



February 24, 2025

VIA E-FILING

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

Re: In the Matter of a Petition for Approval of Investments and
Expenditures in the Boswell Solar Project for Recovery through
Minnesota Power's Renewable Resource Rider under Minn.
Stat. 216B.1645 and Related Tariff Modifications
Docket No. E015/M-24-344
REPLY COMMENTS

Dear Mr. Seuffert:

Pursuant to the Minnesota Public Utilities Commission (or the "Commission") December 4, 2024 Notice of Comment Period in Docket No. E015/M-24-344, Minnesota Power (or the "Company") hereby electronically submits its Reply Comments to the Commission's request for information regarding the approval of investments and expenditures in the Boswell Solar Project for recovery through Minnesota Power's Renewable Resource Rider under Minn. Stat. 216B.1645 and Related Tariff Modifications for further consideration.

Please contact me at (218) 355-3037 or tsundbom@mnpower.com with any questions related to this matter.

Yours truly,



Tammy R. Sundbom
Public Policy Advisor II

TRS.th
Attach.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of a Petition for Approval of
Investments and Expenditures in the Boswell
Solar Project for Recovery through Minnesota
Power's Renewable Resource Rider Under
Minn. Stat. 216B.1645 and Related Tarriff Modifications

Docket No. E105/M-24-344
REPLY COMMENTS

I. INTRODUCTION

Minnesota Power (or "the Company") hereby submits its Reply Comments Filing in Docket No. E105/M-24-344 in response to the Notice of Extended Comment Period ("Notice") issued by the Minnesota Public Utilities Commission ("MPUC" or "Commission") on December 4, 2024, for comments filed by parties on February 11, 2025. On November 13, 2024, Minnesota Power filed its Petition for Approval of Investments and Expenditures ("Petition") in the Boswell Solar Project (or "Project") for recovery through Minnesota Power's Renewable Resource Rider (or "RRR").

II. BACKGROUND

The Boswell Solar Project is an 85 MW solar energy facility that will be near the Boswell Energy Center ("Boswell" or "BEC") in Itasca County, Minnesota and will cost approximately \$163.5 million (reference Petition Table 2) to construct, including the Boswell Interconnector.

The Petition requested that the Commission:

- Approve for investments and expenditures related to the Project and the Boswell Interconnector pursuant to Minn. Stat. §216B.1645. The development of this 85 MW solar facility will facilitate compliance under the requirements of Minn. Stat. §216B.1691.
- Approve including the costs associated with the Project in the existing Renewable Resources Factor under the RRR.

III. REPLY COMMENTS

On February 11, 2025, the Department of Commerce (“Department”) filed comments in the matter of the Petition for Approval of Investments and Expenditures in the Boswell Solar Project. Minnesota Power agrees with the Department’s recommendations A, B1, C, and D with no additional comments. The Company appreciates the Department’s thorough review of the Petition and addresses the Department’s other recommendations below.

B.2.-1 The Department recommends the Commission limit cost recovery to a capital cost cap with the costs recovered set at the costs bid by Minnesota Power for the Boswell Solar Project.

Minnesota Power aims to ensure cost-effective and flexible infrastructure development that benefits customers while addressing current and future energy needs. The Company recognizes the Department’s recommendation that the Commission limit the cost recovery to a capital cost cap that reflects the costs bid by Minnesota Power for the Boswell Solar Project. While the Company understands this recommendation, Minnesota Power also respectfully requests Commission approval to recover the additional costs associated with the Boswell Interconnector transmission line that were not included in the bid based on prudent utility planning principles. This includes building the Boswell Interconnector transmission line and supporting infrastructure larger to accommodate the full BEC generation of 959MW rather than only the 85 MW from the Boswell Solar Project.

Investment in the Boswell Interconnector is essential given the rapidly evolving economic landscape and significant constraints for siting new transmission lines near the Boswell. This forward-thinking approach is crucial in our current interconnection-constrained environment, where new interconnections with MISO are taking longer than expected. The proposed design of the Boswell Interconnector positions Minnesota Power to have increased flexibility to utilize the existing interconnection rights at BEC to benefit Minnesota Power customers.

Building new transmission near BEC is challenging due to limited space for new infrastructure. Constructing facilities sized only for Boswell Solar along the current corridor would constrain future transmission expansion and potentially lead to higher costs for

customers if upgrades are needed later, as infrastructure sized to only support the Boswell Solar project may need to be upgraded or replaced if future transmission needs develop near BEC. The Boswell Interconnector will therefore be designed and constructed as a double circuit capable transmission line, allowing for a future second 230 kV transmission line on the same structures if needed.

Given the Company's commitment to a just transition as BEC prepares to cease coal, it is reasonable to expect future generation may be sited near Boswell, which is a priority location for energy infrastructure for the Company and the surrounding communities. The prudent decision is to design and construct the Boswell Interconnector to accommodate future capacity, maximizing the infrastructure's benefit for Minnesota Power customers into the future. By constructing the line as proposed, Minnesota Power is developing a least-cost pathway for flexibility at BEC, while ensuring the infrastructure is built in a way that would support future opportunities for siting at this location and allowing Minnesota Power to continue supporting the transitioning communities surrounding the facility.

B.2-2 The Department recommends the Commission authorize Minnesota Power to request Commission approval to exceed the cost-cap if it can show that any cost incurred above the cap are the result of a government action (e.g. tariff, trade investigation, etc.) that causes meaningful disruption to solar panel supplies and market prices.

Minnesota Power greatly appreciates the Department's approach to managing the cost-cap associated with the Boswell Solar Project. Minnesota Power will diligently monitor expenses. The costs of photovoltaic solar energy panels, components and related equipment will be included under the Renewable Rider, ensuring transparency and accountability in managing the Boswell Solar Project's budget. This strategy helps balance cost control with the need to adapt to external economic factors, ultimately benefiting Minnesota Power customers.

E. TAX MATTERS: The Department recommends that the Commission approve MP's proposal to sell PTCs. However, to ensure there are net benefits to ratepayers, the

Department recommends that the Commission require MP to track the actual cost and benefits of selling PTCs in its annual renewable energy rider filing

Effective with Minnesota Power's 2024 RRR Petition¹ the Company added two adjustments to its Production Tax Credits ("PTC") true-up procedure to account for transfer of the PTCs to eligible transferee taxpayers in exchange for cash payments. The first adjustment accounts for the discount on PTCs which is necessary to incentivize the transferees to purchase the credits, while the second adjustment accounts for the reduction in Accumulated Deferred Income Tax Asset ("ADITA") as cash is received from the transferee. The reduction in ADITA will accumulate with each cash payment received. Minnesota Power expects an on-going net benefit to customers and commits to providing annual updates in its RRR petition.

¹ See Docket No. E015/M-24-140.

IV. CONCLUSION

Minnesota Power would like to express our gratitude to the stakeholders who filed comments of support for this project, including the City of Cohasset, Itasca Economic Development Corporation, the Grand Rapids Chamber of Commerce, and members of the Laborers' International Union of North America ("LIUNA"). Minnesota Power values the opportunity to respond to these comments and looks forward to continued collaboration with the Commission, the Department, and interested stakeholders for the benefit of all customers.

Dated: February 24, 2025

Respectfully submitted

A handwritten signature in black ink, appearing to read 'TS', with a long horizontal line extending to the right.

Tammy R. Sundbom
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STATE OF MINNESOTA)
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COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 24th day of February, 2025, she served Minnesota Power's Reply Comments in **Docket No. E015/M-24-344** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.



Tiana Heger