



Minnesota Renewable Energy Standard Utility Compliance

Pursuant to Minnesota Statutes, section 216B.1691, subd. 3(b)

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Report Prepared By

Minnesota Department of Commerce
Division of Energy Resources
85 7th Place, suite 280,
St. Paul, MN 55101
(Phone) 651-539-1500
mn.gov/commerce

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Introduction

The Minnesota Department of Commerce provides this report in compliance with Minnesota Statutes, section 216B.1691, subdivision 3(b), which requires a bi-annual report to the Legislature on “the progress of utilities in the state, including the progress of each individual electric utility, in increasing the amount of renewable energy provided to retail customers,” along with the compilation of the following information from each utility:

- The status of the utility’s renewable energy mix relative to the objective and standards;
- Efforts taken to meet the standard obligations;
- Any obstacles encountered or anticipated in meeting the standard obligations; and
- Potential solutions to the obstacles.

Renewable Energy Standard (RES) Reporting Requirements

The Renewable Energy Standard

The Renewable Energy Standard mandates that electric utilities procure this level of energy. Minnesota Statutes, section 216B.1691, subdivision 2a was amended by the Laws of Minnesota 2023, chapter 7, section 3, subdivision 1. (2023 Amendment)¹ The amended statute now states: Each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale service, so that the electric utility generates or procures an amount of electricity from an eligible energy technology that is equivalent to at least the following standard percentages of the electric utility’s total retail electric sales to retail customers in Minnesota by the end of the year indicated:

Each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale service, so that the electric utility generates or procures an amount of electricity from an eligible energy technology that is equivalent to at least the following standard percentages of the electric utility’s total retail electric sales to retail customers in Minnesota by the end of the year indicated:

1) 2012	12 percent
2) 2016	17 percent
3) 2020	20 percent
4) 2025	25 percent
5) 2035	55 percent

¹ 2023 Amendment, online <https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/7/>

Solar Energy Standard

Minnesota Statutes, section § 216B.1691, subd. 2f, established the Solar Energy Standard (SES), which requires public utilities (Minnesota Power, Otter Tail Power Company and Xcel Energy) to obtain at least 1.5 percent (1.5%) of their total Minnesota retail sales from solar energy by the end of 2020, with a goal of obtaining 10 percent (10%) of Minnesota retail sales from solar energy by 2030. The Solar Energy Standard requires that all public must generate or procure at least 10 percent (10%) of the 1.5 percent (1.5%) solar energy standard from small solar facilities (Small Solar Carve-out), defined as devices with a nameplate capacity of 40 kW or less. Public utilities with between 50,000 and 200,000 retail electric customers may apply individual customers' subscriptions of 40 kW or less to a Commission approved community solar garden program toward the ten percent Small Solar Carve-out goal.

Entities Subject to the Renewable Energy Standard Requirements

Minn. Stat. § 216B.1691, subd. 1(b) defines an electric utility as “a public utility providing electric service, a generation and transmission cooperative electric association, a municipal power agency, or a power district.” The following are public utilities subject to the Renewable Energy Standard Statute:

- Basin Electric Power Cooperative
- Central Minnesota Municipal Power Agency (CMMPA)
- Dairyland Power Cooperative
- East River Electric Cooperative
- Great River Energy (GRE)
- Heartland Consumer Power District
- Interstate Power and Light
- L&O Power Cooperative
- Minnkota Power Cooperative
- Minnesota Municipal Power Agency (MMPA)
- Minnesota Power
- Missouri River Energy Services
- Northwestern Wisconsin Electric Company
- Otter Tail Power Company
- Southern Minnesota Energy Cooperative
- Southern Minnesota Municipal Power Agency (SMMPA)
- Xcel Energy

Additional Entities Subject to the Renewable Energy Standard Requirements

In 2023, Minn. Stat. § 216B.1691 was amended to expand the definition of “electric utility.” As a result, reporting entities now also include cooperative electric associations or municipal utilities that provide electric service and are not members of a generation and transmission cooperative electric association, a municipal power agency, or a power district.

On December 6, 2023, the Public Utilities Commission (PUC) issued an order in docket E-999/CI-23-151 stating that it “will continue its practice of listing each utility subject to the standards under Minn. Stat. § 216B.1691 to promote clarity and consistency in statutory compliance.”² The order listed an additional 24 electric utilities required to report:

- Ada
- Alvarado
- Alpha
- Brewster
- Caledonia
- Ceylon
- Connexus Cooperative
- Dundee
- Eitzen
- Harmony
- Kasota
- Lanesboro
- Mabel
- Moose Lake
- Newfolden
- Nielsville
- Peterson
- Round Lake
- Rushford
- Rushmore
- Shelly
- Spring Grove
- St. Charles
- Whalan

That order further stated that “Electric utilities that provide power to distribution utilities are allowed to report on behalf of each electric utility they serve.”³

² See *In the Matter of Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691, Order Clarifying Implementation of Changes to Minn. Stat. § 216B.1691 and Directing Additional Comment Period*, Dec. 6, 2023, Doc. Id. 202312-201019-01.

³ Id. at Order pt. 3.

On April 12, 2024, the PUC issued another order for additional clarification, stating, in part:

Electric utilities subject to Minn. Stat. § 216B.1691 that intend to report on behalf of one or more other electric utilities must file a list of the electric utilities they intend to report on behalf of that includes the portion of each utility’s total retail electric sales to be covered by the final report. For the current 2023 reporting year, these reports shall be provided within ten business days after the issuance of this order. Future reports shall be filed by February 1 each year. These reports shall be filed in the applicable YR-12 REC retirement docket.⁴

2023 Renewable Energy Standard Compliance

The following utilities subject to the Minnesota Renewable Energy Standard demonstrated compliance with the 2023 Renewable Energy Standard requirements.

Table 1: 2023 Renewable Energy Standard Compliance

Utility	2023 Minnesota Retail Sales (MWhs)	Total Renewable Energy Certificates Retired (for MN Retail Sales)	Percent
Basin Electric	1,406,189	281,239	20%
Central MN Municipal Power Agency	544,868	108,974	20%
Connexus Cooperative ⁵	2,093,902	418,781	20%
Dairyland Power Cooperative	867,973	174,974	20%
East River Power Cooperative	1,166,414	233,289	20%
Great River Energy	8,130,813	1,628,930	20%
Heartland Power District	275,854	55,172	20%
L & O Power Cooperative	450,311	90,063	20%
Minnesota Power	8,927,812	1,785,563	20%
Minnkota Power Cooperative	1,879,460	375,892	20%
Minnesota Municipal Power Agency (MMPA)	1,865,561	373,113	20%
Missouri River Energy Services (MRES)	1,685,284	337,057	20%
Moose Lake ⁶	33,931	6,788	20%
Northwestern Wisconsin Power ⁷		(see footnote 17)	

⁴ Order Further Clarifying Implementation of Changes to Minn. Stat. § 216B.1691, April 12, 2024, Doc. No. 20244-205306-01.

⁵ Self-reporting utility added to the definition of “Electric Utility” after the 2023 Amendment.

⁶ Id.

⁷ Per the Commission’s November 12, 2008 Order in Docket No. E999/CI-03-869, Northwestern Wisconsin Electric is permitted to comply with the Minnesota reporting requirements by submitting its renewable energy compliance

Otter Tail Power Company	2,803,454	560,691	20%
Southern Minnesota Electric Cooperative	743,136	148,628	20%
Southern MN Municipal Power Agency	2,746,916	549,384	20%
Xcel Energy	28,695,594	8,608,679	30%
Total	64,317,472	15,737,217	24.5%

2023 Renewable Energy Compliance for Newly Reporting Utilities

Both Connexus Energy Cooperative and Moose Lake Water & Light Commission filed reports in 2024 for compliance with 2023 Renewable Energy Standard requirements. The remaining 22 newly reporting utilities are electric utilities served by larger wholesale Electric utilities providing power to these municipally owned distribution electric utilities. The following utilities had information filed on their behalf by a wholesale power supplier.

<u>Municipal Utility</u>	<u>Wholesale Power Supplier Reporting on Utility's Behalf</u>
• Ada	Xcel
• Dundee	Southern Minnesota Energy Cooperative ⁸
• Kasota	Xcel
• Lanesboro	Dairyland Power Cooperative
• Newfolden	Otter Tail Power
• Nielsville	Otter Tail Power
• Shelly	Otter Tail Power
• St. Charles	Dairyland Power Cooperative

information as reported to the Wisconsin Public Service Commission. Northwestern Wisconsin submitted its Wisconsin RPS compliance report indicating it retired 25,638 RECs towards its compliance in Wisconsin.

⁸ Southern Minnesota Energy Cooperative noted in the Cover Letter to its Report that "The Village of Dundee is included in Federal Rural Electric Assn sales for 2023 and is footnoted accordingly." See Doc. Id. 20244-205753-1.

The remaining 14 municipally owned distribution electric utilities listed below did not file reports nor have reports filed on their behalf by the wholesale power supplier who serves them.

Municipal utility

- Alvarado
- Alpha
- Brewster
- Caledonia
- Ceylon
- Eitzen
- Harmony
- Mabel
- Peterson
- Round Lake
- Rushford
- Rushmore
- Spring Grove
- Whalen

Commerce recommended to the PUC that, going forward, each electric utility, including municipal electric utilities, be required to notify the Department whether they will file on their own behalf the following year or if their power supplier will be doing so on their behalf. Joint filing should be encouraged. That same filing should be sent as a notice to the supplier expected to submit the filing to ensure compliance reporting.

Commerce further recommended that the PUC require each entity expected to report on the Utility's behalf, file a letter in Docket No. E-999/CI-23-151 within 30 days of the Commission Order, either affirming their responsibility to report on the Utilities behalf or stating they are not responsible for reporting on the Utility's behalf. If the entity states it is not responsible for reporting on the utility's behalf, it should provide the name of the entity that is responsible for reporting.

Solar Energy Standard Reporting Requirements

Table 2: 2023 Solar Energy Standard Reporting Requirements

	Otter Tail	Minnesota Power	Xcel
MN retail sales (MWh)	2,800,812	8,478,783	28,695,594
Excluded Sales⁹	67,278	5,643,916	220,718
MN retail sales subject to SES	2,733,534	2,834,867	28,474,876
SES Requirement	1.5%	1.5%	1.5%
Solar Renewable Energy Certificates Needed to Meet 2023 SES (MWh)	41,003	42,523	427,124
Solar Renewable Energy Certificate Retired to Meet 2023 SES (MWh)	39,950	42,523	427,124
Small Solar Carve-out Requirement (MWh)¹⁰	4,100	4,252	42,713
Small SRECs retired (MWh)	3,047	4,252	42,713

2023 Solar Energy Standard Compliance

Otter Tail Power Company

Otter Tail Power Company (Otter Tail) fell short on both the non-small and the small solar renewable energy credits (SREC) requirement and complied with the 2023 non-small and small-scale SES requirements through the purchase and retirement of solar renewable energy credits (SRECs) at a cost of \$170,000.

Otter Tail filed a Compliance report updating the PUC on the company's progress toward meeting the small SREC requirement, which discussed the company's spending on small solar outreach and the probability and timing of its meeting the small SREC requirement. Otter Tail will update the PUC in six months on its progress towards meeting small SREC compliance.

Otter Tail's stated plan to meet small-scale solar compliance focuses on maximizing community-owned solar projects by utilizing federal direct pay credits, in some cases Minnesota Solar for Schools, Publicly Owned

⁹ 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 Solar Energy Standard requirement.

¹⁰ The Small Solar Carve-out requirement is calculated as 0.15 percent of MN retail sales subject to SES.

Property (POP) funding through the Energy Conservation and Optimization (ECO) program, Inflation Reduction Act funding, and the company's customer solar financing option, within ECO, called the Guaranteed Energy Production Program. Otter Tail also has 15 company owned projects sited on company or customer property that are underway. The company believes it is on track to meet small-scale solar compliance for 2025.

Minnesota Power

MP met SES compliance for 2023. For its efforts to meet SES objective and a summary of project mix for SES compliance Minnesota Power states it issued a Solar Request for Proposal (RFP) soliciting 300 MWac of regional solar energy to come online by 2027 as practicable. Bids were received in January 2024 and the Company went through the bid evaluation and negotiation process. On November 13, 2024, Minnesota Power filed petitions for approval of investments and expenditures in the Regal Solar Project, Docket No. E015/M-24-343, and the Boswell Solar Project, Docket No. E015/M-24-344, for recovery through Minnesota Power's renewable resources rider. Minnesota Power also states it operates a community solar garden with a 40-kilowatt array in Duluth and a 1-megawatt array in Wrenshall, Minnesota, and continues to explore community solar options.

Minnesota Power states in its 2024 RES report that it continues to meet the Small Scale Carve-Out of the SES through its community solar garden and SolarSense customer solar program. The Company reports the community solar garden is fully subscribed with 1,037 one kW blocks that customers are subscribed to and a total 290,928 kWh produced by SolarSense systems installed in 2021.

Xcel Energy

Xcel Energy (Xcel) met SES compliance for 2023. Xcel began to satisfy the Minnesota SES compliance requirements in 2020 and expects to accumulate and exceed the amount of solar RECs (SRECs) required through 2034. SRECs accumulated in the REC bank beyond what is needed from compliance requirements will be applied towards the Minnesota state RPS obligations to avoid any REC expirations. In addition, Xcel states it will be in compliance with the small solar carve-out through 2036, if actual solar installations meet Xcel's forecasted levels.

Xcel forecasts that the currently approved and proposed/planned solar resources will be sufficient to meet the 10 percent (10%) by 2030 goal and will furthermore be sufficient to satisfy the SES requirements through year 2035 without the use of banked RECs. However, the company has also proposed to add substantial amounts of solar generation to its portfolio in the coming years in the approved 2020-2034 Integrated Resource Plan and its recently filed 2024-2040 Integrated Resource Plan, including 810 MW of utility-scale solar resources, consisting of Sherco Solar 1, 2, and 3, as well as the Apple River Solar PPA.

Additionally, Xcel states that in early 2025, it expects to start the procurement process for a significant amount of distributed solar resources in order to comply with the Distributed Solar Energy Standard (DSES).

Ability to Comply with Renewable Energy Standards Requirements in the Future

Utilities may retire Renewable Energy Certificates towards Renewable Energy Standards compliance up to four years from the date of generation. In addition, utilities may purchase excess Renewable Energy Certificates from other utilities to meet their Renewable Energy Standards requirement or reallocate Renewable Energy Certificates to Minnesota from their other state jurisdictions with lower Renewable Energy Standards requirements. The states of Iowa, Wisconsin, and Minnesota have Renewable Energy Standards, whereas North and South Dakota have voluntary Renewable Energy Objectives at 10 percent.

As part of their bi-annual reporting, utilities were asked to provide the year through which the Company can maintain its Renewable Energy Standards compliance with its current renewable portfolio.

Table 3: Estimated Year Through Which the Utility can Comply with Renewable Energy Standards

Utility	Compliance through year
Basin Electric	2029
Central MN Municipal Power Agency (CMMPA)	2035
Connexus Energy Cooperative	2036
Dairyland Power Cooperative	2034
East River Power Cooperative	2035
Great River Energy	2040
Heartland Power District	Not reported
L&O Power Cooperative	2029
Minnesota Municipal Power Agency (MMPA)	2030
Minnesota Power	2039
Minnkota Power Cooperative	2035
Missouri River Energy Services (MRES)	2026
Moose Lake Water & Light Commission	2027
Northwest Wisconsin	See footnote 6
Otter Tail Power Company	2034
Southern Minnesota Electric Cooperative (SMEC)	2025
Southern MN Municipal Power Agency	2037
Xcel Energy	2040

All of these utilities reported that they have sufficient renewable resources to meet compliance beyond 2024.

Obstacles and Potential Solutions for Meeting the Renewable Energy Standards Requirements

The utilities provided comments on obstacles they have encountered or anticipate encountering to meeting the RES requirements. Most of the utilities indicated that they had not experienced obstacles in meeting Renewable Energy Standards compliance. The cost associated with integrating renewables into their energy portfolio as the share of renewable energy increases was cited as a concern that is being evaluated. Transmission constraints within Minnesota as well as constraints on the ability to transport excess wind energy outside of Minnesota was previously among the most cited obstacle by utilities. Utilities reported increasing costs of interconnecting renewable energy projects and getting them online, include increased costs associated with going through the Midcontinent Independent System Operator (MISO) queue process. Finally, future costs for renewables and supply chain constraints were also listed as potential challenges.

2023 Amendments to section 216B.1691's Renewable Energy Objectives

Minnesotans Employed to Construct Facilities Designed to Meet the Utilities Standard Obligation

Utilities were asked to comment on the number of Minnesotans employed to construct facilities to meet the utilities' standard obligations. Most utilities state they did not have this information because current renewable portfolios consist of facilities that were built prior to the new requirements. Going forward, utilities state they will work on acquiring this information for new renewable facilities that are added to these portfolios. While several utilities stated they did not have their own construction crews, and do not currently track this information, it was noted by at least one utility that as Request for Proposals (RFPs) are issued, the utility will request that bidders provide socio-economic impacts that will occur as a result of the RFP project, including construction and ongoing operational jobs and any additional socioeconomic factors or information that should be considered in the evaluation of the proposal.

Retaining and Retraining Workers at Electric Generating Facilities that the Utility has Ceased Operating or Designated to Cease Operating

Most utilities reported that they had not ceased operations and do not have plans to cease operations at any electric generating facilities within the reporting period. For utilities that have plans to cease operating, the companies assured they will strive to place employees elsewhere at the affected locations to avoid layoffs and to provide training opportunities where needed.

Impacts on Environmental Justice Areas

Utilities were asked to comment on the impacts of meeting the utility standard obligation on environmental justice areas. Most utilities state they did not have this information because current renewable portfolios consist of facilities were built prior to the new requirements. Going forward, utilities state they will work on acquiring this information for new renewable facilities that are added to these portfolios.

Diversity of Utility's Workforce and Vendors

Utilities provided information on efforts to increase diversity of both the utility's workforce and vendors. Some utilities state they manage diversity and inclusion efforts by working to improve identified areas in Affirmative Action Plans and communicate all job openings to national and state diversity sites for minorities, women and veterans, in addition to ensuring that vendors are aware of the diversity policy included in procurement contracts. Several companies state they offer diversity, equity, and inclusion (DEI) training opportunities to employees, while managing and growing the vendor diversity base.

Summary and Conclusion

All utilities, with the exception of the fourteen municipal utilities listed on page 3 above, demonstrated compliance with the 2023 RES obligation and appear able to comply into the future. It is possible these municipal utilities did not understand the reporting requirements; this should be addressed for the next filing period. In addition, with REC purchases, the three public utilities subject to the SES complied with their 2023 SES obligations.