

Northland Community Solar Coalition

Priorities for Minnesota Power's non-utility community solar RFP (request for proposals)

Background:

As part of last summer's approval of Minnesota Power's community solar pilot program, the PUC required Minnesota Power to *consult with stakeholders* to develop a RFP (request for proposals) for 3 non-utility community solar projects, each up to 1 MW in size, by October 1st.

Recommendations:

We want community solar gardens to succeed in the Northland. To do this, the RFP (request for proposals) should ensure a transparent, fair and flexible pathway to solar garden participation for non-utility community solar gardens that allows for market innovation in addressing issues such as energy poverty among low income populations and bringing energy jobs and dollars directly into our communities.

It is particularly important to have an RFP in which community owned and community benefiting solar garden (CSG) projects can be accepted without prejudice and evaluated on a level playing field during proposal review.

Examples of community owned and benefiting projects are:

- 1) **Faith community project:** A church, synagogue, mosque or other faith community could put a solar array on its roof and community members could subscribe to the project. The faith community could develop its own values for the solar installation that reflect the values of the community.
- 2) **Low-income community solar project:** An organization or solar developer could bring in private financing for a community solar project that would allow low-income participation to address energy poverty in a community.
- 3) **School / Public building project:** A school, city or other public building could serve as a site for a community solar project. The school or city could be a large subscriber to ensure project success and community members could subscribe to the project to ensure community engagement in the project.

The next page includes a list of specific recommendations for the RFP that would allow these examples to move forward and ensure a fair playing field for community projects.

Recommendations for non-utility solar RFP:

1. Economic benefits of Community Solar Gardens (CSG) belong to the community

The many benefits of CSG should support and enhance the local economy. Community owned and those benefiting community solar projects should be evaluated on a transparent and level

playing field during proposal review.

2. Flexible Ownership Structures

Local organizations and individuals must be able to develop and adopt different structural and ownership models (such as cooperatives).

- For example, the RFP should allow the right to own solar vs. only a leasing arrangement
- Direct ownership models should not be dis-incentivized in any way in the RFP evaluation process.
- The RFP should allow for a variety of developer financing options; options should not be unduly restricted.

3. Low Income Prioritization

The RFP should prioritize CSG projects that provide opportunities for direct low income participation.

4. Solar Renewable Energy Credits (SRECs) Subscriber Ownership

The owner/developer assumes ownership of their SRECs of non-utility community solar arrays.

- Owner/developers should be able to transfer SREC ownership to the utility in exchange for fair compensation.
- Unsubscribed SREC ownership should reside with the owner/developer.

5. Transportability

The CSG subscription should move with subscribers within the service area and should be available for sale if a person leaves the service area - a feature particularly important for renters.

- There should be an open process for how subscriptions are transferred.
- Subscribers should be allowed to back out without penalty for a certain period of time.

6. Consistent, fair, predictable pricing and rate structure

The RFP should include a consistent pricing structure that could create cost certainty for a solar developer/owners and provide a known financial return.

7. Community solar garden location: Ensure accessibility for project developers and customers and protect our natural ecosystems

- Developers should be able to choose their own sites (on a roof or on a site without a meter)
- There should not be subscriber participation restrictions within the service territory (all Minnesota Power customers should be able to subscribe to any project within Minnesota power service territory)
- However, the RFP should prioritize CSG projects that are geographically close to subscribers to take full advantage of the benefits that distributed generation (DG) provides to the grid

- Interconnection costs, based on size and distance, should be transparent and equally known to all CSG developers to ensure a fair pilot study
 - i. Shared community arrays that are connected behind a meter or to a load that is equal or greater than solar production should have a simplified interconnection process with streamlined study requirements to interconnect that must not be more restrictive than code.
 - ii. We request that MP determine geographic locales for the CSG pilot that would have low interconnection costs and provide value to the grid.
 - iii. We request that a transparent metric to determine engineering and grid upgrade costs is made available.
 - iv. We request that as part of the CSG pilot, developer/owners can request interconnection costs at a given site and Minnesota Power will respond with an estimate of cost within 15 days.
- The RFP should prioritize locations that are not degrading to natural systems, i.e. avoiding wetlands or sensitive habitat.

8. Community solar benefits spread throughout the community

- Commercial subscriptions should be capped at 50% participation
- Individual accounts should be uncapped (except for existing cap of 120% of a customer's average consumption at the time of subscription)

9. Allow greater access to community solar subscriptions

RFP should consider giving developers the option to allow individuals to purchase subscriptions at lower amount (200w) for non-utility CSG proposals.

- Developers could choose to stay with the current pilot 1 kW participation size if they thought that would give them a cost advantage. However, allowing a 200w minimum would help determine whether the added choice to customers was valuable to the subscriber market and would test the company's assertion that a 200w minimum creates adds significant costs over a 1 kW minimum.

10. Fair project evaluation criteria

Evaluation criteria and a copy of a developer agreement should be included in the RFP.

- Install costs should not be a predominant factor in project evaluation. The goal of the program is to maximize consumer and societal value. Non-utility projects are private investments of generation placed in the public sphere (the grid), and thus not a direct generation cost to ratepayers. Subscriber participation should be a metric of project performance instead.
 - i. For Example: A church puts a 100kw array, fully subscribed by members that live in close proximity, on it's roof, and as such has a higher install cost than a more remote, ground mounted, 1MW CSG. However, the added cost of location and ownership is known to the subscribers and valued, as CSG choice is known. The church array, incurs a higher install cost to it's subscribers, but not to

ratepayers. This project is good for subscribers (addresses their values), good for the public (choice exists) and good for the grid (Increased DG benefits).