

November 14, 2016

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. E015/M-15-825

Dear Mr. Wolf:

The Minnesota Department of Commerce (Department) files these comments in response to the Notice for Comment Period (Notice) issued by the Minnesota Public Utilities Commission (Commission), issued October 11, 2016 in the above docket.

The general issue identified in the Notice was whether there were any issues concerning Minnesota Power Company's (Minnesota Power or MP) compliance that was filed October 3, 2016.

Based on the requirements in the Commission's Order, the Department notes that MP needs to address a few issues, as discussed herein. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ SUSAN PEIRCE
Rates Analyst

SP/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. E015/M-15-825

I. BACKGROUND INFORMATION

On July 27, 2016, the Minnesota Public Utilities Commission (Commission) issued its *Order Approving Pilot Program with Modifications*, in which the Commission approved Minnesota Power's (MP or the Company) community solar garden pilot program with modifications required to MP's proposal.

The Order required MP to draft a Request for Proposals (RFP) in consultation with interested stakeholders and submit the draft RFP to the Commission by October 1, 2016. In addition, the Commission required MP to discount subscription prices by current market pricing for solar renewable energy credits (S-RECs), as determined by a competitive bidding process, and to discuss with interested stakeholders whether and how pricing information on public-facing programs can be made public in the future.

MP filed its compliance filing with the Commission in a timely manner.¹

On October 11, 2016, the Commission issued a *Notice of Comment Period* seeking comment on MP's compliance filing.

II. DEPARTMENT ANALYSIS

A. DRAFT RFP

MP hired Greenfield Communications to convene a series of six stakeholder meetings across its territory to gather information for use in developing its RFP, which complies with the requirement that MP draft its RFP in consultation with stakeholders. The Department reviewed the draft RFP, and concludes that it is generally comprehensive, with the exception of identifying the evaluation criteria in the RFP. In its comments submitted along with the

¹ October 1, 2016 was a Saturday; thus, MP filed its compliance on October 3, the next business day.

draft RFP, the Company noted it was not able to complete development of the evaluation criteria to the RFP. Thus, the Department recommends the Commission direct MP to submit a more detailed accounting of the evaluation criteria it will use, and the weightings it will give to those criteria before approving the RFP.

B. PRICING

The Commission's Order directed MP to discount subscription prices by current market pricing for S-RECs, as determined by a competitive bidding process for S-RECs in northern Minnesota. On August 25, 2016, the Company issued an RFP requesting pricing for up to a maximum of 1,500 S-RECs per year for up to 25 years beginning in January 2017. MP included a number of solar industry publications and groups in its issuance. The Company indicated that it did not get any response to its RFP on S-REC pricing. Thus, MP proposes to move forward with its \$0.002/kWh (\$2.00 /MWh) S-REC compensation rate contained in its initial filing.

While MP's attempt to publicize the RFP was a start, the Company likely would have had a better response by sending the RFP directly to providers of S-RECs. For example, the U.S. Department of Energy's Energy Efficiency and Renewable Energy website for Minnesota lists numerous brokers of RECs.² Because the Department is unable to conclude without additional investigation that MP's proposed \$0.002/kWh is the appropriate rate for SRECs, the Department recommends that the Commission direct MP to reissue its RFP, and include the REC brokers identified by the U.S. Department of Energy, with the requirement that the S-RECs are eligible to be retired in the Midwest Renewable Energy Tracking System. Reissuing the RFP for S-RECs should not interfere with the selection of provider(s) of the community solar gardens.

III. DEPARTMENT RECOMMENDATION

The Department recommends the Commission order Minnesota Power to:

1. Provide additional detail on and a proposed weighting for its evaluation criteria in its RFP for 3-1 MW solar gardens.
2. Reissue its RFP on S-REC pricing to include the list of REC brokers found on the US Department of Energy website:
http://apps3.eere.energy.gov/greenpower/buying/buying_power.shtml?state=MN

/lt

² http://apps3.eere.energy.gov/greenpower/buying/buying_power.shtml?state=MN

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. E015/M-15-825

Dated this 14th day of November 2016

/s/Sharon Ferguson

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|-------------|-----------|-------------------------------|------------------------------------|--|--------------------|-------------------|------------------------|
| Julia | Anderson | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Christopher | Anderson | canderson@allete.com | Minnesota Power | 30 W Superior St Duluth, MN 558022191 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Emma | Fazio | emma.fazio@stoel.com | Stoel Rives LLP | 33 South Sixth Street Suite 4200 Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_15-825_Official |
| Sharon | Ferguson | sharon.ferguson@state.mn.us | Department of Commerce | 85 7th Place E Ste 500 Saint Paul, MN 551012198 | Electronic Service | No | OFF_SL_15-825_Official |
| Karen | Gados | karen@mysunshare.com | SunShare, LLC | 1441 18th Street Suite 400 Denver, CO 80202 | Electronic Service | No | OFF_SL_15-825_Official |
| Allen | Gleckner | gleckner@fresh-energy.org | Fresh Energy | 408 St. Peter Street Ste 220 Saint Paul, Minnesota 55102 | Electronic Service | No | OFF_SL_15-825_Official |
| Mindy | Granley | mgranley@d.umn.edu | UMD Office of Sustainability | 1208 Kirby Dr Duluth, MN 55812 | Electronic Service | No | OFF_SL_15-825_Official |
| Margaret | Hodnik | mhodnik@mnpower.com | Minnesota Power | 30 West Superior Street Duluth, MN 55802 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Lori | Hoyum | lhoyum@mnpower.com | Minnesota Power | 30 West Superior Street Duluth, MN 55802 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Michael | Krikava | mkrikava@briggs.com | Briggs And Morgan, P.A. | 2200 IDS Center 80 S 8th St Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_15-825_Official |
| Douglas | Larson | dlarson@dakotaelectric.com | Dakota Electric Association | 4300 220th St W Farmington, MN 55024 | Electronic Service | No | OFF_SL_15-825_Official |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|-----------|------------------------------|--|--|--------------------|-------------------|------------------------|
| James D. | Larson | james.larson@avantenergy.com | Avant Energy Services | 220 S 6th St Ste 1300 Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_15-825_Official |
| John | Lindell | john.lindell@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Susan | Ludwig | sludwig@mnpower.com | Minnesota Power | 30 West Superior Street Duluth, MN 55802 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Tony | Mancuso | mancusot@stlouiscountymn.gov | Saint Louis County Property Mgmt Dept | Duluth Courthouse 100 N 5th Ave W Rm 515 Duluth, MN 55802-1209 | Electronic Service | No | OFF_SL_15-825_Official |
| Pam | Marshall | pam@energycents.org | Energy CENTS Coalition | 823 7th St E St. Paul, MN 55106 | Electronic Service | No | OFF_SL_15-825_Official |
| Herbert | Minke | hminke@allete.com | Minnesota Power | 30 W Superior St Duluth, MN 55802 | Electronic Service | Yes | OFF_SL_15-825_Official |
| David | Moeller | dmoeller@allete.com | Minnesota Power | 30 W Superior St Duluth, MN 558022093 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Andrew | Moratzka | andrew.moratzka@stoel.com | Stoel Rives LLP | 33 South Sixth St Ste 4200 Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_15-825_Official |
| Julia | Nerbonne | director@mnipl.org | Minnesota Interfaith Power & Light | 2104 Stevens Ave. S Minneapolis, MN 55406 | Electronic Service | No | OFF_SL_15-825_Official |
| Don | Ness | dness@duluthmn.gov | City of Duluth | 411 W 1st St Rm 403 Duluth, MN 55802 | Electronic Service | No | OFF_SL_15-825_Official |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|---------------|--------------------------------|---|---|--------------------|-------------------|------------------------|
| Jennifer | Peterson | jppeterson@mnpower.com | Minnesota Power | 30 West Superior Street Duluth, MN 55802 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Susan | Romans | sromans@allete.com | Minnesota Power | 30 West Superior Street Legal Dept Duulth, MN 55802 | Electronic Service | Yes | OFF_SL_15-825_Official |
| Michelle | Rosier | michelle.rosier@sierraclub.org | Sierra Club | 2327 E. Franklin Avenue Minneapolis, MN 554061024 | Electronic Service | No | OFF_SL_15-825_Official |
| Thomas | Scharff | thomas.scharff@versoco.com | Verso Corp | 600 High Street Wisconsin Rapids, WI 54495 | Electronic Service | No | OFF_SL_15-825_Official |
| David | Shaffer | DShaffer@MnSEIA.org | Minnesota Solar Energy Industries Project | 2952 Beechwood Ave Wayzata, MN 55391 | Electronic Service | No | OFF_SL_15-825_Official |
| Corbin | Smyth | csmyth@d.umn.edu | UMD Student Life | 1208 Kirby Dr Duluth, MN 55812 | Electronic Service | No | OFF_SL_15-825_Official |
| Ron | Spangler, Jr. | rlspangler@otpc.com | Otter Tail Power Company | 215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496 | Electronic Service | No | OFF_SL_15-825_Official |
| Richard | Staffon | rcstaffon@msn.com | W. J. McCabe Chapter, Izaak Walton League of America | 1405 Lawrence Road Cloquet, Minnesota 55720 | Electronic Service | No | OFF_SL_15-825_Official |
| Eric | Swanson | eswanson@winthrop.com | Winthrop Weinstine | 225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629 | Electronic Service | No | OFF_SL_15-825_Official |
| Karen | Turnboom | karen.turnboom@versoco.com | Verso Corporation | 100 Central Avenue Duluth, MN 55807 | Electronic Service | No | OFF_SL_15-825_Official |

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|------------|-----------|----------------------|-----------------------------|---|--------------------|-------------------|------------------------|
| Daniel P | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | 121 7th Place East Suite 350 St. Paul, MN 551012147 | Electronic Service | Yes | OFF_SL_15-825_Official |