

PC 13-542

Rice, Robin (PUC)

From: Ralph Jacobson <ralphj@ips-solar.com>
Sent: Friday, January 31, 2014 3:45 PM
To: #PUC_Public Comments
Subject: Comments for docket E999/CI-13-542
Attachments: SREC comments.doc

To the Staff of the MN PUC:

Please accept my comments in the matter of questions regarding development of S-RECs, as attached.

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January 30, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
Saint Paul, MN 55101

Re: comments on S-REC tracking and shelf-life, Docket # E999/CI-13-542

1. Should the Commission issue any clarifications on S-REC shelf life?

The way the SES is now set up, each public utility must show that it is meeting the target of 1.5% of its total energy generation, measured in kilowatt-hours of power sold per year, which has been sourced from solar energy, by the end of 2020. I understand this to mean that for the year 2020, each utility must have documentation that it has sourced 1.5% of its SES power sales from solar energy *during the year 2020*. Each utility was ordered to report sales of power, in kwh per year, and they each did so, which suggests to me that we are all in agreement that this is the metric to use. I do not see how S-RECs accumulated during previous years can be thought to contribute to the 2020 target, except that we might consider them to be demonstrating yearly progress, each S-REC in its year of actual generation. Monthly billing data should be fine-grained enough to give a realistic “head-count” of S-RECs for a particular year – I don’t consider a month lag time to be a deal breaker in this regard.

2. Should the Commission authorize additional tracking to track compliance with the SES?

There is an intention in the Solar Energy Jobs Act to segment the solar electric market, as evidenced by the carve-outs language for smaller system incentives. Unlike most other energy sources which are used to generate electric power, photovoltaic technology can be deployed in a wide range of scales, and so it lends itself to a market which can be segmented according to system size. [In the utility world, below 500 kW is considered small-scale, which seems quite large to us here because of Minnesota’s history with the net-metering cap of 40 kW.] The Minnesota S-RECs could be flagged to display which segment of the market is being documented by an eligible PV system, in order to comply with this particular intention of the legislation, perhaps as follows:

Residential and light commercial (up to 40 kW systems)	white chip S-REC
Large commercial and industrial (40 kW to 1 MW systems)	red chip S-REC
Utility scale (above 1 MW systems)	blue chip S-REC

Thank you for the opportunity to comment on the development of S-RECs in Minnesota!

Ralph Jacobson

Innovative Power Systems, Inc.

PC 13-542

Rice, Robin (PUC)

From: Amy Fredregill <amy@mrets.org>
Sent: Thursday, January 30, 2014 6:19 PM
To: #PUC_Public Comments
Cc: Amy Fredregill
Subject: Comments on Docket No. E999/CI-13-542
Attachments: M-RETS Comments on CI-13-542-Dec 30 Notice.pdf

Dear Commission staff:

Attached please find comments on Docket No. E999/CI-13-542.

Please let me know if you have any questions.

Thank you,
Amy

Amy Fredregill
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**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
Betsy Wergin
Dan Lipschultz

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Implementation of Solar
Energy Standards Pursuant to 2013 Amendments
to Minnesota Statutes Section 216B.1691

Docket No. E999/CI-13-542

**COMMENTS OF THE
Midwest Renewable
Energy Tracking System, Inc.**

On December 30, 2013, the Minnesota Public Utilities Commission ("Commission") issued a Notice for Comment for clarifications on implementation of the Solar Energy Standard (SES), including the following questions:

- Should the Commission consider an additional tracking system specifically for the SES? In addition, the Commission has received comments in the past that some small units that would be eligible for the RES are not registered in M-RETS. Should the Commission consider an additional tracking system for small units that are eligible for the RES?

The Midwest Renewable Energy Tracking System, Inc. (M-RETS or System) submits the following comments on these questions.¹

Overview of Comments

M-RETS respects and welcomes the Commission's consideration of an additional tracking system for the SES. The following comments include an overview of M-RETS, a description of M-RETS governance and policies, stakeholder engagement, SES efforts, system enhancement processes, system capabilities, and some potential concerns with creating a new tracking system. Comments also include the steps M-RETS is taking to

¹ Michelle Rebholz, the Commission's representative on the M-RETS board of directors, recognized a conflict between her role at the Commission in this docket and her role on the board in filing these comments. As such, she was not involved in the drafting or approval of these comments.



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prepare for increased registrations of Distributed Generation (DG) and Photovoltaic (PV) systems in anticipation of SES compliance activities being conducted in M-RETS.

M-RETS Services for SES Implementation

M-RETS can provide the services needed to meet the needs of stakeholders for the implementation of the SES. We have over five years of experience tracking renewable energy generation for all types of stakeholders, and we have processes in place to adapt to the changing needs of those stakeholders. A new tracking system does not need to be created or authorized in Minnesota for smaller units to be used for compliance with Minnesota's SES and RES.

Overview of M-RETS

M-RETS tracks renewable energy generation in participating states and provinces and assists in verifying compliance with individual state/provincial renewable standards and objectives. Currently, we track renewable energy in Illinois, Indiana, Iowa, Manitoba, Minnesota, Montana, North Dakota, Ohio, South Dakota, and Wisconsin. These states have policies in place requiring or strongly encouraging investment in renewable resources.

M-RETS uses verifiable production data for all participating generators and creates a Renewable Energy Certificate (REC) in the form of a tradable digital certificate for each megawatt-hour (MWh) of generation that occurs from a registered generating unit. A "Whole Certificate" is defined in the M-RETS Operating Procedures (OP) as "one where none of the renewable attributes have been separately sold, given, or otherwise transferred to another party by a deliberate act of the Certificate owner. Renewable attributes shall include the environmental attributes that are defined as any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to the generation from the generation unit(s)."

As a tracking system, one of our main roles is to prevent double claims on certificates and the environmental attributes represented by certificates. Our OP states that a facility that produces Renewable Energy Certificates (RECs) may only register for certificate issuance in one tracking system, so no other tracking system is issuing certificates for the same output.

M-RETS Governance and Policy Decisions

M-RETS was initially formed as a result of a regional stakeholder process, led in part by the Commission, to ensure Midwestern states had a tool for RPS compliance. The regional nature of the system helps to ensure RECs are only used once and is much



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more economically efficient than having each state create its own tracking system. M-RETS was developed over approximately three years and began tracking RECs in 2007. We now operate as a 501(c)(4) nonprofit organization that relies on strong stakeholder engagement, beginning with the diversity of our board of directors. M-RETS is governed by a board of directors that is representative of its stakeholders. Government Directors on the M-RETS board currently represent Minnesota, Wisconsin, South Dakota and the Province of Manitoba; we have been fortunate enough to have always had a staff person from the Commission serving on our board. Three Industry Directors include one Municipal Utility Director, one Cooperative Electric Utility Director, and one Investor Owned Utility Director. M-RETS currently also has one Nonprofit Director and one Renewable Generator/Marketer Director on our board. M-RETS Subscribers (the users of the System) nominate utility and Renewable Generator/Marketer directors.

The M-RETS board is very collaborative and has a history of operating on consensus in board matters. Our three year Strategic Plan, adopted a year ago, has a top goal of meeting the needs of stakeholders. Another top goal is to continue to engage current states in our footprint. More information about our governance structure is available at our website on the Governance tab.

M-RETS is a policy neutral tracking system that gathers and verifies the information needed to determine eligibility for state or voluntary programs. Each state defines what qualifies as “renewable”, and each individual state is responsible for determining whether or not a particular generating unit qualifies for a state program. State regulatory commissions use the information collected and verified by M-RETS to make this determination. If a Renewable Portfolio Standard (RPS) is adopted or amended, we work with stakeholders to determine if changes are needed to the System. To make the most efficient use of funds, these changes are made after the state has completed the rules, rather than in anticipation of possible new state requirements.

As such, and per our usual stakeholder engagement process, we have been communicating with stakeholders as the state of Minnesota has been formulating their plans for the rollout of the SES. Because the SES rules aren't done, we have not finalized the software enhancements and procedural changes that might be needed to fully accommodate the final SES rules. When the rules are complete, we will continue to work with our stakeholders, both industry and regulators, to identify and implement software and procedural changes.

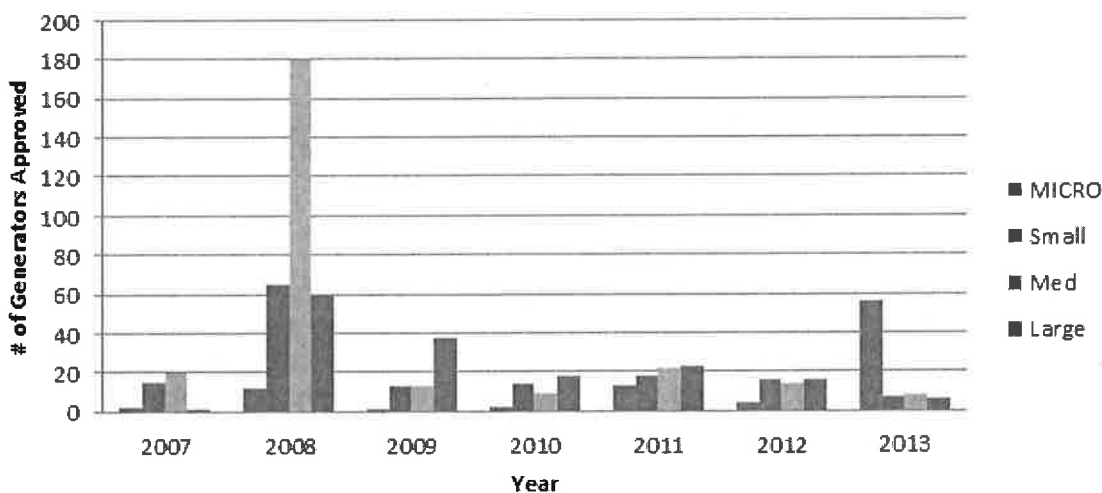


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Accommodating Distributed Generation

Registry activity by DG and aggregators has been growing, as evidenced by the chart below. Currently, there are 636 DG generating units registered in M-RETS as either individual projects or in aggregate.

Generators by Nameplate Capacity Approved by Year ~660 Units



M-RETS is aware of some potential barriers to DG using the M-RETS system. The barriers appear largely related to cost, in that individual small system owners wanting to participate in M-RETS directly would pay to have their own account, which would hold and create a relatively small number of RECs. Because the market price for Midwest RECs has been relatively low in recent years, the cost/benefit analysis has led many DG owners to conclude that having their own M-RETS account is not cost effective. Therefore, M-RETS has been working to improve access to the M-RETS System for DG, particularly through DG aggregation. In 2013, M-RETS created two new account types targeted at DG, both at reduced account fees.² And M-RETS has continued to work on ways to reduce the administrative burden associated with an aggregator taking legal responsibility for creating RECs on behalf of individual DG system owners and for preserving generation data integrity.

² Micro-Generator = \$100/year; Small Generator = \$250/year. Previously established account types, which continue to exist, range from \$500-\$2000/year, depending on the functionality desired for the account.



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In 2013, M-RETS established a DG/Aggregator Working Group to engage stakeholders regarding provisions in the OP dealing with the registration, verification, tracking and aggregation of DG. Members of the workgroup included aggregators of small generation, Minnesota state regulatory staff, investor-owned utilities, and other distributed generation advocates. The workgroup reviewed current M-RETS documentation requirements, ideas for alternative registration pathways, and database fields that may need to be updated to keep administrative costs low and tracking system integrity high.

In order to adopt best practices, M-RETS is working closely with other regional REC tracking systems that track DG, particularly in states with a solar energy set aside policy, to learn about their systems and procedures. This working group plans to continue to meet as needed to address issues specific to tracking DG in M-RETS; we plan to bring the group back together once Minnesota establishes the rules for the SES.

Cost Implications

The four Investor Owned Utilities (IOUs) who are subject to the SES are already tracking RECs with M-RETS for the RES, so a new tracking system would increase administrative burden and associated costs for IOUs and state regulatory staff to monitor and use a second tracking system. The stakeholders affected by the SES have been investing time, effort and funding in M-RETS since it was launched in 2007. M-RETS strives to keep fees low, but of course there is a cost to operating a REC tracking system. M-RETS recovers the costs associated with operating the tracking system based on how much each individual Subscriber utilizes the system's services. Fees are charged for holding an account (\$100-2000/year, depending on account type), creating a REC (\$0.005/REC), and retiring a REC (\$0.015/REC).

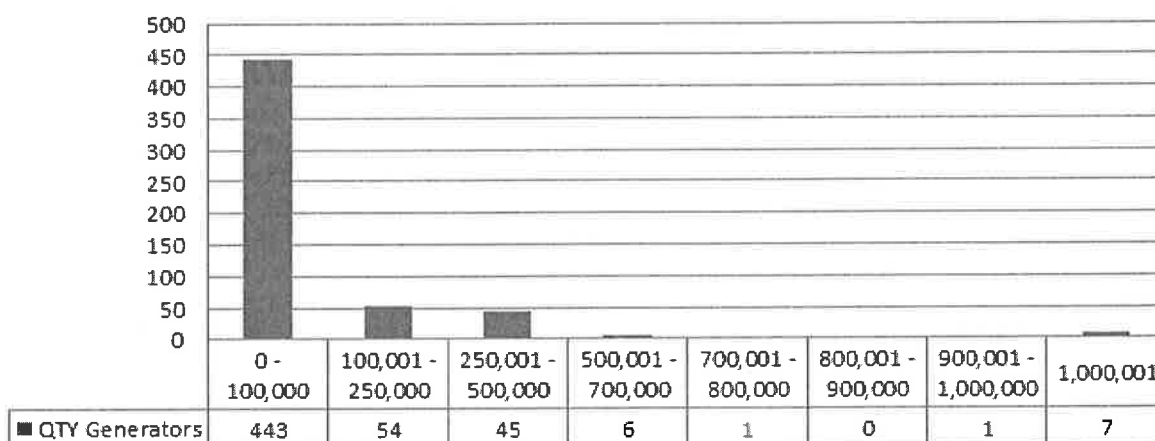
The four IOUs subject to the SES already pay their annual account subscription fees to use M-RETS for compliance needs. Small solar projects are already being aggregated in M-RETS; we would anticipate an increase in the volume and rate of these units being tracked in M-RETS for SES compliance. Any costs associated with creating a separate tracking system would presumably be borne by those using that system, concentrating those costs on a relatively small number of users. If changes to the M-RETS procedures or processes are needed to accommodate the SES, M-RETS does not anticipate these changes coming at a high cost to M-RETS Subscribers. Assuming a new tracking system would provide the same level of integrity as M-RETS, creating a new tracking system would likely increase the total cost to these types of projects and Account Holders, as well as their ratepayers.



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The majority of M-RETS generators are small to mid-sized projects, generating less than 100,000 RECs (see chart below). Because we anticipate an increase in registration of small units, we have been working with stakeholders to continue to clarify and enhance processes and pathways for DG.

2013 Generators by REC Issuance



Enhancements to the M-RETS System

In addition to our diverse board, stakeholders are regularly engaged through the M-RETS Subscriber Group to provide input on the system. The Subscriber Group meets four times annually, including once in person. Volunteers from the Subscriber Group serve on the Enhancement Committee and various topical workgroups to advise M-RETS on policy matters and recommendations for improvements to the M-RETS system.

The rules by which M-RETS operates are contained in our Operating Procedures (OP); this important document is the backbone of the System’s integrity and can be found on our website. Any changes to the OP must be approved by the M-RETS Board of Directors after gathering stakeholder input. We anticipate the Commission’s final SES rules will require edits to the OP, and once the rules are in place we intend to begin that stakeholder process. Currently, we expect to review necessary edits with stakeholders at our June Subscriber Group meeting.

M-RETS has many vehicles for meeting the needs of regulatory and industry representatives. Options for providing input include responding to surveys, small group discussions with board members, nominating board members, submitting Change



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Requests for modifications to the System, serving on the Enhancement Committee and its regulatory subgroup as well as various policy advisory workgroups.

The process for enhancing M-RETS is collaborative in nature. Subscribers are invited to volunteer to serve on the M-RETS Enhancement Committee to help draft, prioritize and budget for system software changes as a result of policy changes or in an effort to improve operability or add functions for different types of users. Current committee members include two Commission staff as well as one staff person from the MN Department of Commerce, Division of Energy Resources. To provide more targeted input, committee members periodically meet in industry and regulatory break-out groups.

Based on stakeholder input, the use of enhancement funds are ultimately approved by the M-RETS Board of Directors. The scope and estimates are reviewed and prioritized by the Enhancement Committee and M-RETS staff. The Enhancement Committee's Charter and membership list may be found on our website. The Enhancement Committee is very active. In 2013, M-RETS released one major platform upgrade and two minor software improvement releases. Currently, there are three mid-sized releases scheduled throughout 2014. One of these releases has a placeholder Change Request for the SES after Minnesota decision makers are done with the rules and guidelines. In order to be responsive to stakeholder needs, M-RETS also has the ability to develop critical enhancements to the system at any time throughout the year outside of the planned release schedule.

Next Steps

We will be interested to hear the input provided by the stakeholders through this proceeding and will be happy to respond or answer any forthcoming questions.

Contact Info

M-RETS appreciates the opportunity to provide this input. For more information, please contact Amy Fredregill, M-RETS Executive Director, at amy@mrets.org or 651-789-3338.