

July 18, 2024

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

RE: 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:

Minnesota Power's On-going Compliance of its SolarSense Program with Minnesota's
Solar Energy Standard

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

Sincerely,

/s/ Dr. Sydnie Lieb
Assistant Commissioner of Regulatory Analysis

KB/DH/ad
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E015/M-20-607

I. INTRODUCTION AND BACKGROUND

The Department provides the following comments on Minnesota Power’s (MP) SolarSense Program. Through these comments, the Department responds to the Notice of Comment issued by the Commission on June 21, 2024.¹

In their 2024 Annual Report, filed on May 31, 2024, MP proposes to extend its SolarSense Program by three years (2025-2027),² and to make the following program modifications:

1. Institute an income cap for SolarSense rebates for residential customers at 150% of Area Median Income (“AMI”).
2. Prioritize residential and commercial projects in federally identified Disadvantaged Communities (“DACs”) and Tribal Lands.
3. Establish an Education and Outreach budget to support the program’s increased focus on equity.

A. PROCEDURAL HISTORY

On December 17, 2020, the Minnesota Public Utilities Commission issued its Order approving an expansion to Minnesota Power’s (MP or the Company) SolarSense Program, with certain modifications.³ This included the Commission’s denial of a \$15,000 annual Education and Outreach budget as ratepayers already fund an advertising budget through base rates.

On November 22, 2022, the Commission issued its Order approving the Company’s annual 2021 Report with modifications to their application process including MP’s proposal to reduce the maximum rebate per customer from \$10,000 to \$5,000, to reduce the target incentive from 20 percent to 10 percent of installed costs, and the transition from a first-come first-served rebate allocation process to a lottery-based allocation process.⁴

¹ Notice of Comment Period- In the Matter of the Petition of Minnesota Power’s New SolarSense Customer Solar Program No. E015/M-20-607, (June 21, 2024). (eDocket [20246-207860-01](#)). Hereinafter “June 21, 2024, Notice.”

² In the Matter of the Petition of Minnesota Power’s New SolarSense Customer Solar Program Docket No. E015/M-20-607, (May 31, 2024). (eDocket [20245-207306-02](#)). Hereinafter “2024 Annual Report.”

³ In the Matter of the Petition of Minnesota Power’s New SolarSense Customer Solar Program, Order Approving Extension and Changes, in Part, with Modifications Docket No. E015/M-20-607, (December 17, 2020). (eDocket [202012-169107-01](#)).

⁴ In the Matter of the Petition of Minnesota Power’s New SolarSense Customer Solar Program, Order Accepting Report and Approving Proposed Program Modifications Docket No. E015/M-20-607, (November 22, 2022). (eDocket [202211-190838-01](#)). Minnesota Power states that the reduced rebate was from requests from customers, solar installers, and interested stakeholders to make the rebate available to more customers. See Minnesota Power, Report—Annual Report and Proposed Program Modification at 6 (June 1, 2022) (eDocket Nos. [20226-186285-02](#)).

On May 31, 2024, MP filed an Annual Report and Proposed Program Modification to extend its SolarSense Program for three years, and to make modifications to its Program.⁵

On June 21, 2024, the Commission issued Notice of Comment Period⁶ requesting that parties comment on the following:

1. Should the Commission extend the SolarSense and IQ Solar Grants programs for an additional three years (2025-2027)?
2. Should the Commission adopt the following program modifications: the 150% Area Median Income SolarSense Rebate cap, the prioritization of Disadvantaged Communities and Tribal Lands, and the establishment of an Education and Outreach budget?

II. DEPARTMENT ANALYSIS

MP proposes an extension and modifications to its SolarSense Program to better align with program needs and expectations related to equity in the clean energy transition.⁷ The Department notes the Company's commitment to equity and agrees with the 150% Area Median Income (AMI) SolarSense Rebate cap. Additionally, the Department recommends the prioritization of projects in Disadvantaged Communities (DACs) and Tribal Lands. However, the Department finds that the Company's proposal for an Education and Outreach budget is unnecessary because MP's proposal aligns with the Company's existing advertising funds.

A. *THE COMMISSION SHOULD EXTEND THE SOLARSENSE AND IQ SOLAR GRANTS PROGRAMS FOR AN ADDITIONAL THREE YEARS*

The Department generally supports MP's ongoing efforts to support local solar development and reduce the upfront cost of installation for its customers. In their 2024 Annual Report,⁸ MP proposes an extension of the SolarSense and IQ Solar Grants programs for an additional three years (2025-2027). The Department appreciates the Company's commitment to providing consumers with the benefits that the programs provide. Therefore, the Department does not object to extension of the SolarSense and IQ Solar Grants programs through 2027.

⁵ 2024 Annual Report.

⁶ June 21, 2024, Notice at page 1.

⁷ 2024 Annual Report at page 10.

⁸ 2024 Annual Report at page 8.

B. THE DEPARTMENT RECOMMENDS APPROVAL OF THE 150% AREA MEDIAN INCOME REBATE CAP

MP proposes to institute an income cap for only residential customers at 150 percent AMI, as the majority of SolarSense rebates have historically been awarded to some of the highest income zip codes in the Company’s service territory.⁹ Upon investigation, the Department has no objection to this proposal.

To investigate the questions posed by the Commission, the Department requested that MP provide additional information regarding AMI, disadvantaged communities, and tribal lands within the Company’s service territory. MP provided the information, which is summarized in the following table (see Attachment 1 for the Company’s answer to the relevant Information Request).

Table 1. Distribution of the 150% AMI cap among MP Counties.

150% AMI (family of 4)	Percent of Counties in MP's Service Territory	Percent of Counties in Income Category With	
		DAC	Tribal Lands
>= \$150,000	6.7%	0.0%	0.0%
>=\$140,000 to \$150,000	26.7%	13.3%	13.3%
>=\$137,437.50 add to \$140,000	66.7%	66.7%	40.0%

According to the data provided by the Company, the income at the 150% AMI level varies from \$137,438 to \$152,250. As indicated in Table 1, most incomes are limited to the lowest category, \$137,437 to \$140,000 (66.7%). The next category, \$140,000 to \$150,000, applies to 26.7% of the counties. The highest category, \$150,000 and greater, includes 6.7% of the counties. The Department notes that, in DACs and Tribal Lands, AMI ranges are predominantly in the lower two income categories.¹⁰

Furthermore, MP suggests that their market opportunity going forward is in purchases by moderate-income customers. The Company states that the majority of their rebates has historically gone to high-income customers. Examining historical trends, the Company suggests that increasingly the rebate has little impact. The petition indicates a large recent increase in the number of customers who adopt solar without the utility rebate. The total number of solar installations increased from 55 interconnections in 2018 to 211 in 2023. During this period, MP customers increasingly proceeded without using the SolarSense rebate: in 2023, that figure exceeded 85% of solar installations in MP’s territory. Whereas approximately 20% proceeded without rebates until 2020. This trend supports limiting the SolarSense rebate to LMI customers.

⁹ 2024 Annual Report at page 9.

¹⁰ Benton County is the only county in MP’ service territory with a 150% AMI of at least \$150,000. The [county is part of the St. Cloud Metropolitan Statistical Area](#).

The Department supports MP's decision to set the SolarSense Rebate cap at 150% AMI. This program modification is in alignment with clean energy funding opportunities across regions and other utility service territories. Moreover, the income cap for the SolarSense program harmonizes with the income caps for home electrification rebates under the IRA.¹¹

C. ADVANCING JUSTICE40 THROUGH THE PRIORITIZATION OF DACS AND TRIBAL LANDS

The Department supports the program modification to prioritize DACs and Tribal Lands. In its proposal, MP aims to first award rebates to customers from these two areas. This prioritization is helpful as counties with lower income caps may be less able to afford the up-front costs of a solar installation. However, the Department notes that the extent of affordability is not entirely clear because cost of living may be lower in these areas.

In accordance with Executive Order 14008, the Company states that the prioritization of projects in DACs and Tribal Lands aligns with federal requirements established under the Justice40 Initiative,¹² which directs 40 percent of the overall benefits of certain Federal investments to flow to DACs. The benefits of these investments include clean energy and energy efficiency. Furthermore, the Company highlights its observation of the prioritization of DACs at the state and local level.¹³ The Department recognizes the Company's dedication to advancing Justice40 through this modification.

D. ESTABLISHING AN OUTREACH AND EDUCATION BUDGET IS UNNECESSARY

In the past, Minnesota Power sought to establish an annual solar education and outreach budget for the SolarSense Program. In its 2024 proposal, MP again requests an education and outreach budget.

The Department asked that MP provide additional information if there are any differences in education and outreach activities between the 2020 and the 2024 proposals. Like the education and outreach activities proposed in 2020, the education and outreach activities in the 2024 proposal include facilitation events through informational sessions, materials, and advertising in social media and traditional channels. As in 2020, the Company does plan on using some of the budget for more closely related education events, such as outreach to schools.¹⁴ However, the Department would have expected more focus on low- and moderate-income customers than was given in the Company's response. The Department concludes that the 2024 proposal is similar from MP's 2020 proposal. The information provided by the Company indicates a continued emphasis on general advertising efforts. In

¹¹ 2024 Annual Report at pages 9-10.

¹² [Executive Order 14008 of Jan 27, 2021.](#)

¹³ 2024 Annual Report at page 11.

¹⁴ *Reply Comments, Department of Commerce, Division of Energy Resources, In the Matter of the Petition of Minnesota Power's New SolarSense Customer Solar Program No. E015/M-20-607*, (September 1, 2020). (eDocket [20209-166360-01](#)).

the Order from 2020,¹⁵ the Commission determined that Minnesota Power can fund solar outreach through the advertising budget it recovers through base rates. The Department continues to recommend denial of MP's request to establish a \$15,000 annual education and outreach budget.

IV. RECOMMENDATIONS

The Department supports the extension of the SolarSense and IQ Grant programs through 2027. Additionally, the Department appreciates the Company's efforts to address equity. The Department recommends the Commission approve the Company's proposal to cap the SolarSense Rebate at 150% AMI. The Department further recommends that the Commission approve the Company's proposed modification to prioritize DACs and Tribal Lands. At this time, the Department is unable to support the establishment of an education and outreach budget.

¹⁵ *In the Matter of the Petition of Minnesota Power's New SolarSense Customer Solar Program at 7 Order Approving Extension and Changes, in Part, with Modifications Docket No. E015/M-20-607, (December 17, 2020).* (eDocket [202012-169107-01](#))

Minnesota Department of Commerce
85 7th Place East | Suite 280 | St. Paul, MN 55101
Information Request

Docket Number: E015/M-20-607

Requested From: Jennifer Kuklenski, Minnesota Power

Type of Inquiry: Financial

Nonpublic Public

Date of Request: 6/28/2024

Response Due: 7/8/2024

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Donald Hirasuna, and Krystal Binversie

Email Address(es): donald.hirasuna@state.mn.us; and Krystal.Binversie@state.mn.us

Phone Number(s): 651-539-1825

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Request Number:	2
Topic:	Area Median Income
Reference(s):	2024 ANNUAL REPORT AND PROPOSED PROGRAM MODIFICATION (Doc. ID: 20245-207306-02);

Request:

From Page 10 of Minnesota Power’s report on compliance of its SolarSense Program, the Company states:

Importantly, the proposed extension with modifications will better align the SolarSense program with growing needs and expectations related to equity in the clean energy transition. The income cap of 150 percent AMI for SolarSense residential rebates aligns with income requirements for home electrification rebates established under the IRA10 and income caps under the newly established Low and Moderate-income Accessible Community Solar Garden program (“LMI-Accessible CSG Program”)11 administered by the Minnesota Department of Commerce (the “Department”). Both programs have established the same income requirements using the U.S. Department of Housing and Urban Development (“HUD”) definitions of AMI.

Also, from Page 11 of Minnesota Power’s report on compliance of its SolarSense Program, the Company states:

When SolarSense rebate applications are received, Minnesota Power will identify the applications from residential customers that meet the income requirements and commercial customers and differentiate those located in DACs and Tribal Lands from those located outside of the prioritized zip codes. If the number of applications for projects located in DACs and Tribal Lands exceeds the number of rebates available for award, the Company will use the lottery system to award rebates. If the number of applications for projects located in DACs and Tribal

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SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Donald Hirasuna, and Krystal Binversie

Email Address(es): donald.hirasuna@state.mn.us; and Krystal.Binversie@state.mn.us

Phone Number(s): 651-539-1825

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Lands does not exceed the number of rebates available for award, the Company will award all applications from customers located in the prioritized zip codes and will use the lottery system to award the remaining rebates for applications from residential and commercial customers located outside of the prioritized zip codes.

Questions

1. Please list all 150% Area Median incomes for a family of 4 within Minnesota Power's Service territory. In the table include the following items:
 - a. Name of County, or Area;
 - b. 150% AMI for a family size of 4; and
 - c. If the County includes a federally identified Disadvantaged Communities DACs), please note the area in a separate column. Include in the notation, the name of any tribal land.
2. Please list the sources to the Area Median Income used for the table requested above. Also, please state what time-period these Area Median Incomes represent.
3. Please state whether the proposed modification would disqualify applicants from DACs with incomes greater than 150% of AMI.

County/Area	80% AMI (Fam of 4)	100% AMI (Fam of 4)	150% AMI (Fam of 4)	Federally Identified DAC? (Y/N)	Tribal Lands	DAC Zip Codes "Yes"	DAC Zip Codes "Partial"
Benton County	\$ 81,200.00	\$ 101,500.00	\$ 152,250.00	No	N/A	N/A	N/A
Carlton County	\$ 76,150.00	\$ 95,187.50	\$ 142,781.25	Yes - Partial DAC	Includes Tribal Lands of Fond du Lac Band of Lake Superior Chippewa	N/A	55707, 55718, 55720, 55733, 55749, 55756, 55757, 55767, 55780, 55783, 55797, 55808
Cass County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes	Includes Tribal Lands of Leech Lake Band of Ojibwe	56433, 56435, 56452, 56461, 56472, 56474, 56484	56452, 56484
Crow Wing County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes	N/A	56401	N/A
Hubbard County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes	Includes Tribal Lands of Leech Lake Band of Ojibwe	56470	N/A
Itasca County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes	Includes Tribal Lands of Leech Lake Band of Ojibwe	55721, 56628, 56636	55721, 55744, 56636
Koochiching County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes - Partial DAC	Includes Tribal Lands of Bois Fort Band of Chippewa	N/A	56649, 56668
Lake County	\$ 76,900.00	\$ 96,125.00	\$ 144,187.50	No	N/A	N/A	N/A
Morrison County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes	Includes Tribal Lands of Mille Lacs Band of Ojibwe	56345, 56443, 56473, 56466	56345, 56364

Ottertail County	\$ 74,400.00	\$ 93,000.00	\$ 139,500.00	Yes	N/A	56453, 56361	N/A
Pine County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes	Includes Tribal Lands of Mille Lacs Band of Ojibwe	55007, 55037, 55072, 55704, 55735	55037
St. Louis County	\$ 76,150.00	\$ 95,187.50	\$ 142,781.25	Yes	Includes Tribal Lands of Fond du Lac Band of Lake Superior Chippewa and Bois Fort Band of Chippewa	55702, 55705, 55711, 55718, 55719, 55720, 55732, 55736, 55746, 55765, 55779, 55802, 55805, 55806, 55807, 55808, 55810, 55811, 55812	55702, 55720, 55733, 55779, 55790, 55803, 55810, 55811
Stearns County	\$ 78,250.00	\$ 97,812.50	\$ 146,718.75	No	N/A	N/A	N/A
Todd County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes	N/A	56347, 56434, 56437, 56438, 56440, 56446, 56453, 56466, 56479, 56481, 56434	N/A
Wadena County	\$ 73,300.00	\$ 91,625.00	\$ 137,437.50	Yes	N/A	56481	N/A

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 18th day of July 2024

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Amster Olzweski	david@mysunshare.com	SunShare, LLC	1151 Bannock St Denver, CO 80204-8020	Electronic Service	No	OFF_SL_20-607_Official
Jennifer	Cady	jjcady@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	OFF_SL_20-607_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-607_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-607_Official
Allen	Gleckner	gleckner@fresh-energy.org	Fresh Energy	408 St. Peter Street Ste 350 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_20-607_Official
Mindy	Granley	mgranley@d.umn.edu	UMD Office of Sustainability	1208 Kirby Dr Duluth, MN 55812	Electronic Service	No	OFF_SL_20-607_Official
Jerome	Hall	hallj@stlouiscountymn.gov	Saint Louis County Property Mgmt Dept	Duluth Courthouse 100 N 5th Ave W Rm 515 Duluth, MN 55802-1209	Electronic Service	No	OFF_SL_20-607_Official
Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_20-607_Official
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_20-607_Official
Michael	Krikava	mkrikava@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-607_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Emily	Larson	eLarson@duluthmn.gov	City of Duluth	411 W 1st St Rm 403 Duluth, MN 55802	Electronic Service	No	OFF_SL_20-607_Official
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-607_Official
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David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_20-607_Official
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-607_Official
Nick	Nigro	nnigro@mnseia.org	Minnesota Solar Energy Industries Association	2288 University Ave W Ste 201 St Paul, MN 55114	Electronic Service	No	OFF_SL_20-607_Official
Logan	O'Grady	logrady@mnseia.org	Minnesota Solar Energy Industries Association	2288 University Ave W St. Paul, MN 55114	Electronic Service	No	OFF_SL_20-607_Official
Bret	Pence	bretpence@mnipl.org	Minnesota Interfaith Power and Light	106 Waverly Place Duluth, MN 55803	Electronic Service	No	OFF_SL_20-607_Official
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-607_Official
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duluth, MN 55802	Electronic Service	No	OFF_SL_20-607_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-607_Official
Joshua	Smith	joshua.smith@sierraclub.org		85 Second St FL 2 San Francisco, CA 94105	Electronic Service	No	OFF_SL_20-607_Official
Richard	Staffon	rcstaffon@msn.com	W. J. McCabe Chapter, Izaak Walton League of America	1405 Lawrence Road Cloquet, MN 55720	Electronic Service	No	OFF_SL_20-607_Official
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