



February 13, 2014

**TO:**

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

**FROM:**

Carrie Cullen Hitt  
Senior Vice President, State Affairs  
Solar Energy Industries Association  
505 9<sup>th</sup> St. NW, Suite 800  
Washington, D.C. 20004

**RE: PUC Docket Number E999/M-14-65 - In the Matter of Establishing a Distributed Solar Value Methodology under Minn. Stat. §216B.164, subd. 10 (e) and (f)**

Dear Secretary Haar:

The Solar Energy Industries Association (SEIA)<sup>1</sup> would like to take this opportunity to comment in docket number E-999/M-14-65 regarding the establishment of a distributed solar value methodology under Minnesota Statute §216B.164, subd. 10 (e) and (f).<sup>2</sup>

Minnesota's Value of Solar Tariff (VOST) allows Investor-Owned Utilities (utilities) to apply to the Minnesota Public Utilities Commission (Commission) for a tariff that includes the value of solar as an alternative to net metering.<sup>3</sup> On January 31, 2014, the Minnesota Department of Commerce, Division of Energy Resources submitted the "Minnesota Value of Solar: Methodology" to the Commission. On January 31, 2014, the Commission requested comment on the proposed methodology.

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<sup>1</sup> Established in 1974, SEIA is the national trade association of the United States solar energy industry. Through advocacy and education, SEIA and its 1,000 member companies are building a strong solar industry to power America. As the voice of the solar industry, SEIA works to make solar a mainstream and significant energy resource by expanding markets, strengthening the industry, and educating the public on the benefits of solar energy. SEIA represents all major solar technologies, including photovoltaic, concentrating solar power, and solar heating and cooling, as well as all points in the value chain, including financiers, project developers, component manufacturers and solar installers. The positions expressed herein are the positions of SEIA and not the positions of any individual member company.

<sup>2</sup> MN Laws 2013, Chapter 85 HF 729, Article 9, Section 10.

<sup>3</sup> Id.



SEIA’s comments are limited to the transfer and value of renewable energy credits (RECs) as relates to the VOST.<sup>4</sup>

Section §216B.164, subd. 10 (i) states that “RECs generated under the VOST belong to the electric utility providing the credit.” This raises two important issues that should be addressed by the Commission: (1) the transfer of RECs and (2) the value of RECs. It is important that the Commission address both issues before approving the VOST methodology.

**1. The Commission Should Allow RECs Generated Under the VOST to be Transferred from System Owner to Utility Outside of the VOST**

The proposed VOST methodology is silent on the issue of REC transfer under the VOST. Therefore, under the proposed methodology, RECs are not currently part of the VOST transaction. While the statute states that RECs generated under the VOST belong to the utility providing credit, SEIA encourages the Commission to consider ways in which the system owner can either keep their RECs or, if this is not possible, transfer their RECs to utilities outside of the VOST. This will encourage customer choice and will likely lead to a more accurate valuation of REC prices.

**2. If the Commission Determines That RECs Automatically Transfer from System Owner to Utility Under the VOST, the Commission Should Appropriately Value the RECs**

If the Commission chooses to include RECs in the VOST methodology, it should do so by explicitly stating that RECs are transferred through the VOST, and the value of RECs must be included in the VOST so that renewable energy generators are compensated for both the electricity they generate and the REC value.

Should RECs be included in the VOST, the VOST would be akin to a bundled transaction between the utilities and the system owner, in which the utility buys the physical electricity and the REC by paying a premium that adequately compensates the generator for the value of the REC.

SEIA will provide recommendations for REC valuation to the Commission in its next round of comments.

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<sup>4</sup> Id.



Sincerely,

/s/ Carrie Cullen Hitt

Carrie Cullen Hitt  
Senior Vice President, State Affairs  
Solar Energy Industries Association