**State of Minnesota**
**Public Utilities Commission**

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July 15, 2022

**In the Matter of the Petition of Minnesota Power, for Approval of its request to modify the SolarSense Customer Solar Program - Docket No. E015/M-20-607**

**COMMENTS IN RESPONSE TO MINNESOTA POWER'S COMMENTS OF JUNE 1, 2022 NOTICE BY MNIPL, SOLAR UNITED NEIGHBORS, VOTE SOLAR, AND SIERRA CLUB**

Minnesota Interfaith Power and Light (MNIPL), with organizational partners Vote Solar (VS), Solar United Neighbors (SUN), and Sierra Club (SC) *submit these Comments in response to Minnesota Power's (the Company) June 1 2022 notice to seek modification of its SolarSense program, and petition to intervene in the docket, as we did in the 2016 and 2020 filing of Solar Sense.*

We appreciate that Minnesota Power is submitting this voluntary program modification in response to feedback from customers, installers, and stakeholders. As stakeholders that work in Minnesota Power's service territory that provide solar outreach and education services (and through that work are in contact with customers and solar contractors), we agree that the large decrease of SolarSense rebate funding by Minnesota Power over the past 2 years, without a corresponding decrease in *demand* for solar rebates, has been a cause of disappointment and frustration for those working on solar in the region. We also appreciate that Minnesota Power is attempting to resolve this discontent by suggesting the modifications to the SolarSense target incentive level, maximum rebate per SolarSense customer, and the allocation process for the SolarSense rebate.

While MNIPL and its cosigned partners agree with some of the modifications to SolarSense as proposed, and suggest changes for another, **we do not think that by themselves the proposed modifications effectively alleviate the core issue - the demand/supply market imbalance for solar rebates**. We ask that the Company and the PUC consider the following recommendations to address this central issue, as well as our concerns and recommendations in regards to the Solar Sense Low-Income Solar (LIS) Grant Program. We also offer a statement of experience with the LIS program by Solar United Neighbors, which will be filed as Appendix A.

## I. Proposed Modifications to Solar Sense Customer Incentive Program

### *Minnesota Power's Proposed Modifications*

- **SolarSense Customer target incentive level and maximum rebate per SolarSense customer**

**MNIPL and our cosigned partners agree with both of the company's proposals here, to reduce the SolarSense target incentive level from 20% of installed cost to 10% of installed cost and to lower the maximum rebate per Solar Sense customer from $10,000 to $5,000.** Cutting the former individual incentives in half will certainly provide more individual SolarSense awards then there would be available without those actions, and our experience with the solar market in the region is that smaller incentives will still be a driver for small solar projects, and not be a hindrance to overall market appetite for distributed solar.

- **Solar Sense Customer Allocation Process**

  The current system of sending applications in via email, and using the order that they arrive in the program manager's inbox to determine who gets funding seems unfair and arbitrary to many customers and installers. The vagaries of email servers, clock settings on computers, and differing internet speeds often end up determining the order, as more than enough applications come in the minute after the midnight opening time to use the allotted funds. For example, one installer submitted 26 applications at midnight and received only two Solar Sense incentives.

  **While it is not clear to us that a lottery is the best solution without knowing the details of how one would be operated**, some of the concerns stated previously could be addressed through minor adjustments to the current system. These are:

  - ***Have Minnesota Power post an announcement at a set time on their website and/or sent out via email during regular business hours that the program is now open for applications.*** *Applications received before that announcement would not be accepted. This would mean everyone gets the same start moment to send in applications.*
  - ***Creating a unique email address to submit applications to that goes to a single email inbox.*** *(Our understanding is that currently there are three different emails that applications can be submitted too, and they flow into the inbox of the program manager which also receives email unrelated to the Solar Sense rewards.)*
  - ***All applicants should receive an email verifying that their application was received.*** *Currently there is no automated confirmation.*

  **However, if a lottery system is adopted as per Minnesota Power's proposal, we would suggest that the period to submit applications is no longer than one business day. Additionally, the lottery process for selecting the winning applications after submission should happen relatively quickly.** One advantage of the current system is that relatively soon (two to three weeks) after the date that first-come, first-serve applications open, installers and customers hear back on whether or not they will receive the incentive.

***MNIPL and cosigner concerns and proposed solution for solar rebate demand/supply imbalance***

While MNIPL and our cosigned partners either agree or are neutral in regard to Minnesota Power's proposed modifications above, we do not agree that they will significantly address the solar rebate supply/demand imbalance in their service territory. We think the Company correctly addressed the source of their customer complaints when they mentioned in their filing on page 7 that…

*The most recent approval of SolarSense Rebate for the 2021-2024 period decreased the budget for rebates. At the same time, demand for solar has risen beyond the capacity of the program to provide rebates.*

Given that the approved SolarSense customer incentive budget is scheduled to be cut again, from its current level of $175,349 in 2022, to $87,675 annually in 2023 and 2024, **the proposed modifications of the halving of target incentive levels and maximum rebates will not result in an increase of individual awards in the 2023 and 2024 award years over the awards granted in 2022**. Nor will a lottery-based or an improved first-come, first-serve allocation process significantly likewise do so, no matter how well constructed.

**We believe that to truly address these concerns adequately, the company and the commission should increase current the 2023-2024 annual SolarSense customer incentive budget to the current 2022 levels, or $175,349 annually, while keeping the Company's proposed incentive reduction modifications in place**. This would require an additional $175,388 to be added to the SolarSense customer incentive budget.

**We ask that this be done not by increasing ratepayer costs, but by the rollover of already allocated, but unutilized, past, current and future spending from the SolarSense development and delivery budget.** Unspent funds from this budget within SolarSense totaled $60,000 in 2021 alone, which we believe would most effectively serve the public interest by being transferred to the SolarSense customer incentive budget. If this level of company spending within the SolarSense development and delivery budget continues throughout the next 3 years and is likewise rolled over to the SolarSense customer incentive budget, the resulting savings would be more than enough to fund our requested 2023-2024 SolarSense customer incentive budget levels at $175,369 annually.

**This newly reinforced, increased budget for SolarSense customer incentive, combined with the proposed halving of the target incentive levels and the maximum rebate per customer, would effectively double the amount of individual SolarSense customer incentive awards to were distributed to applicants in 2022**.

While in doing so the Company *could not fully address* the very large discrepancy between solar rebate demand and supply without even more funding, **the budget increases with reduced incentives would significantly increase the capacity of the program to provide rebates, thereby directly addressing the market demand for solar rebates.**

## II. Low Income Solar Grant Program observations and recommendations

The organizations cosigning these comments conduct solar outreach and education within Minnesota Power's service territory as part of their organizational missions, and have advocated for low-income qualified applicants and organizations to apply for the SolarSense Low Income Solar Grant Program (LIS). These organizations offer the following observations, concerns, and recommendations to that program and assert there is a need for ***increased program transparency, clarity, and access within the LIS Grant program.*** Additionally, SUN offers a statement of their experience in their interaction with the SolarSense LIS Grant program, which we have filed as Appendix A in their document.

- **Transparency**

While the number of applications for LIS grants in 2021 seems to be small, it does appear to us, based on our community work, that applications for LIS funding in 2022 have been greatly increased. We warmly welcome the expansion of applications for this public resource, but with that comes with a need for increased clarity of available funding, number of applications, and status of applications in real time, so that the public is better informed about the ongoing availability of the resource. **We recommend the establishment and management of a dashboard for the LIS Grant program, updated weekly as needed, similar to what Minnesota Power is already providing for the SolarSense customer incentive (that includes annual total budget, the current rebate application queue, rebate dollars reserved, rebate dollars paid, and rebate dollars remaining).**

Additionally, the LIS program currently lists 7 elements of program design criteria that a select LIS Program Committee uses to judge applications. We maintained, in our previous comments in 2020 within this docket, our desire that the application selection process should be transparent, and feel even more strongly about this now, with the increase in interest and applications to this program. We believe applicants, especially in an atmosphere of increased competition for limited funds, deserve to understand who is reviewing their application, how the different design criteria are weighted generally, and how the design criteria are applied to their specific applications. **We thus recommend the LIS Program Committee members be publicly identified by the company. We also recommend that if not previously developed, a weighted rubric or metrics for the program design criteria be established, and that it be posted for the public for review prior potential applications. Finally, we recommend that applicants receive a score or report of how their application conforms to the program design elements, and a process for review and appeal be established in the case of disagreement over applicant program design element scoring.**

- **Clarity**

The current LIS Grant website that Minnesota Power maintains has 2 separate metrics for income qualifications. The LIS income qualifications for participants in one link ("Who can participate in the Low-income solar program" tab) is defined "as 50 percent of the state median income or 110 percent of the federal poverty level, whichever is greater." Yet in another link on the same site (link under "Participation Eligibility Requirements"), one is taken to their CARE program site, where the income qualification is at or below 60% of state median income, in compliance with Energy Assistance Program requirements.

**We recommend that 60% SMI be established as the single threshold for income qualification for the LIS program, if it is not already, and that be clarified on their website. We also recommend that one metric for individual qualification to meet this requirement be permitted by the use of low-income self-declaration process that Minnesota Power is establishing for the usage-and income-qualified discount rate that goes into effect in September of this year for their residential customers**

- **Access**

Given the small number of applications that the LIS program received in 2021, we would be interested to hear the Company's thoughts about why they perceived participation was low. It is our perception, in trying to inform potential applicants of this resource, that the LIS program by necessity got off to a slow start in 2021 given that the orders from the PUC arrived in the early spring of the year, which pushed back the formation of the LIS Program Committee. This

seemed to have a detrimental effect on public knowledge of the LIS program. Indeed, we were to surprised to discover in conversations with *former LIS pilot committee members* that even they did not know the LIS program had been reestablished formally, and thus they could not spread the word among potential developers and organizers about the availability of LIS**. To us, this suggests that marketing is a key component of the success of this program, and we suggest that in the future, if they have not already done so, the Company consider applying SolarSense development and delivery budget funding to forward public knowledge of the availability of the program by the company.**

Additionally, we would like company to consider establishing a direct on-ramp for low-income ratepayers, and their solar installers, to the LIS grant program. By this we mean that current program structure appears to be serving nonprofits, developers, and organizations that have time to devote to outreach and education, but there doesn't appear to be a direct path or process for a LI homeowner to access this resource. We think the coming arrival of the **usage-and income-qualified discount rate and its low-income self-declaration process provides an opportunity to establish such a path at low operational cost to the company and ratepayers, and would like the Company to consider such an options for starting such a process.**

## Recommendations

As Minnesota pursues the goal of transitioning away from fossil fuels to clean sources of electricity, bringing energy jobs and dollars directly into our communities, we expect our region to be a strong contributor to that transition. To do this, we'd like to see a robust rooftop rebate program that is responsive to customer demand, transparent, accessible, focused in equity, and forward looking. We do feel that, with the requested recommendations granted, the modified SolarSense program proposal would be squarely within the public interest and appreciated as such, now and in the future.

In summery MNIPL and the cosigned partners recommend:

1) **The Company establish new, annual SolarSense customer incentive budgets for the remaining 2023 and 2024 program year, to now be set at the current 2022 budget level, or $175,349 annually.**
2) **This increase to the annual budget in 2023 and 2024 be achieved with unspent, pre-allocated funds to the current SolarSense program, in the form of past, present and future unspent funding from the SolarSense development and delivery budget.**
3) **Acceptance of the proposed modifications by the Company to reduce the SolarSense target incentive level from 20% of installed cost to 10% of installed cost and to lower the maximum rebate per Solar Sense customer from $10,000 to $5,000.**
4) **The Company establish and post an announcement of a set start time and date for SolarSense customer incentive applications.**
5) **The establishment by the Company of a unique email address for the submission of SolarSense customer incentive applications.**
6) **The Company send all applicants a confirmation email verifying that the applications have been received.**

7) **If a lottery system is adopted as per the Company's proposal, that the application period be limited to one business day and that the subsequent lottery process for selecting applications occur relatively soon after application submission.**
8) **The establishment of a public facing dashboard for the SolarSense Low Income Solar Grant program, similar to what the Company is already providing for the SolarSense customer incentive budget.**
9) **The SolarSense Low Income Solar Grant program committee members be publicly identified by the company on their website.**
10) **The SolarSense Low Income Solar Grant program develop and publicly post a weighted rubric or metrics for the program design criteria used for application evaluation.**
11) **The SolarSense Low Income Solar Grant program provide applicants a score or report containing information about their application evaluation by the LIS Program Committee, and that program committee establish a review and appeal process in the case of disagreement over applicant program design element scoring and subsequent the awarding of grants.**
12) **60% SMI be established as the single threshold for income qualification for the Low income Solar Grant Program, and that the low income self-declaration process that the Company is establishing for their usage-and income-qualified discount rate be allowed as a qualifying metric to establish that income threshold.**
13) **That the Company consider the use of SolarSense development and delivery budget funding for public marketing of the LIS Grant program.**
14) **That the Company consider the creation of a more direct pathway for individual ratepayers to apply for LIS Grant funding.**

Sincerely,

Bret Pence, Greater Minnesota Director, Minnesota Interfaith Power & Light
Bobby King, Minnesota State Director, Solar United Neighbors of Minnesota
Jenna Warmuth, Midwest Regional Director, Vote Solar
Duluth Clean Energy Team, Sierra Club North Star Chapter

**Appendix A – Statement of experience with the Low Income Solar Grant Program by Solar United Neighbors**

Solar United Neighbors (SUN) has been engaged in two rounds of the Low-Income Solar Grant Program ("LI Solar Grant Program"). This was done in partnership with One Roof Community Housing (One Roof), a Duluth non-profit, that helps low-income individuals and families achieve homeownership. SUN is a non-profit that helps people go solar through education about solar and coordinating group buys to achieve the best price and service from a solar installer.

**Grant funds are necessary to make solar for low-income homeowners possible and to effectively develop policies and business models necessary to make solar work for low-income homeowners**. Because low-income homeowners spend a disproportionate amount of their income on energy costs, solar can be an effective part of freeing up income to be spent in ways that can help improve their economic situation i.e. education, home improvements, savings, etc. However, the largest solar incentive, the Federal Solar Investment Tax Credit (ITC), does not work for low-income homeowners since they have a limited tax burden. The LI Solar Grant Program allows a limited number of low-income homeowners go solar and their experience will be used to determine how well solar works for low-income families and what types of policies and contract terms will make more low-income solar possible. This program is valuable in that regard and should be expanded.

**The criteria and process for awarding grants should be clearer and the process more transparent.** Currently the criteria for awarding grants seems to change. This makes it difficult to understand what type of projects are likely to be funded and how best to effectively apply. The first year, 2021, One Roof submitted one grant application for $30,000 in funds to be applied to 6 low-income and low to moderate income (LMI) homeowners. SUN and One Roof had worked together and developed a model where homeowners would pay for part of the solar array through a loan whose monthly payment would be less than the savings generated by the solar array. This would allow the homeowners to be cash positive from day one. This was part of developing a model to make solar work for more low-income homeowners. However, One Roof was asked to submit three separate grant proposals totaling $51,316 that would cover the total cost of the solar arrays for the three homeowners whose income was low enough to qualify them for energy assistance.

This year (2022), using that experience as a guide, we submitted five grant proposals to cover the full cost of solar for five low-income homeowners that qualify for energy assistance ($100,952 in total). However, we were awarded a lump sum of $31,884 to be used towards the cost of the 5 projects. This is the exact opposite situation from last year. We had not talked with these homeowners about borrowing part of the funds to cover the cost of solar because of the experience last year with the grant program.

It would be helpful to have more concrete criteria of how grant applications will be reviewed, and funds awarded. We understand there can be no certainty when applying for grants, but increased clarity is certainly possible and would be very helpful.