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**To:** Mayor Nelson and Members of the City Council

**From:** Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

**Date:** February 20, 2025

**Subject:** Xcel Energy's ARR to VOS Transition – Impact on Spring Lake Park and Next Steps

Xcel Energy recently announced plans to reduce bill-credit payments for subscribers of community solar gardens (CSGs) currently receiving the Applicable Retail Rate (ARR), transitioning to a lower Value of Solar (VOS) rate effective on or about April 1, 2025. This change will significantly impact over 20,000 ARR subscribers, including the City of Spring Lake Park, reducing the economic value of our bill credits and increasing costs over the remainder of our contract term.

The City Attorney and I met with representatives from US Solar on Thursday, February 13, 2025 to discuss the implications of this decision and explore potential options to mitigate the financial impact. City Attorney Thames and I will provide an update to the City Council on this meeting and seek direction from the City Council on next steps.

If you have any questions, please do not hesitate to contact me at 763-784-6491.