

July 10, 2018

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E999/M-18-205

Dear Mr. Wolf,

On June 11, 2018, the Minnesota Public Utilities Commission (Commission) issued a *Request for Comment in the Matter of Public Utilities' Annual Reports on Progress in Achieving the Solar Energy Standard*. Attached please find the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department).

The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ SUSAN L. PEIRCE
Rate Analyst Coordinator

SLP/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E999/M-18-205

I. BACKGROUND INFORMATION

Minn. Stat. §216B.1691 was amended by the 2013 Legislature to require public utilities to generate or procure 1.5 percent of their Minnesota retail electric sales from solar energy by 2020. The statute also requires utilities to meet a portion of their solar energy standard (SES) requirement from small solar facilities [small solar carve-out]. Xcel Energy is required to obtain at least 10 percent of the 1.5 SES requirement from solar facilities of 20 kW capacity or less.

The 2017 Minnesota Legislature amended the SES Statute to require Otter Tail Power Company (OTP) and Minnesota Power (MP) to obtain 10 percent of their 1.5 percent SES requirement from solar facilities with 40 kW of capacity or less. In addition, the SES statute now permits MP and OTP to apply individual customer solar garden subscriptions of less than 40 kW towards their small solar carve-out requirement. The statute permits utilities subject to the SES to exclude retail sales to the mining, paper mill and wood products manufacturing industries from the calculation of their SES requirement.

The 2018 Minnesota Legislature amended the SES Statute raise the small solar carve-out from 20 to 40 kW for Xcel Energy.

II. SUMMARY OF REPORTING REQUIREMENTS

The Minnesota Public Utilities Commission's (Commission) April 25, 2014 *Order Clarifying Solar Energy Standard Requirements and Setting Annual Reporting Requirements* in Docket no. E999/CI-13-542 requires utilities to submit the following information:

- Annual Minnesota retail sales;
- Annual excluded customer sales;
- A list of customers requesting exclusion and their North American Industry Classification System (NAICS) code;

- Total Minnesota retail sales for customers excluded from the SES requirement;
- Annual solar generation, the total number of units registered in M-RETS (Midwest Renewable Tracking System) and total S-RECs (solar renewable energy certificates) generated from those units;
- Estimated amount of solar generation in MWs the utility would be required to obtain in 2020;
- Estimated solar energy requirements to meet the SES in 2020;
- A short summary of ongoing efforts to obtain solar energy, including the anticipated mix of project sizes for SES compliance;
- A summary of progress toward the 10 percent carve out for systems under 20 kW;
- A brief summary of the state(s) in which the solar generation is located or anticipated to be located;
- Purchases and sales of S-RECs to meet the SES; and
- A breakdown of S-RECs from the following:
 1. Facilities receiving a Value of Solar rate;
 2. Community Solar Gardens;
 3. Facilities under a net metering tariff;
 4. Utility-owned solar projects;
 5. Solar facilities that have entered a purchased power agreement (PPA) with the utility;
 6. Facilities receiving an incentive such as Solar*Rewards or Made in Minnesota.

The October 23, 2014 Order in Docket E999/CI-13-542 requires utilities subject to the SES to include the following:

1. Excluded sales only from customers that have requested and been approved by utilities for exclusion from the SES requirements;
2. Additional information supporting each utility's assumed capacity factor;
3. More detailed information on each utility's ongoing efforts to obtain solar energy on their systems;
4. Information on the effective load carrying capability and MISO capacity accreditation for existing or planned solar facilities;
5. Additional discussion on any challenges utilities face in registering small solar facilities; and
6. A discussion of how utilities weigh the uncertainty of the solar investment tax credit benefit to awaiting the potential for technology improvements which may reduce the costs of adding solar resources.

III. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) reviewed the annual SES reports and concludes that they include the requested information and therefore comply with the Commission's Orders. Table 1 at the end of these comments summarizes the utilities' progress in meeting the SES. In general, the three utilities subject to the SES continue to evaluate solar projects. The Department provides a brief summary of each utility's efforts to meet the 2020 SES requirement.

A. OTTER TAIL POWER COMPANY (OTP)

OTP reports that it continues to evaluate larger solar projects in an effort to find a project to meet the utility-scale portion of the SES. The Company indicates it has had difficulty finding projects that it believes would qualify as least cost resources in all the jurisdictions in which it operates. In the meantime, OTP has been purchasing Solar Renewable Energy Credits (SRECs) to comply with the SES.

OTP states it is pursuing development of a Company-owned 40 kW solar project. OTP also received permission to move dollars budgeted for the Made in Minnesota Program to provide additional funding to its Publicly Owned Property Solar (POP Solar) program to install solar at schools and other community buildings. OTP also states it is evaluating the purchase of SRECs from small-scale solar facilities in order to meet its 2020 SES obligations.

B. MINNESOTA POWER (MP)

MP states that it expects to meet its 2020 SES requirements with a combination of 20 MW of installed utility-scale solar, approximately 3 MW of small-scale solar and banked SRECs. With respect to meeting the small scale solar requirement, the Company has developed 1.04 MW of Company-owned community solar gardens (CSGs). In addition, MP has expanded the incentives available for customer-sited solar projects under its SolarSense Customer Solar Program.

MP currently has one 10-MW solar project, the Camp Ripley Solar Project, in operation, and has proposed to obtain a Power Purchase Agreement (PPA) for solar energy from the 10-MW Blanchard Solar Project that is currently expected to be on-line in 2020.

C. XCEL ENERGY

Xcel has PPAs with approximately 262.25 MW of large scale solar. In addition, Xcel continues to install community solar gardens, and to offer incentives for solar projects less than 40 kW. Xcel indicates that it expects to be in compliance with the small solar carve-out requirement of the

SES through 2029, but notes that expectation is dependent on its actual solar installations meeting its expected forecasts.

The Department concludes that all three utilities have submitted the information required by the Commission’s Orders, and recommends that the Commission accept the compliance filings.

IV. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission accept the SES compliance filings submitted by Otter Tail Power Company, Minnesota Power and Xcel Energy.

Table 1: Summary of Utility Reporting on SES

	Otter Tail	Minnesota Power	Xcel
MN retail sales (MWh)	2,584,490	8,997,352	29,739,386
Excluded Sales	69,172	5,973,804	75,306
Annual solar generation (MWh)	96	17,646	590,523
Est. solar capacity (MWs) needed to meet 2020 SES	30	30	226
Est. solar energy needed to meet 2020 SES (MWhs)	40,000	50,879	437,907
Est. solar capacity (MWs) needed to meet Small Solar carve-out	3	4	31
Est. solar energy (MWhs) needed to meet Small Solar carve-out	4,000	5,088	43,791
Breakdown of Solar RECs			
Year-end balance			
1. Utility-Owned projects	0	18,785	0
2. PPAs	0	0	18,911
3. Community Solar Gardens		67	
a. Applicable retail rate	0	0	245
b. Value of Solar	0	0	0
4. Net metered facilities	<u>44</u>	<u>860</u>	<u>13,373</u>
Total SRECs	44	19,712	32,529

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. E999/M-18-205

Dated this 10th day of July 2018

/s/Sharon Ferguson

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