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June 23, 2016

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

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. E999/M-16-342

Dear Mr. Wolf:

On May 20, 2016, the Minnesota Public Utilities Commission (Commission) issued a *Notice of Reporting Requirements and Comment Period in the Matter of Utilities' Annual Reports on Progress in Achieving the Solar Energy Standard (SES)*. 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
Rates Analyst

SLP/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES**

DOCKET No. E999/M-16-342

I. BACKGROUND INFORMATION

On May 20, 2015, the Minnesota Public Utilities Commission (Commission) issued a *Notice of Reporting Requirement and Comment Period* directing utilities subject to the solar energy standard (SES) to file annual reports by June 1st, and requesting comments on whether the annual reports complied with the Commission's reporting requirements set forth in its April 25, 2014 and October 23, 2014 Orders in Docket No. E999/CI-13-542.

Minnesota Power (MP), Otter Tail Power Corporation (OTP), Interstate Power and Light Company (IPL)¹ and Xcel Energy (Xcel) are subject to the SES and submitted annual reports.

II. SUMMARY OF THE REPORTING REQUIREMENTS

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 permits utilities subject to the SES to exclude retail sales to the mining and paper mill and wood products manufacturing industries from the calculation of their SES requirement. The statute further requires that at least 10 percent of the 1.5 percent SES goal be met by solar energy from facilities with a nameplate capacity of 20 kW or less.

¹ The Commission's June 8, 2015 *Order Approving Agreement Subject to Conditions* approved IPL and Southern Minnesota Energy Cooperative's (SMEC) request to sell IPL's Minnesota electric distribution system and assets and transfer of its Minnesota service rights and obligations to SMEC. Pending final approval from the Federal Energy Regulatory Commission, IPL will no longer have retail customers and therefore will no longer be subject to the SES.

The April 25th Commission Order 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 and total S-RECs 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.
- 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 purchase 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 required 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 Department has reviewed the annual SES reports and concludes that they include the requested information and comply with the Commission's Orders. In general, the four utilities subject to the SES continue to evaluate solar projects. Table 1 to these comments summarizes each utility's current SES reporting. The Department provides a brief summary of each utility's efforts to meet the 2020 SES requirement.

A. *INTERSTATE POWER & LIGHT (IPL)*

On July 31, 2015, IPL sold its Minnesota electric distribution assets to Southern Minnesota Energy Cooperative (SMEC). The information contained in IPL's 2015 SES Annual Report reflects its operation in the state through July 31, 2015. IPL will not be filing future SES annual reports. As of July 31, 2015, IPL did not have any kWh generated from solar facilities.

B. *OTTER TAIL POWER COMPANY (OTP)*

OTP continues to have discussions with developers regarding various possible solar projects. The Company indicated that it expects that meeting the ten percent carve out for systems less than 20 kW will be a challenge. Currently, the Company has 18 customer-owned solar facilities totaling 166 kW and total generation of 96 MWh in 2015. Four of the customer-owned facilities are located in North or South Dakota, and on a tariff that permits the customer to retain the SRECs. OTP stated that it is working with a university to install 20 kW of solar, has filed for a modification of its Conservation Improvement Program to provide incentives for Publically Owned Property Solar (POP Solar) projects to expand solar benefits within various communities. OTP anticipates it will be able to provide greater detail on its potential mix of projects to meet SES requirements in next year's SES annual report.

C. *MINNESOTA POWER (MP)*

MP expects its 10 MW Camp Ripley Solar project to be in-service in October 2016. In addition, the Company received approval for a 1.04 MW company-owned Community Solar Garden pilot project. MP has also filed revisions to its SolarSense program to provide outreach, education and incentives for customer solar projects, and provides Solar Energy Analysis (SEA) to help customers determine whether solar energy is appropriate for their site.

D. *XCEL ENERGY*

Xcel has 262.25 MW of large solar projects expected to come on-line by the end of 2016. In addition, the Company continues work through the interconnection of significant numbers of community solar gardens. The Company has 396 (5,890 kW) solar systems in its Solar*Rewards program, and 448 (5,526 kW) in its Made in Minnesota Program.

IV. DEPARTMENT RECOMMENDATION

The Department recommends the Commission find the SES Reports in compliance with its Orders.

Table 1: Summary of Utility Reporting on SES

	IPL	Otter Tail	Minnesota Power	Xcel
2014 MN retail sales (MWh)	485,440	2,383,370	8,424,680	30,300,578
Excluded Sales	6,993	0 at this point, but est. 84,632 MWh for 2020	5,224,141	First request for excl. received April 2016
Annual solar generation (MWh)	0	96		
Est. solar capacity (MWs) needed to meet 2020 SES	0	30	32	262.25
Est. solar energy needed to meet 2020 SES (MWhs)	0	39,366	55,259	462,000
Breakdown of Solar RECs generated after 8/1/2013: No. of facilities (Capacity kW)				
a. Receiving Value of Solar		0	0	0
b. Community Solar Gardens		0	0	0
c. Facilities under net metering		18 customers, 166 kW, 96 MWh, 46 MWh customer retained the SRECs	153 customers, does not receive SRECs if not incentive program	Reflected in f. below
d. Utility-owned		0	0	0
e. Solar PPA		0	0	0
f. Incentive Program			39 small scale & 38 lg. scale SRECs	4,766 RECs

/ja

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-16-342

Dated this 23rd day of June 2016

/s/Sharon Ferguson

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