

March 2nd, 2015

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

RE:               Comments on Community Solar Gardens  
                      Docket No. #002/M-13-867

Dear Mr. Wolf:

The City of Monticello, Minnesota (“City”), submits the following comments in regard to the Community Solar Gardens program, and the issues raised by the manner in which several applicants under this program are seeking permits to construct facilities.

The City believes that the Community Solar Garden program is in some cases being applied as large series of “linked” gardens, creating large electric generating facilities exceeding 50 megawatts or more.

The City believes that large solar array proposals, some of which may be seeking exemption from local land use controls through the 50 megawatt threshold, have the potential to interfere with the efficient provision of municipal services, raise costs to local taxpayers, and potentially leave large areas undevelopable due to increased costs of services.

The City believes that solar energy facilities at larger scales than the 1 MW Community Solar Garden may be able to fit within an urban pattern, but only when the local government has the ability to be an active participant in site selection and integrate such facilities into urban services planning.

In the information that follows, we identify the concerns of the City with the pending applications, and ask that the PUC considers approval of the permits on the condition that the City is granted local land use authority to ensure that the legislative intents for both community land use planning and community solar gardens are properly and adequately addressed.

Thank you for your attention to our concerns. This document is being filed electronically, and direct copies are being sent via US Mail.

If you have any questions related to our concerns or the following material, please do not hesitate to contact the undersigned at 763-271-3215.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff O'Neill". The signature is written in a cursive style with a large initial "J".

Jeff O'Neill  
City Administrator  
City of Monticello

Xcel Energy d/b/a Northern States Power Company Petition for Approval of Its Proposed Community Solar Garden Program | M-13-867

## **Background**

The City of Monticello is a community of nearly 14,000 residents in Wright County, northwest of the Twin Cities. We are home to one of Xcel Energy's nuclear power generation facilities, and large swaths of the area are covered with electrical transmission line corridors. The community is growing rapidly, as an important commercial and industrial center in the Interstate 94 corridor between the Twin Cities and St. Cloud.

Since the early 1970s, when the nuclear plant was first constructed, the City has worked closely with the surrounding Monticello Township board to plan the area's growth and development. In 2004, the City and Township entered into the current Monticello Orderly Annexation Area (MOAA) agreement, identifying the boundaries of municipal growth and the process for annexation of territories within the boundary for urban development.

The MOAA agreement specifies that the City will plan for urbanization of the growth area, and the Township, in concert with the City, will discourage annexation and urban growth until it meets a series of specific criteria. To accomplish this objective, the joint planning board for the MOAA has zoned the area for agricultural and other rural uses only. The intention is that development will occur within the municipal boundaries, and that new development will not occur in such a way as to interfere with rational, efficient growth that expands those boundaries.

This has allowed landowners a great deal of predictability as to the long-term land use patterns for the region. Likewise, it has allowed the City to carefully plan the growth of its infrastructure to ensure that its investments in streets, utilities, and related public services can be expanded as efficiently as possible. In short, urban uses are planned for municipal boundary areas, and rural uses for future growth areas, until such time as urbanization can expand to replace those rural uses.

## **Advent of Solar Energy Development**

With the recent expansion of proposed solar energy production, the City finds that its decades-long work at planning its growth and protection of rural areas is at risk. Several large-scale solar facilities are being considered within the City's growth boundary area. It is our understanding that due to the extensive network of transmission lines in the area, Monticello is an attractive area for new solar developers seeking to minimize their costs by connecting to the power transmission grid with minimal additional infrastructure.

We are aware that at least two such facilities are seeking permits in the Monticello area, and others are seeking land agreements to add their requests to the queue. By example, one of

these, a request by Sunrise Energy Ventures, consists of 400 acres of solar panel arrays on the City's immediate western boundary, and fully within the territory designated for future urban growth in the MOAA.

Sunrise considers their proposal – for the purposes of the Community Solar Garden program – a cluster of more than fifty independent 1 Megawatt Community Solar Gardens. By aggregating the clusters, and submitting the proposal as a single application, the City's understanding is that Sunrise may be able to avoid local land use regulations.

### **Impacts of Large Solar Development on Monticello**

The area in which the Sunrise project is located is a key area for the City's continued growth and financial stability. This part of the City has been identified as within Monticello's Northwest Interchange Study Area. The identification of this area as a location of for a future interchange is intended to address two interconnected issues.

First, the City's closest interchange with I-94, at Trunk Highway 25, is significantly overwhelmed with traffic. This is due in large part to the fact that TH 25 is the only Mississippi River crossing between Highway 101 at Elk River and Trunk Highway 24 at Clearwater – a distance along I-94 of 30 miles. This results in large volumes of traffic utilizing Highway 25 in travels to central and northern Minnesota, not to mention daily traffic generated by commuters, shoppers, and other travelers.

As Monticello grows, adding traffic to this interchange will only exacerbate the existing problem. To address this issue, the City has planned another interchange in the northwest portion of the Monticello area. This interchange would draw existing and new traffic away from the Highway 25 location, facilitating MnDOT's interest in its trunk highway operations.

To accomplish this, however, the City needs to be able to address the costs of interchange planning and construction. This raises the second issue. The only way to reasonably pay for such an interchange is to ensure that it serves an extensive area of development. A large solar array, such as the one proposed by Sunrise, directly impacts the City's ability to accommodate adequate levels of development in its MOAA. That planning area consists of approximately 1,000 acres. Sunrise's proposal consumes 40% of that area, but under its tax structure, would contribute only an insignificant amount to the costs of providing urban services to the area.

In an analysis of the property and production taxes suggested by Sunrise in correspondence with the City, it was determined that revenue generation from a solar array pays only 5 to 12 percent of the property taxes paid annually by urban development. Because they do not consume sanitary sewer, water or other utility services, the City would likely be unable to collect trunk area utility charges which developers pay as a one-time charge to extend utilities. It is estimated that over the Sunrise project area, the City would be forgoing nearly \$4,000,000 in trunk fees, the ability to collect interchange construction revenues, also in the millions of dollars, and anywhere from \$700,000 to \$1.6 million in property taxes annually. This is a major

financial barrier to the proposed interchange, with devastating impacts on the City's land use patterns and financial stability.

Moreover, some of those costs have already been incurred, including sanitary sewer infrastructure that is poised to serve development in the northwest portion of the MOAA. Without the ability to continue the City's planning for a northwest interchange, past investments will be wasted, and existing transportation issues will continue to increase in severity.

Finally, because the Sunrise proposal lies within the heart of the interchange planning area, we do not have the option to just go around it. The MOAA boundary lies just west of the Sunrise property, and the City does not have authority to extend it to recoup the land lost to the Sunrise solar project. Even if the City were able to do so, extending adequate streets and utilities past unproductive land to reach more remote development is prohibitively expensive. Common street and utility extension costs would be well over \$1,000,000 per mile – the breadth of the Sunrise project area. The sprawl induced by this has real costs that need to be spread to other development. The reality is that those costs make development unsustainable.

#### **Community Solar Gardens and Industrial Solar Power**

The City of Monticello is supportive of the state policies pursuing solar energy. A 1 Megawatt solar garden, on approximately 7-8 acres of land, would not raise the issues that the industrial-sized arrays present. The City is currently pursuing a revision to its zoning regulations that would allow property owners to maximize their solar energy production on developed land. We are further exploring a provision to accommodate the 1 MW Community Solar Garden in areas where they feasibly fit within the urban development pattern. Community Solar Gardens of 1 MW, in the way in which the legislature appears to intend, can likely fit within that urban pattern.

Likewise, solar energy facilities at larger scales than the 1 MW Solar Garden may be able to fit within an urban pattern, but given the impacts noted, only when the local government has the ability to be an active participant in site selection and integrate such facilities into urban services planning. The state's establishment of local land use planning authority states clearly that this authority is necessary to ensure responsible and fiscally sound public investments. Minnesota Statutes 462.351 reads:

*The legislature finds that municipalities are faced with mounting problems in providing means of guiding future development of land so as to insure a safer, more pleasant and more economical environment for residential, commercial, industrial and public activities, to preserve agricultural and other open lands, and to promote the public health, safety, and general welfare. Municipalities can prepare for anticipated changes and by such preparations bring about significant savings in both private and public expenditures. **Municipal***

***planning, by providing public guides to future municipal action, enables other public and private agencies to plan their activities in harmony with the municipality's plans. Municipal planning will assist in developing lands more wisely to serve citizens more effectively, will make the provision of public services less costly, and will achieve a more secure tax base.***

Industrial solar power, at a scale envisioned by many of the companies seeking development in and around Monticello, is a use appropriate for rural areas, and inappropriate for urban locations when the chosen location does not adequately address urban growth needs. Large solar arrays in urban areas create sprawl that adds to the costs borne by other taxpayers. Roadways, travel and fuel costs, and related municipal service costs all rise when sprawling development spreads out beyond its more compact pattern.

### **Summary**

The City of Monticello asks that the Public Utilities Commission respect the boundaries of municipal development and in-place municipal growth territory (such as the MOAA). Specifically, the City asks that the PUC considers the Sunrise Energy solar project, and any other projects within the Monticello Orderly Annexation Area, only when it can be shown that the project is designed in a way that takes urban growth factors into account.

As noted in the preceding pages, projects within the City's planned growth area have the likelihood of interfering with long-standing growth and development plans, many of which have been supported with already-incurred infrastructure costs. The City asks that the PUC accommodate municipal growth factors for the following reasons:

- 1. 1 Megawatt solar facilities are required to comply with local zoning authority. The aggregation of 1 Megawatt solar facilities into larger projects removes the facility from local zoning. If aggregation is determined to be acceptable, then it follows that the City should be given local land use authority over the aggregated facility.**
- 2. Solar energy facilities have the characteristics of rural land uses in that they use no urban services but consume large areas of land.**
- 3. Solar energy facilities generate public revenues required to support urban services at a rate far below the needs of the City to maintain and plan for needed new infrastructure.**
- 4. A large solar facility which is not subject to local planning authority creates sprawl that raises costs, or deters fiscally sound urban development altogether, putting existing infrastructure investment at risk, and interfering with solutions to existing problems.**

5. **Developers of large solar energy facilities have numerous options for development in rural areas, where their locations would avoid the problems associated with usurpation of land planned for urbanization.**

**Thank you for the opportunity to comment on the Community Solar program. The City of Monticello is a supporter of the program if implemented with the ability for local government to actively participate in their planning and location.**