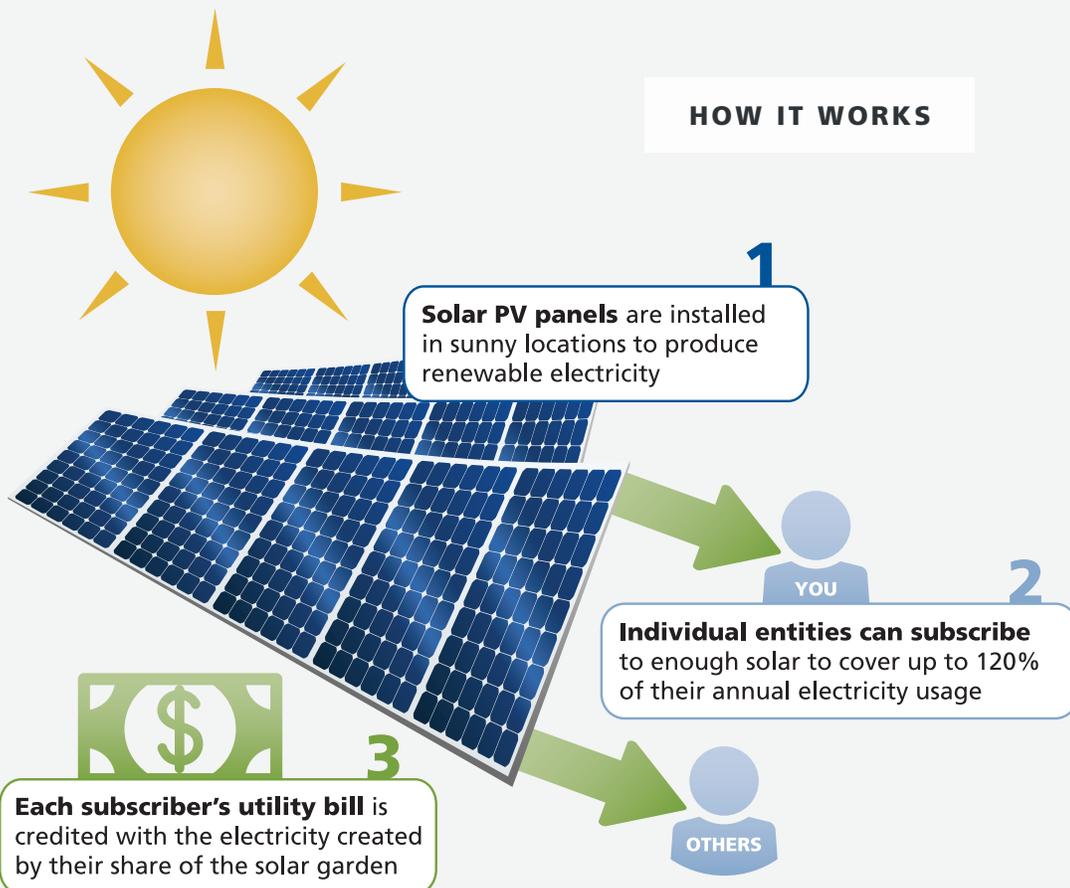
You will not get energy directly from the solar system, but you will get solar energy benefits through a monetary credit in dollars per kilowatt hour (\$/kWh) on your energy bills. This means that you do not have to install solar on your roof or your property. Instead, if you pay an electric bill, you can join.

**Details on this information sheet are for Xcel Energy electric customers.**

This program can reduce a customer's electric bill. The

program for Xcel Energy customers is the only CSG program in Minnesota that does not either cost more per unit of energy today or require an up-front payment.

### HOW IT WORKS





Solar garden in Green Isle, MN

Credit: Nokomis Energy

**TWO ENERGY SERVICE PROVIDERS**

Nearly all community solar gardens in Xcel Energy territory are provided by a CSG company, not by Xcel Energy itself. This means that participants, called subscribers, will still get electricity from Xcel Energy. Their subscription credit will also show up on their Xcel Energy bill. Through a separate agreement with the CSG company, subscribers will pay for their CSG subscription.

**HOW IT WORKS**



**Xcel Energy**  
Your electric utility

**Solar Subscriber**  
You!

**CSG Company**  
Your subscription provider

**HOW WILL THIS IMPACT MY BILL?**

Community solar garden subscriptions should lower your overall electric costs. Subscribers receive credit, in dollars, on their monthly Xcel Energy bill. This is the production credit per kilowatt hour (\$/kWh) for each kilowatt of solar energy produced by your share of the CSG’s output.

For example, there are two types of residential subscriptions, the Average Retail Rate (ARR) and the Value of Solar Rate (VOS). The type of subscription is different based on when the initial CSG application was accepted by Xcel Energy. If your share of the system produces 100 kWh over a month, then your monthly credit would be either \$15.540 in the ARR option or \$10.90 in VOS option.

**RESIDENTIAL CREDIT RATES (\$/KWH)**

2020 Enhanced ARR for larger gardens <sup>1</sup>	2020 Value of Solar + Residential adder <sup>2</sup>
\$ 0.15540	\$ 0.1090

This credit will likely be **greater than** the amount you pay for your subscription to the CSG Company (which you pay via a separate bill); you should confirm this with your CSG Company. Once you know the kind of subscription, either ARR or VOS, then you can compare the cost. If it’s an ARR subscription, you would pay less than \$0.15540 per kWh. If it’s a VOS subscription, you would pay less than \$0.1090.

# Questions to Ask About Subscription Contracts

25  
YEARS

## What is the term of my subscription?

Most community solar garden subscriptions in Xcel Energy territory last for 25 years.



## What if I move, want to cancel, or die before 25 years?

**CSG companies have different rules and fees for early cancellation.**

Be sure you understand the company's contract terms for each of the following:

- 1 Transfer to another subscriber you identify (may include a fee)
- 2 Moving within Xcel Energy territory (will likely transfer with you without a fee)
- 3 Moving out of the utility territory (varies, but may include a fee)
- 4 Death (no fee)
- 5 Early cancellation (will likely include a fee)



## Will the cost of my subscription increase over time?

**Yes. Generally, your subscription price will increase over time—this rate should be clear in the contract.**

**Value of Solar (VOS):** With a VOS subscription, you will get a schedule of your subscription rates by year at the outset. This means you will know up front how much you'll pay, how much your credit will be, and therefore how much you will save per kWh for the term of your contract.

**Average Retail Rate (ARR):** With an ARR subscription, your subscription rates will typically rise over time using either an escalator rate or a set discount rate below utility rates. Some subscriptions will escalate initially and then stay flat for the rest of the term.

- 1 **Escalator rate:** Xcel Energy's rates have increased by 3.3% annually since 2000, so with an escalator rate, the rate of increase for your subscription should always be less than 3.3% and ideally will be less than 3%.<sup>3</sup>
- 2 **Discount rate:** Discount rates make your subscription rate consistently lower than your utility rate by either a stated percent or a set dollar amount. Typical discounts are either a penny or between 5-10% less than the average retail rate.





Solar garden in Minneapolis, MN

Credit: IPS Solar

## Additional Considerations for LIHEAP Eligible Customers

**Low-income Heating Energy Assistance Program (LIHEAP) eligible clients can benefit from a CSG subscription as it can lower their electric costs. See if you're eligible for LIHEAP at [mn.gov/commerce/consumers/consumer-assistance/energy-assistance](https://mn.gov/commerce/consumers/consumer-assistance/energy-assistance). The benefit, a \$/kWh credit, is subtracted from your electric utility bill. This is generally good, but keep in mind:**

- 1** You are still paying for your subscription to the CSG Company, so most of those savings will be paid to the CSG Company for your solar energy.
- 2** For bill assistance programs, like POWER On or LIHEAP, it may look like you are paying a lot less for your electricity because those program only look at your utility bills, not your CSG subscription costs. **You may no longer qualify for POWER On.**
- 3** For LIHEAP, the biggest challenge is if you have electric heat because your benefits are based on your heating costs. Even if your LIHEAP provider can calculate your benefits based on your true costs (with your subscriptions), the benefits cannot currently be paid directly to the CSG provider.

**MORE ONLINE AT**

**[CleanEnergyResourceTeams.org/SolarGardens](https://CleanEnergyResourceTeams.org/SolarGardens)**

### NOTES

- 1** For gardens whose initial proposal was accepted by Xcel Energy before 2017: Larger gardens (>250 kW) receive a + \$.02 renewable energy credit payment. Smaller gardens (≤250 kW) receive a + \$.03 renewable energy credit payment. <https://www.cleanenergyresourceteams.org/xcelrates>
- 2** For gardens whose initial proposal was accepted by Xcel Energy after January 1, 2017: 2020 vintage gardens were credited at a year one value of solar of \$0.0940. The Public Utilities Commission have allowed an additional \$0.015 for residential subscriptions in 2019 and 2020 vintage projects. <https://www.cleanenergyresourceteams.org/xcelrates>
- 3** [https://www.xcelenergy.com/programs\\_and\\_rebates/residential\\_programs\\_and\\_rebates/renewable\\_energy\\_options\\_residential/solar/available\\_solar\\_options/community-based\\_solar](https://www.xcelenergy.com/programs_and_rebates/residential_programs_and_rebates/renewable_energy_options_residential/solar/available_solar_options/community-based_solar)