Minnesota Solar Energy Industries Association

We Move Minnesota Solar + Storage Forward

November 26, 2024

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

Re: In the Matter of Implementation of 2023 Legislative Changes to Xcel Energy's Community Solar Garden Program.
Docket No. E002/CI-23-335

Executive Secretary Seuffert,

Please find here the Reply Comments of the Minnesota Solar Energy Industries Association for the above-referenced docket. These comments reflect the views of our organization and interested members related the above-referenced docket.

Sincerely,

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STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

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Hwikwon Ham	Commissioner
Valerie Means	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

In the Matter of Implementation of 2023 Legislative Changes to Xcel Energy's Community Solar Garden Program.

REPLY COMMENTS of MnSEIA

November 26, 2024

Docket No. E002/CI-23-335

INTRODUCTION

The Minnesota Solar Energy Industries Association ("MnSEIA") is a nonprofit trade association that represents Minnesota's solar and storage industry. With over 170 members, ranging from rooftop installers to non-profit organizations, manufacturers, and many others, our diverse force of members employ over 5,000 Minnesotans. MnSEIA submits these Reply Comments in response to the comment period opened by the Minnesota Public Utilities Commission ("Commission") in the above-referenced docket on October 11, 2024.

REPLY COMMENTS

MnSEIA understands that several stakeholders have reached agreement with Xcel Energy on various terms in the Community Solar Garden ("CSG") contract, including, but not limited to, the definition for Battery Energy Storage System ("BESS). The agreed upon definition is:

> "Battery Energy Storage System" or "BESS" shall mean a commercially available technology that uses chemical processes to store energy generated solely from the Community Solar Garden, and deliver the stored energy for sale or use at a later time. The parties agree the stored energy in the BESS may not include utility system energy.

While MnSEIA understands why the stakeholders have agreed to a definition of a BESS that requires all the energy stored in the battery to be generated "solely from the Community Solar Garden" and "not include utility system energy," and agrees that such a restriction is likely reasonable in this particular situation, MnSEIA believes that it is important for the record to reflect that this treatment is not generally required under Minnesota law.

Minnesota law regulates the production and purchase of energy from small power production facilities, known as qualifying facilities.[1] Qualifying facilities under Minnesota law are defined in reference to federal law.[2] Specifically, Code of Federal Regulations, title 18, part 292.[3] Thus, these regulations dictate the maximum size and fuel source necessary to be a qualifying facility under state law.[4] While state law may and does impose other size restrictions,[5] the maximum size to be qualifying facility is 80 MWs.[6] These regulations also require that the "primary energy source of the facility must be biomass, waste, renewable resources, geothermal resources, or any combination thereof, and 75 percent or more of the total energy input must be from these sources."[7] Thus, under Minnesota law, in order to be a qualifying facility, only 75 percent of the energy must be from a renewable resource.

Batteries store energy in direct current ("DC"). So, just like solar panels that produce electricity in DC, they need an inverter to convert it to useable alternating current ("AC")

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[1] *See* Minn. Stat. § 216B.164, subd. 3(d).
[2] *See* Minn. R. 7835.0100, subp. 19.
[3] *Id*.
[4] *See* 18 C.F.R. § 292.203(a).
[5] *See*, e.g., Minn. Stat. § 216B.164, subd.3(d) (limiting size of qualifying facility eligible to receive the average retail utility energy rate to less than 40 kW); Minn. Stat. § 216B.1641, subd. 1(a)(b) (limiting solar garden to "a nameplate capacity of no more than one megawatt").
[6] *See* 18 C.F.R. § 292.204(a)(1).
[7] 18 C.F.R. § 292.204(b)(1)(i).

electricity. Therefore, as long as at least 75 percent of the DC energy stored in the battery is from a renewable resource like solar panels, the DC energy converted to AC by the inverters will be considered produced from a qualifying facility. In short, Minnesota law does not require that 100 percent of the energy from a qualifying facility be from a renewable resource.

While this provision of Minnesota law is likely not relevant to this situation, MnSEIA believes that it is important to recognize that the restriction agreed upon by the stakeholders is not found in nor required by Minnesota law. In other situations, this provision could be more relevant. Battery storage is an important part of Minnesota's clean energy future, both at the utility and residential scale. As the Commission has noted, "long-duration energy-storage technology [can] help Xcel eliminate carbon emissions from its system consistent with Minnesota's 100% carbon-free standard while maintaining safe, affordable, and reliable electric service at times when demand for power exceeds Xcel's current generating capacity."[8] Similarly, NREL stated in its report, Solar Plus: A Holistic Approach to Distributed Solar PV, "Solar plus [storage] increases PV system value through increased solar self-use and grid arbitrage (in TOU rate structures). Solar plus may mitigate some of the negative economic impacts of certain rate structures such as low net metering rates, TOU rates where the peak period is non-coincident with PV output, and demand charges."[9]

With regard to the discussion regarding including a definition of capacity in the CSG contract, MnSEIA notes that Minn. Stat. § 216B.1641, subd. 6(2), states that the capacity of a

[8] Minn. Pub. Util. Comm., *In the Matter of Xcel Energy's Petition for a Long-Duration Energy Storage System Pilot Project at Sherco*, Dkt. 23-119, Order Approving Pilot Project, p. 4 (Aug. 1, 2023).
[9] Eric O'Shaughnessy, Kristen Ardani, Dylan Cutler, and Ryan Margolis. 2017. "Solar Plus: A Holistic Approach to Distributed Solar PV." National Renewable Energy Laboratory. https://www.nrel.gov/docs/fy17osti/68495.pdf. p. 43.

community solar garden under this program is determined based on how capacity is "defined under section 216B.164, subd. 2a, paragraph (c)." This language is clear and unambiguous. Obviously, any contract under this program must comply with this provision. As such, a definition in the contract would appear unnecessary and any contract language that did not incorporate or was inconsistent with the statutory definition of Minn. Stat. § 216B.164, subd. 2a(c), would be illegal.

CONCLUSION

The new CSG program should be an important part of Minnesota's clean energy future and could help its ability to meet it carbon free energy goals. A transition to an energy democracy where all Minnesotans have a choice about how to meet their energy needs, with those most vulnerable being able to make more secure financial choices, require a robust public interest CSG program. So thank you for your consideration of this important program.

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