



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 Regal Solar Project for Recovery through
Minnesota Power's Renewable Resource Rider under Minn.
Stat. 216B.1645 and Related Tariff Modifications
Docket No. E015/M-24-343
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-24-343, 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 Regal 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

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Attach.

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

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

Docket No. E105/M-24-343
REPLY COMMENTS

I. INTRODUCTION

Minnesota Power (or "the Company") hereby submits its Reply Comments Filing in Docket No. E105/M-24-343 in response to the Notice of Extended Comment Period ("Notice") issued by the Minnesota Public Utilities Commission ("MPUC" or "Commission") on December 4, 2024, and 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 Regal Solar Project (or "Project") for recovery through Minnesota Power's Renewable Resource Rider (or "RRR").

II. BACKGROUND

The Project is a 119.5 MW solar energy facility that will be in Benton County near Royalton, Minnesota and will cost approximately \$237.5 million to construct.

The Petition requested that the Commission:

- Approve for investments and expenditures related to the Project pursuant to Minn. Stat. §216B.1645. The development of this 119.5 MW solar project 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 response to the Company’s Petition. Minnesota Power appreciates the Department’s thorough review of the Petition. Minnesota Power agrees with the Department’s recommendations A, B.2.-1, 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.-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 Regal 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 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 filings.

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

¹ See Docket No. E015/M-24-140.

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.

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, and the Grand Rapids Chamber of Commerce. Minnesota Power appreciates 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,



Tammy R. Sundbom
Public Policy Advisor II
Minnesota Power
30 W Superior Street
Duluth, MN 55802
218-355-3037
tsundbom@mnpower.com

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-24-343** 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