

February 7, 2014

ELECTRONICALLY FILED

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

**Re: In the Matter of a Commission Inquiry into Ownership of Renewable Energy Credits
used to Meet Minnesota Requirements Minnesota Docket No. E999/CI-13-720**

Dear Dr. Haar:

Minnkota Power Cooperative, Inc. submits the enclosed Comments in response to the Minnesota Public Utilities Commission's ("Commission's") Notice for Comment Period on Commission Inquiry issued December 30, 2013.

We have electronically filed this document with the Commission, which also constitutes service on the Minnesota Department of Commerce, Division of Energy Resources and the Office of the Attorney General, Antitrust and Utilities Division. A copy of this filing has been served on all parties on the service list in this docket.

Please contact me at (701) 795-4252 or sdahl@minnkota.com if you have any questions.

Sincerely,
/s/ STACEY DAHL
Stacey Dahl
Manager of External Affairs

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

In the Matter of a Commission Inquiry into
Ownership of Renewable Energy Credits
used to Meet Minnesota Requirements

Docket No. E999/CI-13-720

**MINNKOTA POWER
COOPERATIVE'S
COMMENTS**

I. INTRODUCTION

Minnkota Power Cooperative, Inc. (Minnkota or Company) respectfully submits the following Comments in the above-captioned matter. The Comments are made in response to the Commission's Notice of Comment Period on Commission Inquiry, issued in the above-captioned docket on December 30, 2013.

Minnkota appreciates the opportunity to comment on the above-referenced docket. Minnkota is a non-profit electricity generation and transmission (G&T) cooperative and is the sole supplier of electricity for eleven (11) non-profit cooperative distribution companies and the operating agent for Northern Municipal Power Agency which serves twelve (12) small cities in eastern North Dakota and northwestern Minnesota. Minnkota serves about 130,000 customers over a 35,000 square mile area.

In addition to coal and hydroelectric resources, Minnkota has the largest wind system capacity per capita of any G&T cooperative in the nation. The wind resources account for approximately 32 percent of Minnkota's system capacity and are 25 year purchase power agreements with NextEra Energy. The agreement clearly defines that Minnkota is the owner of the Renewable Energy Credits (RECs).

The PUC has posed a number of questions on which we will comment, but generally, Minnkota wishes to express two key points. First, should the Commission begin issuing decisions on REC ownership, the PUC should not attempt to overrule PPA contracts between the utility and the renewable generator where REC ownership has already been determined. These projects are typically larger in size and often involve negotiations of many components, with ownership of RECs as just one part.

Additionally, a utility should be able to claim the RECs for renewable energy if purchased at retail rate as required under Minnesota's net metering law. If utilities are required to buy the output of that renewable energy source, at retail rates, the utility should continue to receive the full attributes of that renewable energy through sale which includes the RECs.

II. COMMENTS ON OPEN TOPICS

A) *What categories of Renewable Energy Credits (RECs) need clarity of ownership?*

Minnkota Response:

For the large majority of Minnkota's renewable portfolio, the REC ownership is contractually established. REC ownership clarification should be limited to the projects subject to the uniform statewide contract referenced in statute 216B.164 subd 6 with the template listed in rule 7835.9910. The uniform statewide contract is silent

on REC ownership. Minnkota would like to see the uniform statewide contract adjusted to clarify REC ownership.

- B) *Who owns the RECs from net metered customers? Does it matter whether the QF is being paid the average retail rate or the avoided cost rate?*

Minnkota Response:

Minnkota believes that the RECs should flow to the purchasers of the QF generation output unless the RECs are contractually diverted.

- C) *Who owns the RECs if a third party owns the PV equipment and leases the homeowner/business?*

Minnkota Response:

Unless there is a contractual commitment otherwise, the RECs should remain attached to the kilowatt-hour purchases under net metering obligations.

- D) *Are there special considerations on REC ownership related to REC aggregators/marketers?*

Minnkota Response:

Whoever are the contractual owners of the RECs should have the ability to sell them to or through REC aggregators/marketers.

- E) *What factors should the commission take into account when determining REC ownership?*

Minnkota Response:

Unless contractually established otherwise, the ownership of RECs should be with the purchaser of the kilowatt-hours associated with those RECs.

- F) *Should the Commission make decisions on REC ownership?*

Minnkota Response:

Minnkota does not believe it is necessary and the determination of personal property ownership rights may not be within the jurisdiction of the PUC.

February 7, 2014

RESPECTFULLY SUBMITTED

/s/ STACEY DAHL
Stacey Dahl
Manager of External Affairs