

June 22, 2022

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E999/PR-22-12

Dear Mr. Seuffert:

On June 1, 2022, utilities submitted their annual compliance filings detailing compliance with Minnesota's Renewable Energy Standard (RES) and Solar Energy Standard (SES). Attached please find the Minnesota Department of Commerce, Division of Energy Resources (Department) comments on utility compliance with the RES and SES requirements set forth in Minn. §216B.1691.

The Department recommends the Commission accept the RES and SES reports, find all utilities in compliance with the RES requirements, and find Minnesota Power and Xcel Energy in compliance with the SES requirements.

Sincerely,

/s/ SUSAN L. PEIRCE
Rate Analyst Coordinator

/s/ ADWAY DE
Public Utility Rate Analyst

SLP/AD/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E999/PR-22-12

I. BACKGROUND INFORMATION

A. RENEWABLE ENERGY STANDARD (RES) REQUIREMENTS

Minn. Stat. §216B.1691, subd. 2(a) requires utilities other than Xcel Energy to obtain at least 20 percent of their Minnesota retail sales from renewable energy in 2021. Minn. Stat. §216B.1691, subd. 2(b) requires Xcel Energy to obtain 30 percent of its Minnesota retail sales from renewables.

The following utilities have filed their 2021 compliance reports:

- Basin Electric Cooperative (Basin);
- Central Minnesota Municipal Power Agency (CMMPA);
- Dairyland Power Cooperative;
- East River Electric Power Cooperative (East River);
- Great River Energy (GRE);
- Heartland Consumers Power District;
- L&O Power Cooperative;
- Minnesota Municipal Power Agency (MMPA);
- Minnesota Power (MP);
- Minnkota Power Cooperative;
- Missouri River Energy Services (MRES);
- Northwestern Wisconsin Electric Company;
- Otter Tail Power Company (OTP);
- Southern Minnesota Energy Cooperative (SMEC);
- Southern Minnesota Municipal Power Agency (SMMPA); and
- Xcel Energy

B. SOLAR ENERGY STANDARD (SES) REQUIREMENTS

Minn. Stat. §216B.1691 was amended by the 2013 Legislature to require public utilities to generate or procure 1.5 percent of their Minnesota retail electric sales from solar energy by 2020. The statute also requires utilities to meet a portion of their solar energy standard (SES) requirement from small solar facilities (small solar carve-out). The statute required Xcel Energy to obtain at least 10 percent of the

1.5 percent SES requirement from solar facilities 20 kW of capacity or less. The utilities subject to the SES are:

- Minnesota Power;
- Otter Tail Power; and
- Xcel Energy

The 2017 Minnesota Legislature amended the SES Statute to require Otter Tail Power Company (OTP) and Minnesota Power (MP) to obtain 10 percent of their 1.5 percent SES requirement from solar facilities with 40 kW of capacity or less. In addition, the SES statute now permits MP and OTP to apply individual customer solar garden subscriptions of less than 40 kW towards their small solar carve-out requirement. The statute permits utilities subject to the SES to exclude retail sales to the mining, paper mill and wood products manufacturing industries from the calculation of their SES requirement.

The 2018 Minnesota Legislature amended the SES Statute to raise the facility size associated with the small solar carve-out from 20 kW to 40 kW for Xcel Energy, consistent with the requirement for MP and OTP.

On June 1, 2022, utilities submitted their annual compliance reports detailing compliance with the RES and SES requirements, as well as providing information on their green pricing programs.

II. DEPARTMENT ANALYSIS

A. RES COMPLIANCE

Attachment A to these comments summarizes utility RES compliance for 2021. The Department has reviewed the compliance filings and determined that all Minnesota utilities subject to the RES have complied with the requirements in 2021. In total, utilities retired RECs representing 24.5 percent of Minnesota retail sales.

B. SES COMPLIANCE

Three utilities, Xcel Energy, Minnesota Power and Otter Tail Power, are subject to the SES requirements. Reporting requirements include:

- The total Minnesota retail sales for the compliance year, and the total amount of Minnesota retail sales excluded from the SES requirement.
- Annual solar generation on the utilities' system for the compliance year, including the total number of units registered in M-RETS to that utility and solar renewable energy credits (SRECs) generated from those units;
- Solar generation should be broken down into the following categories:

1. facilities with 40 kW capacity or less;
2. eligible community solar garden (CSG) subscriptions; and
3. facilities over 40 kW.

The Department has reviewed the annual SES compliance reports and concludes that Minnesota Power and Xcel Energy have complied with the Commission Order's.

Table 1, below, summarizes the utilities SES compliance.

Table 1: Summary of SES Compliance

	Xcel	Minnesota Power	Otter Tail Power
Total MN Retail Sales	28,810,844	8,896,839	2,593,158
SES Excl. Retail Sales	130,872	5,960,138	65,520
SES Retail Sales Oblig.	28,679,972	2,936,701	2,527,638
SES Requirement:			
Total SRECs Req. 1.5%	430,200	44,051	37,915
Small SREC Req 0.15%	43,020	4,405	3,791
SRECs Retired toward SES			
Total SRECs retired	430,200	44,052	34,124
Small SRECs retired	43,020	4,406	2,192
			Small REC shortfall (1,599)

As detailed in Table 1, both Xcel and Minnesota Power met their overall SES Requirement, as well as their Small Solar Carve-out requirement.

Otter Tail Power fell short of meeting its SES requirement as a result of a shortfall of 1,599 in SRECs coming from solar facilities of less than 40 kW. To date, OTP has relied on SREC purchases to meet much of its SES requirement. In its compliance filing, OTP detailed its efforts to obtain small SRECs noting it has obtained small SRECs through projects installed with Made in Minnesota incentives, and its Publicly Owned Property (POP) solar incentive program. In November 2021, OTP proposed to fund solar on newly constructed Habitat for Humanity homes in its territory through its CIP Program; however the proposal was denied by the Department's CIP unit for lack of cost-effectiveness. OTP further stated its attempts to purchase SRECs from small solar projects were unsuccessful due to lack of an active marketplace. Finally, OTP states that the COVID-19 pandemic has resulted in supply chain issues and pricing increases which has limited new installations.

OTP states it has approximately 1.1 MW of small solar projects currently under contract which provides an estimated 1,389 in annual SRECs. The capacity shortfall in small solar projects is estimated at 1.8 MW. OTP expects approximately half of that capacity need or 0.9 MW to be installed in the next 6 to 18 months as part of the Minnesota Solar for Schools program, projected Tribal Government projects and customer projects.

OTP requests Commission approval to begin activities to develop up to 30 company-owned, 40 kW solar projects for a total capacity of 1.2 MW. Costs would be recovered through the Renewable Rider Cost Recovery (RRCR) filing. The Company states if approved, the Company would file cost, program details including timing and proposed recovery. If approved, small scale solar capacity would be approximately one-third Company-owned and two-thirds customer owned.

The Department requests that the Company provide detailed cost information for its proposal, along with a comparison to the costs of existing 40 kW projects before the Commission grants it approval to pursue additional small scale solar capacity. The Department notes that Minn. Stat. §216B.1691, Subd. 2(b) sets forth criteria under which the Commission may modify or delay the RES requirement. Similar criteria is not provided for the SES requirement.

Finally, the Department recommends the Commission direct OTP to retire SRECs from utility scale projects to cover the shortfall in small solar RECs until the Company has sufficient capacity to meet its small solar carve-out. If the Commission agrees with this recommendation, the Department recommends that OTP submit a compliance filing in the current docket showing the additional SREC retirements.

IV. DEPARTMENT RECOMMENDATION

The Department recommends the Commission find that all utilities complied with the RES requirement in 2021, and that Minnesota Power and Xcel Energy complied with the SES requirement.

The Department recommends the Commission direct Otter Tail Power to submit detailed cost information along with a comparison to the costs of existing 40 kW projects, and to retire SRECs from utility scale projects to cover the shortfall in small Solar RECs for 2021. Upon the filing of a compliance filing demonstrating that OTP retired additional utility scale SRECs to cover its shortfall, the Department recommends that OTP be found to have made a good faith effort to meet the 2021 small solar requirement.

Attachment A: 2021 RES Compliance

Utility	2021 MN Retail Sales MWhs	RES Req. %	RES Req. MWhs	RECs Retired
Basin	945,011	20%	189,002	189,004
CMPA	370,122	20%	74,025	74,025
Dairyland Power	861,191	20%	172,238	172,239
East River Electric	603,082	20%	120,616	120,669
GRE	10,746,506	20%	2,149,301	2,152,900
Heartland	241,926	20%	48,385	48,387
L&O Power Coop	288,306	20%	57,661	57,662
Minnesota Power	9,454,795	20%	1,890,959	1,890,960
Minnkota	1,491,225	20%	298,245	298,245
MMPA	1,865,862	20%	373,172	373,173
Missouri River Energy Services	1,691,803	20%	338,361	338,361
NW Wisconsin**		20%	-	
Otter Tail Power	2,593,158	20%	518,632	518,632
SMEC	732,511	20%	146,502	146,503
SMPA	2,882,669	20%	576,534	576,534
Xcel	28,810,844	30%	8,643,253	8,643,254
Total	63,579,011		15,596,887	15,600,548

REC Retirements as a Percentage of MN Retail sales

24.5%

**NW Wisconsin serves approximately 114 Minnesota customers with 2020 sales of 593 MWhs.

The Minnesota Commission permits NWEA to comply with its MN RES requirements with the submission of its Wisconsin RPS compliance report. The Company retired 25,638 RECs or 14.48% of its 3-year average Wisconsin retail sales of 181,796 MWhs. NWEA generated 23,432 MWh of renewable energy in 2020.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Comments

Docket No. E999/PR-22-12

Dated this **22nd** day of **June 2022**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Derek	Bertsch	derek.bertsch@mrenergy.com	Missouri River Energy Services	3724 West Avera Drive PO Box 88920 Sioux Falls, SD 57109-8920	Electronic Service	No	OFF_SL_22-12_PR-22-12
Jon	Brekke	jbrekke@grenergy.com	Great River Energy	12300 Elm Creek Boulevard Maple Grove, MN 553694718	Electronic Service	No	OFF_SL_22-12_PR-22-12
Richard	Burud	rgburud@msn.com	Southern Minnesota Energy Cooperative	31110 Cooperative Way Rushford, MN 55971	Electronic Service	No	OFF_SL_22-12_PR-22-12
LORI	CLOBES	lclobes@mienergy.coop	MiEnergy Cooperative	31110 COOPERATIVE WAY PO BOX 626 RUSHFORD, MN 55971	Electronic Service	No	OFF_SL_22-12_PR-22-12
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_22-12_PR-22-12
Curt	Dieren	curt.dieren@dgr.com	L&O Power Cooperative	1302 S Union St Rock Rapids, IA 51246	Electronic Service	No	OFF_SL_22-12_PR-22-12
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_22-12_PR-22-12
Ronald J.	Franz	ronald.franz@dairylandpower.com	Dairyland Power Cooperative	3200 East Ave S PO Box 817 La Crosse, WI 546020817	Electronic Service	No	OFF_SL_22-12_PR-22-12
Joe	Hoffman	ja.hoffman@smmpa.org	SMMPA	500 First Ave SW Rochester, MN 55902-3303	Electronic Service	No	OFF_SL_22-12_PR-22-12
Casey	Jacobson	cjacobson@bepc.com	Basin Electric Power Cooperative	1717 East Interstate Avenue Bismarck, ND 58501	Electronic Service	No	OFF_SL_22-12_PR-22-12

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Nate	Jones	njones@hcpd.com	Heartland Consumers Power	PO Box 248 Madison, SD 57042	Electronic Service	No	OFF_SL_22-12_PR-22-12
Brian	Krambeer	bkrambeer@mienergy.coop	MiEnergy Cooperative	PO Box 626 31110 Cooperative Way Rushford, MN 55971	Electronic Service	No	OFF_SL_22-12_PR-22-12
Sara G	McGrane	smcgrane@felhaber.com	Felhaber Larson	220 S 6th St Ste 2200 Minneapolis, MN 55420	Electronic Service	No	OFF_SL_22-12_PR-22-12
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Ben	Nelson	benn@cmpasgroup.org	CMMPA	459 South Grove Street Blue Earth, MN 56013	Electronic Service	No	OFF_SL_22-12_PR-22-12
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_22-12_PR-22-12
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_22-12_PR-22-12
John	Richards	johnrichards@nweco.com	Northwestern Wisconsin Electric Company	104 S. Pine St. Grantsburg, WI 54840	Electronic Service	No	OFF_SL_22-12_PR-22-12
Robert K.	Sahr	bsahr@eastriver.coop	East River Electric Power Cooperative	P.O. Box 227 Madison, SD 57042	Electronic Service	No	OFF_SL_22-12_PR-22-12
Kay	Schraeder	kschraeder@minnkota.com	Minnkota Power	5301 32nd Ave S Grand Forks, ND 58201	Electronic Service	No	OFF_SL_22-12_PR-22-12

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Carol	Westergard	cwestergard@otpc.com	Otter Tail Power Company	215 S Cascade St Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_22-12_PR-22-12