

September 13, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E111/M-17-482

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Petition by Dakota Electric Association to Implement a Solar Option for Wellspring.

The petition was filed on July 14, 2017 by:

Douglas R. Larson
Vice President of Regulatory Services
Dakota Electric Association
4300 220th Street West
Farmington, MN 55024

The Department recommends **approval, subject to an annual compliance filing**, and is available to answer any questions the Commission may have.

Sincerely,

/s/ DANIEL W. BECKETT
Rates Analyst

DWB/lt
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E111/M-17-482

I. BACKGROUND

On April 22, 1997, in Docket No. E111/M-97-178, the Commission issued its *Order Granting Petition and Requiring Filings* in response to DEA's petition for approval of an Optional Renewable Energy Rider. DEA's filing of such "green pricing" service for its member-consumers was the first of its kind in Minnesota. Among other things, this Order required DEA to submit a filing on March 1 each year to update the monthly rate applicable to the Optional Renewable Energy Rider.

On September 28, 2015, in Docket No. E111/M-15-651, the Commission issued its *Order* in response to DEA's petition for approval of including a solar option to its Wellspring Optional Renewable Energy Rider for residential consumers.

II. SUMMARY OF PROSAL

On June 14, 2017, Dakota Electric Association (DEA) submitted a filing to the Minnesota Public Utilities Commission (Commission) regarding approval to implement a Wellspring commercial and industrial option (Wellspring C&I Option) to its Optional Renewable Energy Rider. The C&I Option would operate as the Optional Renewable Energy Rider currently does, which offers DEA's member-consumers the opportunity to purchase renewable energy¹ at a price that reflects the incremental cost difference in providing the desired renewable energy.

DEA is a member of Great River Energy (GRE). DEA stated that GRE recently implemented a new renewable energy option under the "Wellspring" umbrella available to large commercial and industrial consumers. DEA indicated that "[a] wholesale agreement between GRE and the distribution cooperative with a five (5) to ten (10) year commitment is required for purchases associated with distribution member facilities, but no annual minimum purchase is required." DEA also indicated that "[a] retail agreement between the distribution member and the member-consumer is required for Wellspring C&I that reflects a five (5) to ten (10) year commitment, with the price per kWh fixed during the term of the contract . . ."

¹ DEA noted that those participating in Wellspring are actually purchasing renewable energy credits (RECs).

DEA stated that participants and member-consumers would be allowed to purchase the retirement of any quantity of Renewable Energy Credits (RECs) by GRE as they relate to either a designated annual percentage of load or monthly energy amount up to their total energy usage. The proposed monthly rate for the Wellspring C&I Option reflects a pass-through of wholesale power costs from DEA's wholesale supplier, GRE, and these charges will reflect those that Dakota Electric incurs for each individual agreement. DEA indicated that the wholesale price charged by GRE is subject to change annually (GRE's Special Rate Rider R).

To be eligible to participate, a member-consumer must meet one of the following minimum thresholds:

- a) 1,500,000 kWh annually per participant; or
- b) Corporate aggregation level at 5,000,000 kWh annually²

DEA's proposed tariff indicates that:

To be eligible for Wellspring C&I, retail and wholesale agreements must:

- a) be executed prior to September 1st,
- b) be for full calendar year terms,
- c) commence on either the preceding or next occurring, January 1st, and
- d) have a copy provided to the wholesale power supplier within fifteen (15) days of execution.

III. DEPARTMENT ANALYSIS

The Department concludes that the addition of the C&I Option to DEA's Optional Renewable Energy Rider is reasonable given that the rate equals the rate GRE imposes on DEA, and expands the renewable options available to DEA's members without affecting nonparticipants. However, the Department notes that the Wellspring C&I Option rate is not specified in the corresponding proposed tariff. Therefore, to ensure that the Commission is informed of the activity under the C&I Option, and the rate DEA will be charging, the Department recommends that the Commission require DEA to submit annual compliance filings listing the number of customers choosing to participate in the Wellspring C&I Option by the most recent September sign-up deadline, the corresponding kWh commitment and the per-kWh rate.

² For individual member-consumers or multi-site entities that are anticipated to exceed 10,000,000 kWh, prior approval from GRE is required.

IV. RECOMMENDATION

The Department recommends that the Commission **approve** DEA's petition and require annual compliance filings specifying the number of member-consumers choosing to participate in the Wellspring C&I Option in that year's enrollment cycle, the corresponding kWh commitment, and the per-kWh rate.

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