

**STATE OF MINNESOTA  
PUBLIC UTILITIES COMMISSION**

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August 17, 2022

**In the Matter of the Petition of Xcel Energy  
for Approval of the Acquisition of Solar  
Generation at Xcel Energy’s Sherburne County  
Site**

**Docket No. E002/M-20-891**

**CLEAN ENERGY ORGANIZATIONS COMMENTS**

Fresh Energy, Clean Grid Alliance, Minnesota Center for Environmental Advocacy, and the Sierra Club, or “Clean Energy Organizations” (“CEOs”), submit these comments in support of Xcel Energy’s (“Xcel” or “the Company”) proposal to develop, own, and operate a 460 MW solar plant at the Sherburne County coal facility (“Sherco Solar”) as updated in its July 27, 2022 filing.

The need for new solar, such as this project, is well established through the Company’s recently approved resource plan. The approved plan includes procuring approximately 1,300 MW of solar by 2026,<sup>1</sup> and the Sherco Solar project, in combination with Xcel’s recently issued solar RFP, is a key part of putting this approved solar in the ground and in-service within important interconnection timelines.

While the cost is higher than general market solar pricing before the pandemic, solar project pricing has not been immune from the volatility seen throughout the global economy and the energy sector

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<sup>1</sup> Department of Commerce, *Comments*, November 10, 2021 at 8 (“Therefore, the Department concludes that the proposed Project would be consistent with the generic size, type, and timing proposed by the Department in the on-going IRP as long as the pricing is reasonable.”); Minnesota Public Utilities Commission, *Order Approving Plan with Modifications and Establishing Requirements for Future Filings*, Docket No. E002/RP-19-368, at 31.

broadly since the COVID-19 pandemic began in 2020. The project's cost should be considered in the context of the current market, which has experienced significant price increases compared to historic lows.<sup>2</sup> Solar is certainly not the only facet of the energy industry that is experiencing cost increases from supply chain, inflation, and commodity volatility. Within this context where essentially everything is more expensive for the time being, the need for new solar on Xcel's system remains, and is still the right next step.

While the analysis in Xcel's recently approved IRP could not have predicted and directly accounted for the recent market shifts and volatility, the modeling analysis in the IRP did test Xcel's approved plan against high solar costs<sup>3</sup> and high electricity market and fuel prices.<sup>4</sup> The results of both of these sensitivities showed that Xcel's approved coal and nuclear retirement scenario remained least cost.<sup>5</sup> It makes sense that in the current context where capital costs for all resources are higher due to supply chain issues and inflation, and natural gas and coal prices are significantly increased and highly volatile, that retiring coal plants and adding fuel-free, near-term solar would remain the right choice. The IRP sensitivity modeling provides additional, directionally consistent evidence that the approved coal plant retirement dates and near-term solar additions are still the right course despite recent volatility throughout the energy landscape.

### **Workforce Benefits**

CEOs also support the project because it is poised to provide exciting workforce opportunities. As Xcel's petition points out, the project will use union labor, helping to ensure high-quality local workforce opportunities.<sup>6</sup> LiUNA's comments also highlight that the project's timing and location will allow it to be an opportunity for community workforce transition, as laborers in the Becker

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<sup>2</sup> See e.g., Solar Energy Industries Association, *Solar Market Insight Report 2021 Year in Review*, March 10, 2022 available at: <https://www.seia.org/research-resources/solar-market-insight-report-2021-year-review> ("2021 was a year of increasing costs for the solar industry. Wood Mackenzie's tracking began showing consistent year-over-year and quarter-over-quarter price increases starting in Q2 2021, which continued throughout the year. Year-over-year price increases for utility-scale solar reached 18% for fixed-tilt projects and 14.2% for single-axis tracking projects in Q4."); Solar Energy Industries Association, *Solar Market Insight Report 2022 Q2*, June 7, 2022 available at: <https://www.seia.org/research-resources/solar-market-insight-report-2022-q2> ("... utility-scale solar continues to be heavily impacted by high commodity prices and supply chain constraints, which have been exacerbated by the anti-circumvention investigation.").

<sup>3</sup> Xcel, *Reply Comments*, Xcel Energy 2020-2034 Integrated Resource Plan, Docket No. E002/RP-19-368, June 25, 2021, Appendix A: Modeling Assumptions & Inputs, Table 23, at 28.

<sup>4</sup> *Id.*, Appendix C: Sensitivities, Table 2, at 1.

<sup>5</sup> *Id.*

<sup>6</sup> See generally, Fresh Energy, *Initial Comments*, Docket Nos. E,G999/CI-20-492 and E,G002/M-20-716, October 16, 2020 at 3 (support for prioritizing projects with labor union workforce).

area that have worked on coal and nuclear plants will have a chance to gain experience with solar construction.<sup>7</sup> Finally and importantly, this project was identified as the first project for Xcel's recently approved workforce diversity pilot in large part because the location is within commuting distance for black, indigenous, and people of color ("BIPOC") trainees located in the Twin Cities metro and Saint Cloud.<sup>8</sup> CEOs have been actively promoting policies to increase BIPOC access to clean energy jobs and strongly support this pilot. The project's workforce elements should be considered a significant benefit from the project in the Commission's evaluation of the petition.

Therefore, CEOs support approval of Xcel's proposal for the Sherco Solar project to fulfil the continued demonstrated need for near-term solar on Xcel's system as ordered in the recently approved resource plan, and to fulfil the unique community and workforce opportunities the project presents.

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<sup>7</sup> LIUNA Minnesota and North Dakota, *Comments*, November 10, 2021 at 1 (hereinafter "LIUNA Comments").

<sup>8</sup> Minnesota Public Utilities Commission, *Order Approving Framework and Setting Additional Requirements*, In the Matter of the Petition for Approval of a Workforce Training and Development Program Pilot, Docket No. E-002/M-21-558, February 22, 2022; LIUNA Comments at 2.