PC 13-720

Rice, Robin (PUC)

From: Barnebey, Kelly <kelly.barnebey@metc.state.mn.us>
Sent: Wednesday, February 05, 2014 12:44 PM
To: #PUC_Public Comments
Subject: PUC Docket Number E99/CI-13-720, Metrpolitan Council Comments
Attachments: PUC Docket Number E99 CI 13_Feb 05 14.pdf

To whom it may concern:
Please see the attached letter for PUC Docket Number E99/CI-13-720 and add it to the public comments.

Thank you

METROPOLITAN COUNCIL

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February 5, 2014

Burl Haar
Executive Secretary, Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: In the Matter of a Commission Inquiry into Ownership of Renewable Energy Credits used to Meet Minnesota Requirements (PUC Docket: E999/CI-13-720)

Dear Mr. Haar:

We appreciate the opportunity to comment on the matter of ownership of Renewable Energy Credits.

Renewable energy generation technologies, while becoming more economically competitive with traditional energy technologies, require a large, upfront investment. This investment is a deterrent to institutions and businesses wanting to install renewable energy generation technologies. Applying a monetary value to RECs, for which the utility would pay the owner, would help pay for a project's viability while supporting Minnesota's commitment to increasing the prevalence of renewable technologies in the state. We believe that the owner of a clean energy facility should own all the attributes it produces, including the energy and the RECs, simply because RECs represent a form of property rights.

Improving the economics of clean energy projects is in the public interest because of the social and environmental benefits of clean local power generation (the VOST public process documented these) Behind-the-meter and other distributed clean energy projects specifically add benefits because of reduced need for line capacity, reduced line loss and the benefits of diversity of locations for energy security. Moreover for the owner, it appears this will help economic development by providing energy savings for owners as well as energy price stability. We believe the Commission should take the position that RECs are owned by the party owning the renewable energy project, unless and until they trade them. Since the mandates only apply to electric Utilities, the owners that are not utilities get no intrinsic value from ownership of a REC. And if RECs are worth material value, the Owners will likely sell them to the Utilities. It appears that M-RETs will provide the attribute definition and quality so a market mechanism can further develop and function fairly. We expect that Utilities will pay a price to purchase the RECs, but not more than the incremental cost of utility-scale renewable energy less the cost of other new capacity resources. That is, the utility itself can satisfy the legislative mandate by building large "utility-scale" clean energy generation, so the added cost of doing so will form an upper bound of the price they would pay for RECs. Thus, allowing non-utility owners to offer RECs for sale to IOUs will (in addition to the external benefits) reduce the cost of complying with the mandate and subsequently reduce the costs of electricity to ratepayers.

It would be best for clean energy financing if utilities stand ready and are allowed to bid for RECs when offered by facility owners on an ongoing basis rather than through a specific RFP process, thus having the utilities compete for the RECS when offered as opposed to the owners or their developers competing to sell the RECs to a utility.

In instances where a third party owns the PV equipment and leases to a homeowner or business, the RECs should still belong to the owners of the equipment, which will provide value likely passed through to the leasee homeowner or business.

Providing REC value to owners, such as the Metropolitan Council, will improve the economics and cause the Council to develop more such generation capacity, as our sustainability policy directly defines the economic feasibility as the primary factor in such development.

Sincerely,

Jason Willett
Director, MCES Finance & Energy

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