

August 15, 2022

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

**RE: Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E015/M-20-607

Dear Mr. Seuffert:

Attached are the Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

In the Matter of Minnesota Power's Petition for Approval of Minnesota Power's New SolarSense Customer Solar Program – Request to Revise SolarSense Program

The Department is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ MICHELLE REBHOLZ  
Supervisor

MR//ja  
Attachment



## Before the Minnesota Public Utilities Commission

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### Reply Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E015/M-20-607

#### I. INTRODUCTION

Minnesota Power provides a description of the history of its SolarSense program at page 4 of its June 1, 2022 annual report filing in the current docket.

On July 15, 2022, MnSEIA, Fresh Energy, and a group of joint commenters filed initial comments.

#### A. RECOMMENDATIONS IN INITIAL COMMENTS

The Department did not file initial comments, preferring instead to monitor initial comments filed by other commenters. Consistent with the Commission's rules of practice and procedure, the Department's comments are limited to topics raised in initial comments.

##### 1. *MnSEIA initial comments on carbon goal*

At page 3 of its initial comments, MnSEIA suggests the Company increase the program's budget to reflect the state's statutory carbon goals. The Department agrees meeting the state's carbon goals is important. However, the Commission reviews a utility's progress in meeting these goals in IRP dockets and approves an action plan there. MP's resource plan docket is currently open as of the date of these comments.<sup>1</sup> MP's IRP petition filed Feb 1, 2021 in Docket 21-33 shows MP meeting the state's 80% goal by 2035, and the Department's analysis, filed July 29, 2022 at page 51 shows MP meeting the 80% goal by 2031. The Department respectfully suggests the IRP is the best overall docket to evaluate strategies for meeting carbon goals is since it is a system wide analysis.

The Department does not take a position on a change to the SolarSense budget and clarifies its comments here only relate to review of carbon goals.

##### 2. *MN IPL recommendation on Customer Allocation process*

MN IPL and its co-commenters recommend a number of detailed administrative processes to improve notice and application logistics. These include:

- Posting an announcement at a set time on the Company's website;
- Creating a unique email address for applications;
- Sending all applicants an email verifying their application was received.

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<sup>1</sup> E015/RP-21-33.

The Department shares the commenters' interest in improving the clarity and transparency of the application process and does not oppose these recommendations. The Department notes details such as the above should be drafted flexibly into a motion so the Company and stakeholders have the ability to continue to improve the application process without seeking Commission approval for every detail. The Department recommends the following language:

*The Commission directs Minnesota Power to take any actions necessary to improve the transparency and clarity of the application process, **including but not limited to:***

- *The establishment of a unique email address for the submission of SolarSense customer incentive applications;*
- *The transmittal of a confirmation email to all applicants, verifying that the applications have been received; and*
- *The implementation of reasonable deadlines for submitting, evaluating, and selecting applications.*

While the Department generally favors precision and Commission oversight when it comes to utility practices, in the case of program design, cementing such minute details into an order may cause problems in the future if MP and stakeholders want to change these processes. Noting these helpful suggestions as examples of the types of improvements that could be made allows MP and stakeholders to work in a collaborative and flexible manner. The Department has communicated with MN IPL and understands IPL supports this general change.

3. *Move to lottery system of allocation*

MP recommends moving to a lottery system, away from a first come first serve system of application. The Department does not oppose this move and notes the Made in Minnesota solar incentive program moved to a lottery system in an effort to improve the application process.

B. *GENERAL PROGRAM CHANGES*

1. *General programmatic observations*

Increasingly, the Commission is involved in approving, monitoring, and evaluating programs, whether they be solar incentives, low income, or other. This type of programmatic work is slightly different than the Commission's traditional work of being an economic regulator (often, rates and resource planning).

Program design presents a different set of considerations from traditional rate regulation. Programs can be designed in an indefinite number of ways and can be modified continuously for improvement or to adjust to changing circumstances. With a rate or a resource plan, the Commission's quasi-judicial process is a natural fit; an order approves the rate or resource plan until a new one is proposed.

In contrast, a program may be subject to regular monitoring and recommendations for refinements. This may present challenges in terms of the level of detail in tariff or order for the programs. There may be a need for additional flexibility to adjust and refine the details of programs, balanced with the traditional need of outlining the specifics of the program in an order.

The regulatory unit at the Department is in regular contact with the Department's State Energy Office and LIHEAP program; both groups have extensive experience operating programs. The Department will continue to gather information on the best approach for program approval and monitoring and share its analysis with the Commission in subsequent dockets.

## 2. *Inflation Reduction Act*

The Department notes the timing of these reply comments overlaps with the passage of the Inflation Reduction Act (the Act) in the U.S. Senate, with passage assumed in the House. Initial reports of the Act indicate it will have numerous renewable and clean energy incentives. In talking with parties to this docket as well as the State Energy Office, the Department observes the Act, once implemented, may impact how the Commission may want to design a number of incentive programs, including SolarSense. The Department recommends MP include the following in its next annual report: (1) incentives in the Act; (2) expected trends in solar adoption in its service territory; and (3) any resulting potential modifications it would like to pursue for SolarSense.

## C. *RECOMMENDATION*

1. Find that MP's progress toward the state's carbon goals shall continue to be reviewed in resource planning dockets.
2. Direct Minnesota Power to take any actions necessary to improve the transparency and clarity of the application process, including but not limited to:
  - a. The establishment of a unique email address for the submission of SolarSense customer incentive applications;
  - b. The transmittal of a confirmation email to all applicants, verifying that the applications have been received; and
  - c. The implementation of reasonable deadlines for submitting, evaluating, and selecting applications.
3. In MP's next annual report, it shall report on the following: (1) any incentives in the Inflation Reduction Act relevant to the SolarSense program; (2) expected trends in solar adoption in its service territory; and (3) any resulting potential modifications it would like to pursue to the SolarSense program. MP may also include any additional insight related to the Inflation Reduction Act relevant to the SolarSense program or solar incentive programs in general.

The Department does not otherwise oppose MP's recommended modifications to its program or the low-income modifications recommended by parties.

## **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  
Reply Comments**

**Docket No. E015/M-20-607**

Dated this **15<sup>th</sup>** day of **August 2022**

**/s/Sharon Ferguson**

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