

June 30, 2014

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E999/CI-04-1616

Dear Dr. Haar,

On May 28, 2014, the Minnesota Public Utilities Commission (Commission) issued a *Notice of Comment Period on REC Eligibility* in Docket No. E999/CI-04-1616. At its May board meeting, the Midwest Renewable Tracking System (M-RETS) approved the Michigan Renewable Energy Certification System (MIRECS) as a compatible tracking system for importing RECs. The Commission's Notice seeks comment on whether RECs imported from Michigan are eligible for Minnesota Renewable Energy Standard (RES) compliance. The Department offers the following comments.

According to the MIRECS website (<http://www.mirecs.org/>), Michigan's tracking system "issues, tracks, and enables retirement and trading of Michigan Renewable Energy Credits (RECs), Advanced Cleaner Energy Credit (ACECs), and Michigan Incentive Renewable Energy Credits (IRECS) under the State's Clean, Renewable and Efficient Energy Act."

Michigan Statutes define an ACECs as a credit representing generation from an "Advanced cleaner energy system" including a gasification facility, industrial cogeneration facility, a coal-fired electric generating facility if 85% or more of the carbon dioxide emissions are captured and permanently geologically sequestered, and a facility that uses technologies not in commercial operation as of the effective of the statute. In addition, Michigan awards additional renewable energy credits known as Incentive Renewable Energy Credits (IRECs) under certain circumstances. Specifically, Michigan awards IRECs as follows:

- a) 2 renewable energy credits for each megawatt hour of electricity from solar power.
- b) 1/5 renewable energy credit for each megawatt hour of electricity generated from a renewable energy system, other than wind, at peak demand time as determined by the commission.
- c) 1/5 renewable energy credit for each megawatt hour of electricity generated from a renewable energy system during off-peak hours, stored using advanced electric storage technology or a hydroelectric pumped storage facility, and used during

- peak hours. However, the number of renewable energy credits shall be calculated based on the number of megawatt hours of renewable energy used to charge the advanced electric storage technology or fill the pumped storage facility, not the number of megawatt hours actually discharged or generated by discharge from the advanced energy storage facility or pumped storage facility.
- d) 1/10 renewable energy credit for each megawatt hour of electricity generated from a renewable energy system constructed using equipment made in this state as determined by the commission. The additional credit under this subdivision is available for the first 3 years after the renewable energy system first produces electricity on a commercial basis.
 - e) 1/10 renewable energy credit for each megawatt hour of electricity from a renewable energy system constructed using a workforce composed of residents of this state as determined by the commission. The additional credit under this subdivision is available for the first 3 years after the renewable energy system first produces electricity on a commercial basis.

Renewable Energy Certificates (RECs) each represent the generation of one megawatt hour (MWh) of renewable generation.

The Department does not oppose importing RECs from the MIRECs system for Minnesota RES compliance provided they reflect only RECs, and not incentive RECs (IRECs) or ACES. The Department is unclear whether IRECS or ACES are separately identified and tracked in MIRECs. In particular, if IRECs are aggregated with the RECs generated by a renewable generation facility (*i.e.*, are not separable) the Department would oppose their use for Minnesota RES compliance. Minnesota's RES is intended to reflect the percent of a utility's retail sales in MWh; therefore, MRETS should not grant Minnesota utilities more than one REC for a MWh of renewable generation. Therefore, the Department recommends that the Commission clarify whether IRECs and ACES are tracked separately on the MIRECs system, and if so, allow imported Michigan RECs to be used for Minnesota RES compliance.

With respect to biomass and hydroelectric generation, the Department concludes that variations in state definitions of eligibility for these technologies would require Commission approval prior to RECs being imported in order to assure that a specific facility meets Minnesota's definition of an eligible energy technology under Minn. Stat. §216B.1691. The Department recommends that the Commission require utilities seeking to use imported RECs from biomass or hydroelectric facilities to obtain Commission approval prior to using the RECs for Minnesota RES compliance.

At the time M-RETS was established, the question of whether a demonstration of deliverability needed to occur in order for a REC generated outside of Minnesota, or the M-RETS system, to be used for Minnesota RES compliance. The Department does not believe it is necessary or useful to tie REC usage to deliverability. Just as green pricing customers are not able to guarantee the electrons delivered to their home are renewable, the utilities do not need to guarantee that all electrons delivered to their customers for RES compliance

are renewable. Rather the utilities and green pricing customers are ensuring that renewable energy is generated and delivered to the grid somewhere. Consequently, the Department recommends the Commission allow the use of imported RECs for Minnesota RES compliance without a demonstration of deliverability.

In conclusion, the Department recommends that the Commission:

- Clarify that IRECs and ACES are tracked separately on the MIRECs system, and if so, allow imported Michigan RECs to be used for Minnesota RES compliance. In the event IRECs and ACES are not separately identified on the MIRECs system, the Department recommends the Commission deny the use of Michigan RECs to comply with Minnesota RES requirements.
- Require utilities seeking to use imported RECs from biomass or hydroelectric facilities to obtain Commission approval prior to using the RECs for Minnesota RES compliance.
- Allow the use of imported RECs for Minnesota RES compliance without a demonstration of deliverability.

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

Sincerely,

/s/ SUSAN L. PEIRCE
Rates Analyst

SLP/lt

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
Comments**

Docket No. E999/CI-04-1616

Dated this 30th day of June 2014

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_4-1616_1
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_4-1616_1
William A.	Blazar	bblazar@mnchamber.com	Minnesota Chamber Of Commerce	Suite 1500 400 Robert Street North St. Paul, MN 55101	Electronic Service	No	OFF_SL_4-1616_1
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	Suite 4800 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	OFF_SL_4-1616_1
Jon	Brekke	jbrekke@greenergy.com	Great River Energy	12300 Elm Creek Boulevard Maple Grove, MN 553694718	Electronic Service	No	OFF_SL_4-1616_1
Mark B.	Bring	mbring@otpc.com	Otter Tail Power Company	215 South Cascade Street PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_4-1616_1
Christina	Brusven	cbrusven@fredlaw.com	Fredrikson & Byron, P.A.	200 S 6th St Ste 4000 Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_4-1616_1
Tammie	Carino	tcarino@GREnergy.com	Great River Energy	12300 Elm Creek Blvd. Maple Grove, MN 55369-4718	Electronic Service	No	OFF_SL_4-1616_1
Douglas M.	Carnival		McGrann Shea Anderson Carnival	Straugn & Lamb 800 Nicollet Mall, Suite 2600 Minneapolis, MN 554027035	Paper Service	No	OFF_SL_4-1616_1
Kenneth A.	Colburn	kcolburn@symbioticstrategies.com	Symbiotic Strategies, LLC	26 Winton Road Meredith, NH 32535413	Electronic Service	No	OFF_SL_4-1616_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174 Lake Elmo, MN 55042	Electronic Service	No	OFF_SL_4-1616_1
Mark F.	Dahlberg	markdahlberg@nweco.com	Northwestern Wisconsin Electric Company	P.O. Box 9 104 South Pine Street Grantsburg, WI 548400009	Electronic Service	No	OFF_SL_4-1616_1
Curt	Dieren	cdieren@dgrnet.com	L&O Power Cooperative	1302 South Union Street PO Box 511 Rock Rapids, IA 51246	Electronic Service	No	OFF_SL_4-1616_1
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service	No	OFF_SL_4-1616_1
Mike	Eggl	megg1@bepc.com	Basin Electric Power Cooperative	1717 East Interstate Avenue Bismarck, ND 58503	Electronic Service	No	OFF_SL_4-1616_1
Kristen	Eide Tollefson	HealingSystems@earthlink.net	R-CURE	P O Box 129 Frontenac, MN 55026	Paper Service	No	OFF_SL_4-1616_1
Pam	Fergen		Hennepin County Government Center CAO	A2000 300 S. Sixth Street Minneapolis, MN 55487	Paper Service	No	OFF_SL_4-1616_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_4-1616_1
Gary	Garbe	Gary.Garbe@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_4-1616_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Paper Service	No	OFF_SL_4-1616_1
Darrell	Gerber		Clean Water Action Alliance of Minnesota	308 Hennepin Ave. E. Minneapolis, MN 55414	Paper Service	No	OFF_SL_4-1616_1
Elizabeth	Goodpaster	bgoodpaster@mncenter.org	MN Center for Environmental Advocacy	Suite 206 26 East Exchange Street St. Paul, MN 551011667	Electronic Service	No	OFF_SL_4-1616_1
Bryan	Gower	N/A	APX, Inc.	224 Airport Parkway Suite 600 San Jose, CA 95110	Paper Service	No	OFF_SL_4-1616_1
Pete	Grills	N/A	Citizen User	5414 Ashurst Street Indianapolis, IN 46220	Paper Service	No	OFF_SL_4-1616_1
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_4-1616_1
Tony	Hainault	anthony.hainault@co.hennepin.mn.us	Hennepin County DES	701 4th Ave S Ste 700 Minneapolis, MN 55415-1842	Electronic Service	No	OFF_SL_4-1616_1
Bill	Heaney	billheaney@billheaney.com	IBEW Minnesota State Council	940 44th Ave NE Unite 21067 Columbia Hts, MN 55421-3099	Electronic Service	No	OFF_SL_4-1616_1
John	Helmets	helmets.john@co.olmsted.mn.us	Olmsted County Waste to Energy	2122 Campus Drive SE Rochester, MN 55904-4744	Electronic Service	No	OFF_SL_4-1616_1
Annete	Henkel	mui@mnutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St. Paul, MN 55101	Electronic Service	No	OFF_SL_4-1616_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jessy	Hennesy	jessy.hennesy@avantenergy.com	Avant Energy	220 S. Sixth St. Ste 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_4-1616_1
Ashley	Houston			120 Fairway Rd Chestnut Hill, MA 24671850	Paper Service	No	OFF_SL_4-1616_1
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_4-1616_1
Casey	Jacobson	cjacobson@bepc.com	Basin Electric Power Cooperative	1717 East Interstate Avenue Bismarck, ND 58501	Electronic Service	No	OFF_SL_4-1616_1
Eric	Jensen	ejensen@iwla.org	Izaak Walton League of America	Suite 202 1619 Dayton Avenue St. Paul, MN 55104	Electronic Service	No	OFF_SL_4-1616_1
Paula	Johnson	paulajohnson@alliantenergy.com	Alliant Energy-Interstate Power and Light Company	P.O. Box 351 200 First Street, SE Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_4-1616_1
Larry	Johnston	lw.johnston@smmpa.org	SMMPA	500 1st Ave SW Rochester, MN 55902-3303	Electronic Service	No	OFF_SL_4-1616_1
Nate	Jones	njones@hcpd.com	Heartland Consumers Power	PO Box 248 Madison, SD 57042	Electronic Service	No	OFF_SL_4-1616_1
Julie	Ketchum	N/A	Waste Management	20520 Keokuk Ave Lakeville, MN 55044	Paper Service	No	OFF_SL_4-1616_1
John	Knofczynski		Heartland Consumers Power District	PO Box 248 203 W. Center Street Madison, SD 570420248	Paper Service	No	OFF_SL_4-1616_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Heidi	Konynenbelt	hkonynenbelt@otpc.com	Otter Tail Power Company	215 S. Cascade Street, PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_4-1616_1
Deborah Fohr	Levchak	dlevchak@bepc.com	Basin Electric Power Cooperative	1717 East Interstate Avenue Bismarck, ND 585030564	Electronic Service	No	OFF_SL_4-1616_1
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_4-1616_1
Mark	Lindquist	N/A	The Minnesota Project	57107 422nd St New Ulm, MN 56073-4321	Paper Service	No	OFF_SL_4-1616_1
Harvey	McMahon	hmcMahon@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_4-1616_1
Dave	McNary	N/A	Hennepin County DES	701 Fourth Avenue South suite 700 Minneapolis, MN 55415-1842	Paper Service	No	OFF_SL_4-1616_1
John	McWilliams	jmm@dairy.net	Dairyland Power Cooperative	3200 East Ave SPO Box 817 La Crosse, WI 54601-7227	Electronic Service	No	OFF_SL_4-1616_1
Valerie	Means	valerie.means@lawmoss.com	Moss & Barnett	Suite 4800 90 South Seventh Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_4-1616_1
Stacy	Miller	stacy.miller@state.mn.us	Department of Commerce	State Energy Office 85 7th Place East, Suite 500 St. Paul, MN 55101	Electronic Service	No	OFF_SL_4-1616_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_4-1616_1
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_4-1616_1
David W.	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	Suite 300 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_4-1616_1
Russell	Olson	N/A	Heartland Consumers Power District	PO Box 248 Madison, SD 570420248	Paper Service	No	OFF_SL_4-1616_1
Thomas L.	Osteraas	bademailthomasosteraas@leonard.com	Excelsior Energy	150 South 5th Street Suite 2300 Minneapolis, MN 55402	Paper Service	No	OFF_SL_4-1616_1
Gerad	Paul	gpaul@minnkota.com	Minnkota Power Cooperative	1822 Mill Road Grand Forks, ND 58208-3200	Electronic Service	No	OFF_SL_4-1616_1
Mary Beth	Peranteau	mperanteau@wheelerlaw.com	Wheeler Van Sickle & Anderson SC	Suite 801 25 West Main Street Madison, WI 537033398	Electronic Service	No	OFF_SL_4-1616_1
William	Pickrell		North American Hydro	PO Box 167 116 State Street Neshkoro, WI 54941	Paper Service	No	OFF_SL_4-1616_1
Julie	Pierce	jpierce@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_4-1616_1
John C.	Reinhardt		Laura A. Reinhardt	3552 26Th Avenue South Minneapolis, MN 55406	Paper Service	No	OFF_SL_4-1616_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206 St. Paul, MN 551011667	Electronic Service	No	OFF_SL_4-1616_1
Craig	Rustad	crustad@minnkota.com	Minnkota Power	1822 Mill Road PO Box 13200 Grand Forks, ND 582083200	Electronic Service	No	OFF_SL_4-1616_1
Robert K.	Sahr	bsahr@eastriver.coop	East River Electric Power Cooperative	P.O. Box 227 Madison, SD 57042	Electronic Service	No	OFF_SL_4-1616_1
Raymond	Sand	rms@dairynet.com	Dairyland Power Cooperative	P.O. Box 8173200 East Avenue South LaCrosse, WI 546020817	Electronic Service	No	OFF_SL_4-1616_1
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_4-1616_1
Matthew J.	Schuerger P.E.	mjsreg@earthlink.net	Energy Systems Consulting Services, LLC	PO Box 16129 St. Paul, MN 55116	Electronic Service	No	OFF_SL_4-1616_1
Dean	Sedgwick	N/A	Itasca Power Company	PO Box 457 Bigfork, MN 56628-0457	Paper Service	No	OFF_SL_4-1616_1
Mrg	Simon	mrgsimon@mrenergy.com	Missouri River Energy Services	3724 W. Avera Drive P.O. Box 88920 Sioux Falls, SD 571098920	Electronic Service	No	OFF_SL_4-1616_1
Beth H.	Soholt	bsoholt@windonthewires.org	Wind on the Wires	570 Asbury Street Suite 201 St. Paul, MN 55104	Electronic Service	No	OFF_SL_4-1616_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Randy	Synstelien	rsynstelien@otpc.com	Otter Tail Power Company	215 S Cascade St Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_4-1616_1
Steve	Thompson		Central Minnesota Municipal Power Agency	459 S Grove St Blue Earth, MN 56013-2629	Paper Service	No	OFF_SL_4-1616_1
SaGonna	Thompson	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_4-1616_1
David	Thornton	J.David.Thornton@state.mn.us	MN Pollution Control Agency	520 Lafayette Road St. Paul, MN 55101	Electronic Service	No	OFF_SL_4-1616_1
Pat	Treseler	pat.jcplaw@comcast.net	Paulson Law Office LTD	Suite 325 7301 Ohms Lane Edina, MN 55439	Electronic Service	No	OFF_SL_4-1616_1
Darryl	Tveitbakk		Northern Municipal Power Agency	123 Second Street West Thief River Falls, MN 56701	Paper Service	No	OFF_SL_4-1616_1
Roger	Warehime	warehimer@owatonnautilities.com	Owatonna Public Utilities	208 South WalnutPO Box 800 Owatonna, MN 55060	Electronic Service	No	OFF_SL_4-1616_1
Carol	Westergard	cwestergard@otpc.com	Otter Tail Power Company	215 S Cascade St Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_4-1616_1
Paul	White	paul.white@prcwind.com	Project Resources Corp./Tamarac Line LLC/Ridgewind	618 2nd Ave SE Minneapolis, MN 55414	Electronic Service	No	OFF_SL_4-1616_1
Robyn	Woeste	robynwoeste@alliantenergy.com	Interstate Power and Light Company	200 First St SE Cedar Rapids, IA 52401	Electronic Service	No	OFF_SL_4-1616_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Thomas J.	Zaremba	TZaremba@wheelerlaw.com	WHEELER, VAN SICKLE & ANDERSON	Suite 801 25 West Main Street Madison, WI 537033398	Electronic Service	No	OFF_SL_4-1616_1