



AN ALLETE COMPANY

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August 15, 2022

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 Minnesota Power's On-going
Petition for Approval to Modify the
SolarSense Customer Solar Program
Docket No. E015/M-20-607**

Dear Mr. Seuffert:

Pursuant to the Minnesota Public Utilities Commission (or the "Commission") June 10, 2022 Notice for Comment Period in Docket No. E015/M-20-607, Minnesota Power (or the "Company") hereby electronically submits its Reply Comments for the topics open for comment regarding the Company's petition for approval to modify the SolarSense Customer Solar Program:

- *What should be the SolarSense target incentive level?*
- *What should be the maximum rebate per SolarSense customer?*
- *What allocation process should be used?*
- *Are there other issues or concerns related to this matter?*

Please contact me at (218) 355-3297 or jkuklenski@mnpower.com with any questions regarding this filing.

Respectfully,

Jennifer Kuklenski
Public Policy Advisor

JMK:th
Attach.

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

In the Matter Minnesota Power's
Petition for Approval to Modify the
SolarSense Customer Solar Program

Docket No. E-015/M-20-607
REPLY COMMENTS

I. INTRODUCTION

Minnesota Power (or, the "Company") hereby electronically submits its Reply Comments in response to Initial Comments from Fresh Energy, Minnesota Solar Energy Industries Association ("MnSEIA"), and Minnesota Interfaith Power and Light ("MNIPL"), with organizational partners Vote Solar, Solar United Neighbors ("SUN"), and Sierra Club.

For more than a decade, Minnesota Power's voluntary SolarSense program has long encouraged the adoption of customer-sited solar PV installations by reducing the large upfront cost of installing solar and making individual solar a more viable option for residential and commercial customers. Since its initial implementation in 2004, the SolarSense Customer Solar Program ("SolarSense" or "the Program") has continuously evolved to meet the needs of customers and send proper signals to encourage a sustainable solar market in northern Minnesota.

Over the years, the Program has been expanded, extended, and modified to reflect changes in customer needs as well as in the evolving solar market. On February 10, 2017, the Commission issued an Order approving Minnesota Power's proposal to expand SolarSense.¹ The expanded program, which included incentives for customer-sited solar installations, a first-in-the-state low income solar pilot program, and a solar research and development program, was approved with funding through the 2019 calendar year. On

¹ DOCKET NO. E-015/M-16-485: ORDER APPROVING PROGRAM CHANGES, DENYING COST RECOVERY IN PART, REQUIRING ANNUAL REPORT, AND REQUIRING COMPLIANCE FILING.

December 20, 2019, the Commission issued an Order approving the Company's request to extend the Program through the 2020 calendar year.²

On July 1, 2020 Minnesota Power filed a request with the Commission to extend the program for four additional years and proposed changes to the program, including: the reduction of the customer incentive budget to reflect the declining cost of solar installations, the conversion of the low-income pilot program into a permanent grant program with an increased budget, a new cap on low-income grants, and a new solar education and outreach budget to expand the public awareness of Minnesota Power's solar programs. In the Company's Reply Comments filed August 10, 2020, it stated that an education and outreach budget for the SolarSense program was essential to ensure the program was more equitably serving customers, as roughly one third of all SolarSense rebates were awarded to customers living in just three zip codes – all of which were within the City of Duluth and had significantly higher average household incomes than the rest of Minnesota Power's service territory. Following a public hearing on November 5, 2020, the Commission issued an Order on December 17, 2020 approving the Company's proposed four year extension with programmatic modifications.³ Notably, the Commission denied the Company's request to establish an education and outreach budget for SolarSense, finding a separate budget to promote the Program would not be in the public interest. The Commission's December 17, 2020 Order approved Minnesota Power's SolarSense program through 2024.

On June 1, 2022, the Company submitted to the Commission its annual compliance filing.⁴ Based on specific feedback from local solar installers and stakeholders, the Company requested approval of a modification to the SolarSense Customer Rebate Program in order to offer an improved customer experience. Specifically, the Company requested approval to make the following adjustments to the program starting in 2023:

² DOCKET NO. E-015/M-16-485: In the Matter of the Petition for Approval of Minnesota Power's New SolarSense Customer Solar Program.

³ DOCKET NO. E-015/M-20-607: ORDER APPROVING PROGRAM EXTENSION AND CHANGES, IN PART, WITH MODIFICATIONS.

⁴ Docket No. E015/M-20-607: In the Matter of Minnesota Power's On-going Compliance of its SolarSense Program with Minnesota's Solar Energy Standard – Annual Report and Proposed Modification.

- Reduce the target incentive level from 20 percent of installed cost to 10 percent of installed cost.
- Reduce the maximum rebate per customer from \$10,000 to \$5,000.
- Transition from a first-come, first-served rebate allocation process to a lottery-based allocation process to allow more time for solar installers and customers to submit applications given the high demand.

On June 10, 2022 the Commission issued a Notice for Comment Period regarding the requested modifications to Minnesota Power's SolarSense Customer Solar Program. Initial Comments were submitted on July 15, 2022. Topics Open for Comment for the SolarSense Customer Solar Program:

- What should be the SolarSense target incentive level?
- What should be the maximum rebate per SolarSense customer
- What allocation process should be used?
- Are there other issues or concerns related to this matter?

Minnesota Power submits Reply Comments below.

II. REPLY COMMENTS

Minnesota Power has organized responses to initial comments by topic open for comment, prioritizing aspects of the topics that drew comments from multiple stakeholders.

A. What should be the SolarSense target incentive level?

Fresh Energy, MnSEIA, and MNIPL, with organizational partners Vote Solar, SUN, and Sierra Club, all supported Minnesota Power's request to reduce the target incentive level to 10 percent of installed cost. Minnesota Power appreciates the support of stakeholders in reducing the SolarSense target incentive level from 20 percent to 10 percent of installed cost as proposed in the Company's compliance filing.

B. What should be the maximum rebate per SolarSense customer?

Fresh Energy, MnSEIA, and MNIPL, with organizational partners Vote Solar, SUN, and Sierra Club, all supported Minnesota Power's request to reduce maximum rebate per customer to \$5,000. Minnesota Power appreciates the support of stakeholders in reducing the maximum rebate per SolarSense customer from \$10,000 to \$5,000 as proposed in the Company's compliance filing.

C. What allocation process should be used?

Minnesota Power appreciates stakeholder feedback regarding the implementation of a lottery system to award rebates. As described in the Company's compliance filing, the demand for SolarSense rebates in recent years has resulted in full allocation of all available dollars within seconds of the program opening and has raised questions of the fairness of this methodology given the increased demand. As indicated in comments from MNIPL and organizational partners, email servers, clock settings on computers and differing internet speeds, along with other issues like firewall protections and attachment sizes make this a challenging process. While Minnesota Power appreciates the suggestions provided by MNIPL, Vote Solar, SUN, and Sierra Club to address these issues, the Company does not believe they would immediately solve the concerns regarding ambiguity and fairness in the program.

The Company welcomes further discussions regarding a better methodology should one be identified, but has determined that a lottery-based allocation process is the fairest option for both customers and installers at this time and for this specific modification request. Minnesota Power has separated the SolarSense rebate application from the interconnection application, significantly reducing the amount of information needed to apply to the program, and is currently working to implement a SolarSense database to be used for future applications. With the combination of a new application database that will be unfamiliar to installers and customers, and the streamlined application, the Company feels that providing installers time to prepare a thorough submission is the best option from an implementation and customer experience perspective.

D. Are there other issues or concerns related to this matter?

While Minnesota Power believes some of the additional recommended programmatic changes discussed by stakeholders in initial comments may be adopted, particularly a few related to the Low Income Solar Program, the Company feels that many of the suggestions provided are beyond the scope of the topics open for comment related to the proposed modifications in the Company's June 1, 2022 filing. Minnesota Power is seeking to make few targeted changes to the program in response to specific developer and customer feedback, in order to better serve customers during the two remaining years of the SolarSense Program. The Company proposed these changes to immediately improve the customer experience, but did not intend to holistically reevaluate the Program at this time, which is approved through 2024.

That stated, the Company appreciates the thoughtful consideration stakeholders demonstrated through their Initial Comments and would like to take the opportunity to respond to some of the issues and concerns raised below.

1. Budget

Although matters related to the SolarSense budget are not within the scope of this program modification request, Minnesota Power acknowledges the recommendations made by MnSEIA and MNIPL, with organizational partners Vote Solar, SUN, and the Sierra Club, that the Company increase funding to the SolarSense Program. Since its inception, SolarSense has encouraged the adoption of customer-sited solar PV installations by reducing the large upfront cost of installing solar and making individual solar a more viable option for residential and commercial customers.

However, the program has continuously needed to evolve to meet the needs of customers and reflect current market conditions. In their 2020 Order, the Commission noted that the Company's reduction to the SolarSense customer incentive funding was reasonable in light of the declining costs of solar installation. Since then, solar installation costs have continued to decline and incentives should

adjust accordingly. Notably, while Minnesota Power's rebate budget has decreased in recent years, the number of solar interconnections have steadily increased. For the first time in the program's nearly 20 year history, less than 50 percent of all solar interconnections in Minnesota Power's service territory receive an incentive, indicating that rebates are no longer necessary to drive the solar market in northern Minnesota. Arbitrarily increasing the rebate budget would result in Minnesota Power customers funding incentives for customer-sited solar projects that would likely move forward without the incentives.

Minnesota Power agrees with MnSEIA that meeting the state's carbon goals is important. Minnesota Power was the first utility in the state to deliver 50 percent renewable energy for customers and has outlined a bold carbon reduction plan in its pending Integrated Resource Planning ("IRP") docket.⁵ IRPs are the appropriate venue to address a utility's progress in meeting broad state energy policy goals.

2. Low Income Solar Program

Low Income Solar Program applications in 2022 exceeded the amount of funding available

In 2021, funding for the Low Income Solar Program exceeded awarded applications. Unused funding was rolled over into the 2022 program year. However, in the spring round of 2022 applications, grant applications requesting a total of \$232,952 were submitted for an available amount of \$175,734 (unused 2021 budget plus 2022 budget). The Company expects that the entirety of the Low Income Solar Program funding will be awarded through 2024. Additional information about the grants awarded in 2022 will be detailed in the Company's 2023 compliance filing in this docket.

⁵ DOCKET NO. E015/RP-21-33: In the Matter of Minnesota Power 2021-2035 Integrated Resource Plan.

Increased Committee Transparency

The Low Income Solar Grant Committee is comprised of both external community representatives and employees from the Company. The committee member criteria were filed in this docket on January 21, 2021. Minnesota Power opened public applications for new Low Income Solar Program Committee members in 2021 and outreach was conducted via both social media and personal outreach, including to representatives of the Sierra Club, MNIPL, tribal governments, and organizations that serve low income customers. Seven external and five internal Company committee members were chosen.

The Company acknowledges the recommendation that committee members be publicly identified and is seeking consent from all committee members. Once consent is given, the Company can provide this information publicly on the low income solar program website.

Increased Application Transparency

The Company does not object to the following suggestions by stakeholders in regards the Low Income Solar Program website, application, and rubric:

- Establishment and management of a dashboard for the Low Income Solar Program to be updated after each grant award period and posted on the Company's website. The dashboard will include the annual total budget (including rollover funds), year to date grant dollars awarded, and grant dollars remaining.
- Making a public scoring rubric. In the past, the Program Committee used a rubric to help assess applications. The application – and therefore corresponding rubric – are currently undergoing revisions, but once the Program Committee approves the revisions the scoring rubric will be made public on the low income solar program website.

- Sharing feedback directly with applicants who are not awarded grant funds.

The Company is committed to cross-promoting the Low Income Solar Program whenever possible and often includes information about the program when communicating about other income-qualified programs including energy conservation offerings and the Customer Affordability of Residential Electricity (“CARE”) rate. However, the Company does not think promoting the Low Income Solar Program through the ongoing self-declaration customer communications as suggested by MNIPL and organizational partners Vote Solar, SUN, and the Sierra Club represents an appropriate opportunity to do so. The self-declaration process will be new to customers and as such, Minnesota Power has worked directly with the Consumer Affairs Office and interested stakeholders to design a thoughtful communication plan. Reducing the potential for customer confusion around this important initiative is critical to ensuring customers continue to receive important assistance benefits. However, Minnesota Power will include customers that have self-declared as income-qualified in any future customer communications about the Low Income Solar Program.

The Company acknowledges the request that an appeal process for grant decisions be instituted, but such a process would be challenging to implement. Applicants who are awarded funding need certainty in their grant award and amount. If an applicant appealed their denial of funding, any additionally awarded grants would either need to come from future grant funding – which may not be available – or from grants already awarded to other applicants in that cycle. Minnesota Power encourages applicants to use feedback provided by the Program Committee to improve their application and apply again in the next round of funding.

Low Income Eligibility Threshold

There was previously a typo on one of the information drop downs on the Company’s website that stated an inaccurate eligibility criteria. The Company has since fixed that error. On the Low Income Solar Program webpage under

“Participation Eligibility,” there is now a link to the income eligibility specifications. The income eligibility threshold for the program is designed to be the same as it is for the Company’s Customer Affordability of Residential Electricity (“CARE”) program – currently 60 percent of State Median Income. The Company does not verify the income of the individual applicant(s) for the Low Income Solar Program and in an effort to increase accessibility to solar energy has funded projects for organizations that benefit income-qualified customers (for example shelters and transitional housing).

3. Education and Outreach

Minnesota Power proposed a modest Solar Education and Outreach program as part of its SolarSense Customer Solar program submitted on July 1, 2020. At that time, the education and outreach proposal lacked stakeholder support and was ultimately denied by the Commission. Minnesota Power agrees that education and outreach is an important part of delivering any customer program and acknowledges that the lack of a dedicated Solar Education and Outreach program may have impacted program participation. Additionally, as the Company has stated previously in this docket, its position is that a dedicated education and outreach budget is essential to delivering programs that more equitably service customers, both in terms of geography and income equity. Minnesota Power appreciates Fresh Energy’s recommendation to utilize program budgets that have historically not been fully allocated for Education and Outreach. However, it is important to note that those program budgets were developed based on specific assumptions to achieve desired program results, including labor to deliver programs, required software solutions, etc. The Company is currently in the process of using those funds for other expenses, as approved in the filing.

III. CONCLUSION

Minnesota Power appreciates the opportunity to respond to comments from Fresh Energy, MnSEIA, MNIPL, Vote Solar, SUN, and the Sierra Club in this matter. The success of the SolarSense and Low Income Solar program is a testament to the continued customer interest in solar energy in Minnesota Power's service territory, as well as the advocacy and outreach efforts done by installers and partner organizations. The Company is committed to continuing to support customers who wish to pursue renewable energy at their home or business and appreciates the Commission's previous approvals to continue the SolarSense program through 2024.

Ultimately, Minnesota Power has proposed a few targeted modifications in response to specific developer and customer feedback, as well as developments in the solar market. The Company has seen an increase in customer interest in small-scale solar installations as the cost of installing solar has continued to decline. The Company appreciates the support from Fresh Energy, MnSEIA, MNIPL, Vote Solar, SUN, and the Sierra Club for reducing the SolarSense target incentive level and the maximum rebate per SolarSense customer. These modifications will allow the Company to allocate the available budget to more customers, while also encouraging a sustainable solar market in northern Minnesota.

While we understand the concerns associated with returning to a lottery based method for selecting rebates, changing the current first come-first served process will benefit customers and installers by allowing applications to be submitted over a given period of time and be selected in a way that provides all applicants an equal opportunity to be chosen. The Company has alleviated some of the earlier problems associated with the lottery based system by simplifying the rebate application requirements. Additionally, Minnesota Power is in the process of selecting and implementing a new software solution to streamline the SolarSense rebate application process. This new tool, with an expected in service date in early 2023, will add transparency to the application and installation process for customers and installers and provide for an improved customer experience.

Minnesota Power looks forward to continued collaboration with interested stakeholders on matters related to the SolarSense Customer Solar Program.

Please contact me at (218) 355-3297 or jkuklenski@mnpower.com with any questions related to this matter.

Dated: August 15, 2022

Respectfully,

A handwritten signature in black ink that reads "Jennifer Kuklenski". The signature is written in a cursive style with a large initial "J".

Jennifer Kuklenski
Public Policy Advisor
Minnesota Power
30 W Superior Street
Duluth, MN 55802

STATE OF MINNESOTA)
) ss
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 15th day of August, 2022, she served Minnesota Power's Reply Comments in **Docket No. E015/M-20-607** 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