Minnesota Solar Energy Industries Association
We Move Minnesota Solar + Storage Forward

July 15, 2022

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55105

Re: MnSEIA Initial Comments, Docket E-015/M-20-607: Proposed Minnesota Power SolarSense Program Modifications

Mr. Seuffert,

Please find attached initial comments from the Minnesota Solar Energy Industries Association (MnSEIA). These comments reflect the views of our interested members related to Minnesota Power's proposed modifications to its SolarSense Program.

Sincerely,

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Enclosure: MnSEIA Initial Comments

STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John Tuma	Commissioner

IN THE MATTER OF MINNESOTA POWER'S PETITION FOR APPROVAL OF ITS PROPOSED MODIFICATIONS TO ITS SOLARSENSE CUSTOMER SOLAR PROGRAM	**MINNESOTA SOLAR ENERGY INDUSTRIES ASSOCIATION'S (MnSEIA) INITIAL COMMENTS**
July 15, 2022	**Docket No. E-015/M-20-607**

MnSEIA's COMMENTS

The Minnesota Solar Energy Industries Association ("MnSEIA" or "the Association") is a 501(c)(6) nonprofit trade association that represents our state's solar businesses, with over 140 member companies, which employ over 4,500 Minnesotans.

BACKGROUND

On February 10, 2017, the Commission approved Minnesota Power's ("MP" or "the Company") proposal to expand the SolarSense Customer Solar program ("the Program"). The expanded program included incentives for customer-sited solar installations, a Low Income Solar Pilot Program and a Solar Research and Development Program. The Commission approved the expansion, with some changes.

On December 19, 2019, the Commission approved a one-year extension of the program through the 2020 calendar year (as proposed by the Company).

On July 1, 2020 Minnesota Power filed a request with the Commission to extend the program for four additional years and make certain, proposed changes to the program, including:

the reduction of the customer incentive budget, the conversion of a low- income pilot program into a grant program with an increased budget, a new cap on low-income grants, and a new solar education and outreach budget.

Following a public hearing on November 5, 2020, the Commission issued an order on December 17, 2020 that approved the Company's proposed four year extension with programmatic modifications.

On June 1, 2022, the Company submitted to the Commission its annual compliance filing. This filing proposed several program modifications, including: 1. Reducing the target incentive level from 20 percent of installed cost to 10 percent of installed cost; 2. Reducing the maximum rebate per customer from $10,000 to $5,000; and 3. Transitioning from a first-come, first-served rebate allocation process to a lottery-based allocation process.

COMMENTS

Given the success of the Program, it is clear that MP's consumers are increasingly demanding more options related to their energy use and those options include more solar, particularly solar installed on residential properties. The Company should meet Minnesota's statutory carbon reduction goals and its own customers' demands by expanding its solar goals, increasing programmatic funding, and making certain changes to the program as outlined below.

I. The Commission should require the Company to develop specific solar standards to meet Minnesota's carbon reduction goals that drive the Program's budget

Last year, the entirety of the Company's budget allocated to the Program was encumbered by 58 projects within two minutes of the application portal opening. The Company is choosing an arbitrary budget number that artificially caps the program for no substantive reason. Instead, the Company should establish specific solar standards — above and beyond the state's minimum 1.5% small scale solar energy standard — that drives the budget allocation for this program. These standards should be based on statutory guidance that sets forth a clear roadmap for all of Minnesota's utilities, including MP.

Minnesota Statute Chapter 216H, Section 02, also known as the Next Generation Energy Act ("the Act") sets benchmarks to reduce Minnesota's carbon emissions output by 80% by the year 2050. Minnesota missed this statutory goal in 2015 and is on track to miss it again in 2025. In fact, since the enactment of the Next Generation Energy Act, Minnesota has only reduced its overall carbon emissions by 8 percent.[1] This is a failure on the part of Minnesota utilities. MP

[1] Minnesota Pollution Control Agency (MPCA), *Greenhouse Gas Emissions Inventory 2005-2018*, Mar. 17, 2021, https://www.pca.state.mn.us/sites/default/files/lraq-1sy21.pdf.

should be doubling its efforts to get its territory back on track to meet this bipartisan directive from the legislature.

Increasing solar energy deployment within the Company's territory will be essential in meeting the Act's 80% carbon reduction goal by 2050. MP should evaluate its carbon output and calculate how much more small-scale solar it must develop each year to reduce that amount by the 2050 deadline. MnSEIA members estimate that MP should double — or even triple — the amount of solar within its territory to meet this goal.

Once a standard that is based on Minnesota's statutory carbon goals is developed (where the need for solar projects is driving the Company's solar deployment), then the Company can establish a true budget allocation for the Program that is not arbitrary, but that functions to meet a specific directive from the legislature.

II. The Commission should require the Company to increase funding for the Program

If the Commission will not order MP to implement a new solar energy standard to meet our state's carbon reduction goals, and adjust the Program budget accordingly, the Commission should order the company to increase funding for the Program to meet its own customers' demands.

In its annual report, filed with the Commission on June 1, 2022, MP states: "The SolarSense program is limited and there has been more customer demand for rebates than funding available."[2] In fact, the company funded only 58 projects out of a total of 85 applications — leaving over 30% of its customers entirely out of the program. The Company uses this self-created supply and demand challenge to ask the Commission for modifications to the Program's incentive levels and maximum rebate amounts. Although MnSEIA supports certain adjustments to these program details in order to make the allotted money stretch further and complete more MP customer projects, there is a simpler way for the company to meet the Program's high demand: by increasing funding for the Program.

Since 30% of applicants were left out of the Program, the Company should increase the budget by at least 30% to meet the full demand of its customers this year. The Company should then increase incrementally each year to match the growing demand.

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[2] Minnesota Power SolarSense Program Annual Report and Proposed Program Modification, Pg. 6, Docket No. E-015/M-20-607 (June 1, 2022)

III. The Commission should approve the proposed reduction of the target incentive level from 20 percent of installed cost to 10 percent of installed cost

To help spread the Program money allocated by the Company to more projects, the Commission should approve the Company's proposed reduction of the target incentive. With the cost of solar technology continuing to decrease, small scale solar projects are becoming more cost effective for Minnesotans. Lowering the incentive level will assist more applicants and lead to more solar development in MP territory.

IV. The Commission should approve the proposed reduction of the maximum rebate per customer from $10,000 to $5,000

The commission should approve the reduction of the maximum rebate per customer from $10,000 to $5,000 because it will increase participation in the Program and meet the high — and increasing — customer demand for solar choices for MP customers. The pool of money allocated by the Company to Program participants sells out within minutes and by lowering the maximum rebate, more MP customers receive the rebate and benefit from the Program. Growing the number of possible applicants will increase the amount of solar deployed in MP territory.

V. The Commission should deny the proposed transition from a first‐come, first‐served rebate allocation process to a lottery‐based allocation process

MP switched from a lottery-based system to the current first-come, first-served system because the lottery process involved a complex application process for customers "with little certainty they would receive projects from the lottery."[3] MP has made steps on simplifying the application process which MnSEIA applauds. But, a return to the lottery-based allocation process will not solve the issue of fairness due to a higher demand than available rebates. The lottery-based system will once again suffer from the "little certainty."[4] Alongside increasing the funding for the program, changing the deadline is another means of relaxing the "race"[5] to submit applications.

MP's proposal already lowers the incentives for the rebate by decreasing the maximum rebate per customer to $5,000 and by reducing the target incentive level, adding randomness to the rebates themselves will only serve to discourage customers from applying. Thus, the Commission should deny the Company's proposal to change the Program to a lottery allocation process.

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[3] *Id.* at 7.
[4] *Ibid.*
[5] *Ibid.*

VI. The Commission should require the Company to develop and carry over a waiting list each year

An ongoing waiting list would solve the issue of customers missing the window to receive the rebate. The company proposes returning to the lottery system as a solution for those customers who miss out. But a purely random awarding of rebates does nothing to ensure a customer who misses out one year will receive one in the future, they merely have a chance each year.

This annual chance already exists under the first-come, first-served process. A waiting list that carries over previous applicants will be a better long-term metric for interest in the program. This waiting list can be used to inform future decisions by the company and the Commission. Data about the number and type of customers can be used to grow the program and ensure that all customers can participate in future years. Since the Company is concerned about its customers that are missing out on the rebate, this proposal also elegantly solves that problem. Creating a waiting list would help ensure they benefit in the future and have a positive experience with their utility in going solar.

CONCLUSION

The Commission should:

1. Require the Company to develop specific solar standards to meet Minnesota's carbon reduction goals that drive the Program's budget;
2. Require the Company to increase funding to the program;
3. Approve the proposed reduction of the target incentive level from 20 percent of installed cost to 10 percent of installed cost;
4. Approve the proposed reduction of the maximum rebate per customer from $10,000 to $5,000;
5. Deny the proposed transition from a first‑come, first‑served rebate allocation process to a lottery‑based allocation process; and
6. Require the Company to develop and carry over a waiting list each year.

MnSEIA supports the Company's efforts to expand the Program to ensure more customers obtain rebates. As the cost of implementing solar decreases, efforts like this can increase the deployment of solar across Minnesota and reach our state's carbon reduction goals that have been forgotten and neglected by MP and all our state's utilities.

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