

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition by Minnesota Power
for Approval of a Community Solar Garden
Pilot Program, Small-Scale Solar Energy
Standard Compliance Eligibility, and a Method
for Program Cost Recovery

ISSUE DATE: July 27, 2016

DOCKET NO. E-015/M-15-825

ORDER APPROVING PILOT PROGRAM
WITH MODIFICATIONS

PROCEDURAL HISTORY

I. Introduction: Minnesota Power’s Petition

On September 10, 2015, Minnesota Power (the Company) filed a petition requesting approval of a “pilot program offering solar garden subscriptions.” The Company requested that the Commission review the petition under Minn. Stat. § 216B.05, the statute generally requiring public utilities to file rates, services, or products, and not Minn. Stat. § 216B.1641 (the Community Solar Garden¹ Statute).

Minnesota Power has proposed to sell solar-generated electricity to its customers using a long-term-subscription pricing model. It proposes to sell 1,040 one-kW capacity blocks in 25-year subscriptions. The Company will acquire the capacity through a 1 MW power purchase agreement with U.S. Solar for a solar generation system to be built in Saint Louis County, and by building and owning a 40 kW solar generation system on Company-owned property in Duluth.

The Company has proposed three pricing options for subscribers:

- An upfront payment of \$2,132.15 for each 1 kW block of capacity;
- A fixed monthly subscription fee of \$15.62/month for each 1 kW block of capacity; or
- A fixed \$0.1115/kWh energy charge.

According to the Company, the pricing reflects a \$0.002/kWh payment to customers for Solar Renewable Energy Credits (S-RECS), which the company would retain and use toward

¹ “Community Solar Garden” is not defined by the statute, though Minn. Stat. § 216B.1641, subd. (b), states that “[a] solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription.”

compliance with Minnesota’s Solar Energy Standard (SES).² In particular, the Company proposed that the solar generation from the project would apply toward the state requirement that “[a]t least ten percent of the 1.5 percent [SES] goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less” (referred to by the Company as the Small Scale Solar Carve-out).³

The Company proposes to recover costs for the project in two ways: (1) through customer subscriptions under one of the three pricing options listed above; (2) to the extent that costs for the project are not recovered through subscriptions, the Company proposes recovering project costs from ratepayers that are not excluded from SES cost recovery.⁴ It would do so through the Solar Renewable Factor (“Solar Factor”) within its Renewable Resources Rider for the 40 kW solar array, and through the Solar Energy Adjustment within the Fuel and Purchased Energy Rider for the 1MW power purchase agreement.⁵

Minnesota Power has characterized this project as a “pilot program offering solar garden subscriptions,” and as a “Community Solar Garden Pilot Program.” It requested Commission review of the proposal under Minn. Stat. § 216B.05, which requires public utilities to file schedules of rates with the Commission.

II. Issues Noticed for Comment

On September 15, 2015, the Commission issued a notice setting initial and reply comment periods on Minnesota Power’s filing. The notice listed the following issues as open for comment:

- Under what statutes and rules should the Commission review Minnesota Power’s filing?
- Is the proposed program design appropriate?
- Does the electric energy generated by Minnesota Power’s proposed Community Solar Garden (CSG) qualify as “solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less” under Minnesota’s Solar Energy Standard, Minn. Stat. § 216B.1691, subd. 2f(a)?

² Minn. Stat. § 216B.1691, subd. 2f (requiring public utilities to “generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility’s total retail electric sales to retail customers in Minnesota is generated by solar energy”).

³ *Id.*

⁴ Under Minn. Stat. § 216B.1691, subd. 2f(d), customers that are an iron mining extraction and processing facility, scam mining facility, paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer are excluded from recovery of costs of complying with the SES. According to the Department, approximately 67% of the Company’s annual sales are to SES-excluded customers.

⁵ The Commission authorized Minnesota Power to implement the Solar Energy Adjustment and Solar Renewable Factor as mechanisms to allocate solar costs to customers that are not excluded from SES cost-recovery under Minn. Stat. § 216B.1691, subd. 2f(d). *In the Matter of the Petition of Minnesota Power for Approval of Investments and Expenditures in the Camp Ripley Solar Project for Recovery through Minnesota Power’s Renewable Resources Rider under Minn. Stat. § 216B.1645 and Related Tariff Modifications*, Docket No. E-015/15-773, Order Granting Petition in Part and Requiring Reevaluation of Solar Energy Adjustment Rider (February 24, 2016).

On December 4, 2015, the Commission issued a notice of supplemental comment period on “[w]hat actions, if any, the Commission should take to encourage residential, low-income, and minority participation in [the] proposal?”

On April 14, 2016, Minnesota Power filed comments updating the record to include a 1MW power purchase agreement (PPA), proposed final program pricing, a proposed customer contract, and a summary of changes the Company has adopted since its initial filing. On April 18, the Commission issued a notice setting a comment period on the Company’s filing. The notice listed the following issues as open for comment:

- Any issues concerning the final contracts for solar generation;
- Any issues concerning final program pricing, including pricing for S-RECs;
- Any issues with the customer contract; and
- Comments on the summary of the program changes made by Minnesota Power since its initial petition.

III. Comments

The following individuals and organizations filed comments addressing one or more of the issues noticed for comment:

- Arrowhead Regional Network
Minnesota Interfaith Power & Light
- Climate Action Team (CAT)
Unitarian Universalist Church of
Duluth
- Climate Generation
- Conservation Minnesota
- Cooperative Energy Futures
- Duluth Superior Friends Meeting
- Environment Minnesota
- Environmental Law and Policy
Center
- Fresh Energy
- Grand Rapids Earth Circle
- GRID Alternatives
- Honor the Earth
- Institute for Local Self-Reliance
- Izaak Walton League of America
Minnesota Division
- Izaak Walton League of America –
W. J. McCabe (Duluth) Chapter
- Minnesota Citizens Federation
Northeast
- The Minnesota Department of
Commerce, Division of Energy
Resources (the Department)
- Minnesota Power
- Minnesota Public Interest Research
Group
- Minnesota Solar Energy Industries
Association (MNSEIA)
- MN350
- Peace Lutheran Church
- Peace United Church of Christ
- Pilgrim Congregational Church UCC
of Duluth Social Justice Committee
- Rural Renewable Energy Alliance
- Save Lake Superior Association
- Sierra Club – North Star Chapter

- SunShare, LLC
- Unitarian Universalist Congregation of Duluth
- US Renewable Energy Credit Exchange, Inc.
- Mrs. Bonnie Ambrosi
- Rev. Jennifer Amy-Dressler
- Duluth City Councilor Gary Anderson
- Sarah Beaster
- Paula Bjoralt
- Patrick Boyle
- St. Louis County Commissioner Gloria Brush
- Ms. Jackie Falk
- Martin Grune, MD
- Melanie Grune
- Nathan Holst
- Mrs. Lori Huska
- Charles Hyndman
- St. Louis County Commissioner Frank Jewell
- Reverend Bruce Johnson
- Mr. Michael Koppy
- John McDonald
- Bill Mittlfehldt
- Ms. Sally L. Munger
- Mr. Will Munger
- Michael Overend
- Reverend John C. Pegg
- Bret Pence
- Paula Polasky
- Representative Jennifer Schultz
- Representative Erik Simonson
- Duluth City Councilor Joel Sipress
- Will Steger
- Andrew Streit
- Beth Tamminen
- Duluth City Councilor Em Westerlund
- Stephen Wlosinski
- Dave Zentner
- Over 300 additional individuals whose comments were collected by Conservation Minnesota, Minnesota Interfaith Power & Light, or Sierra Club – North Star Chapter

On June 2, 2016, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Summary of the Issues

Criticism of Minnesota Power’s petition fell into two broad categories: (1) claims that the petition must (or should) be evaluated under—and does not comply with—the Community Solar Garden Statute, and (2) claims that the program fails to meet statutory standards of justice and reasonableness whether evaluated under the Community Solar Garden statute or under Minn. Stat. § 216B.05.

II. Summary of Commission Action

In this order, the Commission will determine that the proposed elective subscription-based solar garden program is not limited by the Community Solar Garden statute. The Commission will approve Minnesota Power's petition to implement a pilot, subscription-based solar garden program, subject to modifications to ensure the program is consistent with the public interest. Minnesota Power will be required to file an annual report evaluating the pilot and to draft a request for proposals (RFP) for three non-utility solar gardens, up to 1 MW each.

III. Applicability of the Community Solar Garden Statute

Commenters disputed whether Minnesota Power's proposal must comply with Minn. Stat. § 216B.1641. Section 216B.1641 requires Xcel Energy to file a plan to operate a community solar garden program, and establishes plan requirements. The statute also allows that "[o]ther public utilities may file an application at their election."⁶

A. Positions of the Parties

Minnesota Power filed its petition seeking review under Minn. Stat. § 216B.05, the statute generally requiring that rate schedules be filed with the Commission. According to the Company, the Commission should review the filing by applying its ordinary "just and reasonable" standard. Minnesota Power argued that it "is not subject to the filing requirements under Minn. Stat. § 216B.1641," and argues that the statute does not apply to the proposed plan.

Several participants disagreed, and argued that the Commission either must, or should, require the proposal to conform to the requirements of Minn. Stat. § 216B.1641. They asserted that section 216B.1641 establishes the exclusive form of community solar garden program that the Commission may approve, and that seeking approval for a solar garden program that does not meet the requirements of section 216B.1641 is inconsistent with the intent of the legislature.

The Department concluded that the Company is not "obligated to adhere to all of the requirements" of Minn. Stat. § 216B.1641, and that it "is free to propose new tariff offerings under Minn. Stat. §216B.05," providing that the rates offered are just and reasonable. Effectively, the Department concluded that application of section 216B.1641 to solar garden proposals from public utilities other than Xcel Energy is not mandatory.⁷

B. Commission Action

The Commission concludes that Minn. Stat. § 216B.1641 does not limit Minnesota Power's ability to propose new rates and services and file appropriate schedules with the Commission seeking

⁶ Xcel filed a program plan and the Commission approved it, with modifications. *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of its Proposed Community Solar Garden Program*, Docket No. E-002/M-13-867, Order Approving Solar-Garden Plan with Modifications (September 17, 2014).

⁷ Before reaching its final recommendation, the Department recommended that the Commission review the program as a green pricing program under Minn. Stat. § 216B.169, but subsequently determined that this recommendation was incompatible with the Company's proposal to retain S-RECs and use the program to meet SES obligations. *See* Comments of the Minnesota Department of Commerce, Division of Energy Resources, 3 (May 12, 2016).

approval. Nor does the section limit the Commission’s authority to approve rates for Minnesota Power’s services if they are just, reasonable, and consistent with the public interest.

Section 216B.1641 establishes that public utilities other than Xcel Energy “may file an application at their election.” Minnesota Power expressly declined to file an application under the statute, in large part because the Company believed certain statutorily required program features could unnecessarily increase the costs to subscribers and non-subscribing ratepayers.

Implicit in the argument that section 216B.1641 must apply to this petition is the premise that section 216B.1641 articulates the exclusive form of community solar garden program for Minnesota public utilities. Adopting this interpretation of the statute would require the Commission to construe any proposed project involving subscription-priced photovoltaic electricity generation as an “application” under the statute—whether or not elected by the petitioner—and subject those proposals to the statute’s requirements. The statute’s express language contains no such directive or statement of exclusivity.

Absent explicit language limiting elective community solar garden programs to the design set forth in section 216B.1641, the Commission will not infer such a limitation. Even assuming that the statute’s application to this petition is ambiguous, read as a whole, the statute is meant primarily to govern one utility’s mandatory community solar garden program and to provide an optional framework for other utilities.

Further, the potential to authorize a variety of solar programs in Minnesota is in the public interest. Solar garden subscriptions are a relatively new way for customers to purchase solar energy. Section 216B.1641 articulates one solar garden program design, but not the only reasonable program design. The ability to implement different programs and examine their results while the concept is young can yield useful comparisons, making future projects more successful for utilities, ratepayers, subscribers, and developers.

IV. Program-Design Review and Required Modifications

Having determined that Minnesota Power’s proposal is not constrained by the requirements of Minn. Stat. § 216B.1641, the Commission will evaluate the proposal to determine if it results in just and reasonable rates and is consistent with the public interest standards of Chapter 216B.

Several participants argued that even if Minn. Stat. § 216B.1641 does not govern the features of the proposal, aspects of the proposal are not in the public interest and either should not be approved or should be modified. For the reasons explained more fully below, the Commission will approve the petition with modifications and additional requirements to ensure the project is consistent with the public interest.

The Commission concludes that the following issues affect whether the overall proposal is consistent with the public interest and therefore may receive Commission approval:

- rates and cost-recovery methods;
- application of program subscriptions toward small-device SES compliance obligations;
- accessibility of solar gardens to outside developers and to customers; and
- terms of the proposed customer contract

The Commission will address these issues in turn. And, because the program is a pilot, the Commission will require annual reporting on a number of features of the program, specified in the discussion and ordering paragraphs below. This will allow the Commission and interested parties to monitor the progress of the pilot and provide opportunities to improve this or future similar proposals.

A. Pricing and Cost Recovery

Minnesota Power's proposal would affect rates for subscribers and, possibly, non-subscribing ratepayers. The pricing offered to subscribers will likely influence the project's ability to attract subscribers. And costs not recovered through subscriptions are proposed to be recovered from ratepayers. Several pricing factors were raised as issues of concern in the comments.

1. Positions of the Parties

As described above, the Company proposed three subscription price options, and proposed to recover project costs not recovered through subscriptions through its SES-cost-recovery riders. The Company asserted that it incorporated a \$0.002/kWh S-REC credit based on a competitive bidding process.

Upon its review of the Company's proposed subscription prices, and because the Company insists on applying project-generated S-RECs toward its SES obligations, the Department recommended that instead of subscriptions the Company should pass all project costs through to non-SES-exempt ratepayers. It reached this conclusion because the Company's proposal reflects two salient design features that, together, the Department believed posed a risk of consumer confusion: (1) the Company would retain S-RECs and apply the solar generation toward its SES requirements, but (2) based on the proposed pricing the Company would charge subscribers a higher rate for this "generic"⁸ energy than its ordinary residential customer rate.

The Department also, before reaching its final recommendation against subscription pricing, anticipated recommending that when subscribers terminate their subscriptions, unpaid kWh credit balances be paid at the monthly average amount of the bill credit for the previous twelve months, plus payment for S-RECs associated with the unused credits. The Company agreed to this method of handling terminated subscriptions.

Other participants such as Fresh Energy and the Sierra Club challenged the Company's proposed subscription pricing, contended that the pricing does not fairly recognize the benefits of solar to the Company's system, and objected that the proposal did not apply subscribers' bill credit to volumetric riders. Proposed modifications included requiring the Company to apply the credit to volumetric riders, perform a Value of Solar calculation,⁹ or credit subscribers at their full retail rate.

SunShare and US Renewable Energy Credit Exchange disputed the proposed S-REC credit amount. They asserted that the proposed credit is unreasonably small in light of market values, and challenged the process by which the Company arrived at the \$0.002/kWh amount.

⁸ The Department argued that selling solar energy but retaining the S-RECs for SES compliance stripped the energy of its "renewable" attribute, from the subscriber's perspective.

⁹ Minn. Stat. § 216B.164, subd. 10(e) and (f); *see also In the Matter of Establishing a Distributed Solar Value Methodology under Minn. Stat. § 216B.164, subd. 10 (e) and (f)*, Docket No. E-999/M-14-65, Order Approving Distributed Solar Value Methodology (April 1, 2014).

2. Commission Action

The Commission will approve the Company's proposed pricing and cost-recovery methods with several modifications to ensure that the pricing and cost-recovery reflect, and reasonably assign, costs and values provided by the project.

Minnesota Power will be permitted to retain the S-RECs attributable to the project in exchange for appropriate market-value compensation to subscribers. The Company will be required to adjust its subscription pricing options to reflect the market value attained through competitive bidding for S-RECs in Northern Minnesota. This bidding process must be more robust and detailed than the process the Company already conducted, so that the Commission and potential subscribers can have confidence in the fairness of the resulting value. The Company will also be required to implement the method of paying cancelled subscription credit balances that the Department proposed and that the Company agreed to.

The Commission will not adopt the Department's recommendation to eliminate the subscription pricing from the proposal. However, the Department raises an important point about the nature of S-RECs: renewable energy credits are a regulatory tool for measuring and monitoring utilities' compliance with their statutory obligations to secure generation from renewable sources—in this case solar generation. The renewable attribute is abstracted from the energy itself, so it can be independently bought, sold, traded, or retired to meet regulatory requirements.

Because the Company will retain possession of the S-RECs (in exchange for a market-value energy discount), there is the possibility for confusion about what, exactly, subscribers are buying with a subscription. Commission oversight is necessary and appropriate to address the potential for customer confusion, whether pertaining to S-RECs or other details of the program. Therefore, the Commission will require that Minnesota power file and obtain Commission approval for scripts and written communications about the program.

To ensure that the program appropriately confers benefits of solar generation to subscribers, the Commission will require that the Company calculate pilot program subscribers' cost-recovery-rider charges using their kwh usage minus the subscriber's allocated kwh credit. And the Company will be required to apply the Commission-approved method to calculate a distributed solar value,¹⁰ file its calculation in this docket, and propose how to implement it.

B. SES Compliance

Minnesota Statutes section 216B.1691, subd. 2f, establishes a requirement for public utilities' solar energy generation to be achieved by 2020 (the SES). The Company's intends to retain the project-generated S-RECs and apply them toward its obligations under the statute. In particular, it proposes to apply subscribed S-RECs toward the requirement that "[a]t least ten percent of the 1.5 percent [SES] goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less."¹¹

¹⁰ *Id.*

¹¹ Minn. Stat. § 216B.1691, subd. 2f(a).

1. Positions of the Parties

The Company proposed that limiting subscriptions to 20 kW per service agreement would render subscriptions compliant with the statute's 20 kW limitation (which the company refers to as the "Small Solar Carve-Out"). It argued that absent recognition of subscriptions for this requirement, demand for small scale solar in its territory makes it unlikely the Company will meet the statute's requirement by 2020.

The Department and others disagreed with the Company's position and argued that the project's 1-MW and 40-kW generating systems were too large to qualify for the requirement limited to "devices with a nameplate capacity of 20 kilowatts or less."

2. Commission Action

The Commission agrees with the Department's view, and will not allow subscriptions to satisfy the under-20-kW SES requirement. Allowing projects with generating systems of this size to satisfy this small-scale requirement is inconsistent with the plain language of the statute, and the purpose of the requirement—to promote small-scale (e.g., rooftop) distributed solar generation. The statute provides a means by which the Commission may delay or modify standard obligations if doing so is in the public interest,¹² so effectively undermining the statute's goal of promoting small-scale solar, in anticipation of a possible failure to meet the under-20-kW SES requirement, is unwarranted.

C. Program Openness and Accessibility

Comments also reflected concerns about the openness and accessibility of the program, both for potential customers, and for third-party developers with an interest in offering subscription-priced solar generation. To address these concerns and ensure the program is consistent with the public interest, the Commission will require additional program modifications and further action by Minnesota Power.

1. Third-Party Developers

Advocates view community solar gardens' compatibility with a variety of ownership, financing, and development models as a benefit—permitting broader participation, promoting program awareness, and potentially keeping prices down. Whether and when the Company's program should be open, and its terms available on a non-discriminatory basis to non-utility solar generators, was a disputed issue.

a. Positions of the Parties

Several participants criticized Minnesota Power's proposal for its relatively traditional approach to financing, development, and ownership of electric generation. They pointed to Minn. Stat. § 216B.1641 as encouraging the development of new, innovative, and less-rigid approaches to these facets of electric generation, particularly for community solar gardens. These participants urged the Commission to require the Company to allow non-utility-owned community gardens to participate in the program, on the same terms offered by Minnesota Power, and to promote more community involvement in solar garden offerings.

¹² Minn. Stat. § 216B.1691, subd. 2b.

Minnesota Power maintained its support for a “closed-pool” structure as a way to evaluate the success of the program before making the terms available for other generation owners. But the Company expressed its willingness to work with interested communities and organizations to continue to shape the program’s terms during the course of the pilot.

b. Commission Action

Community solar gardens represent an opportunity to explore new frameworks for providing customers with affordable, renewable, and distributed electric generation. Failing to take advantage of that opportunity would be inconsistent with the public interest.

To balance the interest in opening the program to new ownership and development models with the interest in a controlled roll-out of this pilot program, the Commission will require Minnesota Power to draft (in consultation with interested stakeholders) an RFP for three non-utility community solar gardens, each up to 1 MW, and file the draft RFP with the Commission. This will give the Commission an opportunity to review the proposal and move toward opening Minnesota Powers’ community solar garden program offerings in a deliberate manner and consistent with customer demand. To this end, the Commission will also require the Company to track and report information reflecting customer interest in solar garden subscriptions.

2. Low-Income Participation

Advocates for community solar garden programs argued that one important purpose of such programs is to make affordable renewable energy available to low-income retail customers who either could not afford to purchase their own solar panels, or have no place to put them. A number of commenters criticized Minnesota Power’s proposal for inadequately considering accessibility for the Company’s low-income residential customers.

a. Positions of the Parties

Minnesota Power has committed to several program features intended to facilitate this goal, such as committing half of its initial program for residential customers, and giving first priority for relinquished subscriptions to low-income customers and organizations. Community members and renewable energy groups offered a wide variety of additional suggestions intended to facilitate access for these customers, including pricing, possible subsidization, and marketing.

b. Commission Action

The Commission agrees that, to be consistent with the public interest, the Company’s solar garden program design must contemplate and appropriately ensure accessibility for low-income residential customers.

Because the pricing options include subscriptions that do not require a large up-front cost, it is not clear what, if any, pricing changes to the program might be necessary to provide adequate access for low-income customers. But to ensure that low-income customers can learn about and participate in the program, Minnesota Power will be required to integrate solar garden implementation efforts with its existing low-income energy programs, and will be required to report annually about possible program design modifications that could expand accessibility for low-income customers. This will ensure that the pilot program continues to generate ideas about how to provide these services to low-income customers.

The Commission will not, as some participants suggested, require the Company to reduce the proposed minimum subscription size of one kW. The Commission is not persuaded that the increased administrative cost would be justified.

D. Customer Contract Terms

With its supplemental comments, Minnesota Power included a proposed customer contract for subscribers. Upon review of the proposed contract, the Commission concludes that it must be modified to be consistent with the public interest. The Commission will require the Company to refile the contract when it files its revised solar garden tariff, with the changes required in the ordering paragraphs below.

In particular, because the program is a pilot, the Commission will require the Company to remove the paragraph restricting participants who transfer or cancel their subscription from participating (for one year) in future community solar garden programs offered by the Company. For this pilot program, in the context of a rapidly evolving solar garden landscape, the Commission concludes that this limitation is unreasonable.

The Commission will also require language changes that clarify the Commission's role in regulating the pilot program.

V. Power Purchase Agreement

Finally, most of the energy Minnesota Power proposes to sell will be obtained through a 25-year PPA for 1 MW of solar energy. The Department analyzed the PPA and concluded that the agreed price is reasonable and that the agreement adequately protects ratepayers from financial and operational risks. It recommended that the Commission approve the PPA. The Commission agrees with the Department's analysis and will approve the PPA.

As part of the Company's annual program evaluation, it will be required to discuss the remaining life of the solar projects, and evaluate the pilot in light of possible costs and customer interest in continuing the program after 25 years.

ORDER

1. Minnesota Power's community solar garden pilot program, as modified consistent with the requirements of this order, is approved.
2. Minnesota Power's power purchase agreement with US Solar is approved.
3. Minnesota Power shall discount subscription prices by current market pricing for S-RECs, as determined by a competitive bidding process for S-RECs in northern Minnesota.
4. Minnesota Power's three proposed pricing options for solar garden participation are approved, provided that they are adjusted consistent with the results of the bidding process in paragraph 3, above.
5. Minnesota Power's proposal to use customer-purchased program subscriptions for compliance toward meeting MP's Small Scale Carve-Out of Minnesota's Solar Energy Standard is denied.

6. Minnesota Power shall apply subscribers' bill- or monthly-energy credit (kWh) to the Company's volumetric riders.
7. Minnesota Power may recover the costs for investment and activity related to the proposed 40 kW solar array under its Solar Renewable Factor ("Solar Factor") within the existing Renewable Resources Rider, and the portion of unsubscribed costs related to the 1MW power purchase agreement through the Solar Energy Adjustment within the Fuel and Purchased Energy Rider.
8. By October 1, 2016, and in consultation with interested stakeholders, Minnesota Power shall draft an RFP for three non-utility community solar gardens, each up to 1 MW, and file the draft RFP with the Commission.
9. For cancelled subscriptions, Minnesota Power shall pay subscribers for the remaining kWh credits at the monthly average amount for the previous twelve months, plus any payment for S-RECs associated with the unused kWh credits.
10. Minnesota Power shall discuss with interested stakeholders whether and how pricing information on public-facing programs can be made public in the future.
11. Minnesota Power shall integrate efforts at implementing its community solar programs targeting low income households with existing low income energy programs, such as LIHEAP.
12. Minnesota Power shall modify its proposed "Customer Contract for Minnesota Power Community Solar Garden Pilot Program" as follows:
 - a. Revise the last paragraph of the "Recitals" section to read: "This Customer Contract is governed by the Minnesota Public Utilities Commission ("MPUC") and is subject to MPUC authority and all applicable service requirements. A customer may file a complaint arising under this agreement with the MPUC at <http://mn.gov/puc>, select For Consumers, File a Complaint, and follow the prompts."
 - b. In paragraph 1.1, the first line, delete "MPUC approval" and insert in its place "the CSG Pilot Program tariff".
 - c. Delete paragraph 8.7.
13. Within 30 days of the date of this order, Minnesota Power shall file tariffs modified to be consistent with this order, including its subscriber contract. Minnesota Power shall also file and obtain Commission approval of any scripts or written communications about the program. The Commission delegates to the executive secretary authority to approve the scripts and written communications.
14. Within 180 days of the date of this order, Minnesota Power shall file a Value of Solar calculation and propose how to implement it in this docket.
15. Annually, Minnesota Power shall file a report addressing the evaluation criteria it proposed and
 - a. for each payment option, provide the number of customers and average subscription size choosing that option;
 - b. provide an accounting of the amount and cost of unsubscribed energy and its recovery through the Solar Energy Adjustment and Solar Factor;

- c. provide an accounting of kWh credits generated and rolling over from month to month;
- d. state the remaining life on the solar project;
- e. discuss the pricing for an additional PPA term;
- f. state overall subscriber/customer interest in continuing the program after 25 years; and
- g. describe its efforts to integrate implementation of community solar programs targeting low income households with existing low income energy programs, and consider program design modifications that would make the program more accessible to low-income customers.

16. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



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