

July 19, 2019

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E999/M-19-276

Dear Mr. Wolf:

On May 31, 2019, Xcel Energy (Xcel), Minnesota Power (MP) and Otter Tail Power Company (OTP) filed Annual Reports on Progress in Achieving the Solar Energy Standard. Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) on the annual reports.

The Department recommends **acceptance** of the reports, and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ SUSAN L. PEIRCE
Public Utility Rate Coordinator

SLP/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E999/M-19-276

I. INTRODUCTION

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). Xcel Energy is required to obtain at least 10 percent of the 1.5 percent SES requirement from solar facilities 20 kW of capacity or less.

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 small solar carve-out from 20 to 40 kW for Xcel Energy.

II. SUMMARY OF REPORTING REQUIREMENTS

The Minnesota Public Utilities Commission's (Commission) April 25, 2014 *Order Clarifying Solar Energy Standard Requirements and Setting Annual Reporting Requirements* in Docket No. E999/CI-13-542 requires utilities to submit the following information:

- Annual Minnesota retail sales;
- Annual excluded customer sales;
- A list of customers requesting exclusion and their North American Industry Classification System (NAICS) code;
- Total Minnesota retail sales for customers excluded from the SES requirement;
- Annual solar generation, the total number of units registered in M-RETS (Midwest Renewable Tracking System) and total S-RECs (solar renewable energy certificates) generated from those units;
- Estimated amount of solar generation in MWs the utility would be required to obtain in 2020;
- Estimated solar energy requirements to meet the SES in 2020;

- A short summary of ongoing efforts to obtain solar energy, including the anticipated mix of project sizes for SES compliance;
- A summary of progress toward the 10 percent carve out for systems under 20 kW;
- A brief summary of the state(s) in which the solar generation is located or anticipated to be located;
- Purchases and sales of S-RECs to meet the SES; and
- A breakdown of S-RECs from the following:
 1. Facilities receiving a Value of Solar rate;
 2. Community Solar Gardens;
 3. Facilities under a net metering tariff;
 4. Utility-owned solar projects;
 5. Solar facilities that have entered a purchased power agreement (PPA) with the utility;
 6. Facilities receiving an incentive such as Solar*Rewards or Made in Minnesota.

The October 23, 2014 Order in Docket E999/CI-13-542 requires utilities subject to the SES to include the following:

1. Excluded sales only from customers that have requested and been approved by utilities for exclusion from the SES requirements;
2. Additional information supporting each utility's assumed capacity factor;
3. More detailed information on each utility's ongoing efforts to obtain solar energy on their systems;
4. Information on the effective load carrying capability and MISO capacity accreditation for existing or planned solar facilities;
5. Additional discussion on any challenges utilities face in registering small solar facilities; and
6. A discussion of how utilities weigh the uncertainty of the solar investment tax credit benefit to awaiting the potential for technology improvements which may reduce the costs of adding solar resources.

III. DEPARTMENT REVIEW

The Minnesota Department of Commerce, Division of Energy Resources (Department) reviewed the annual SES reports and concludes that they include the requested information and therefore comply with the Commission's Orders. In general, the three utilities subject to the SES continue to evaluate solar projects that will be used to meet the SES. The Department provides a brief summary of each utility's efforts to meet the 2020 SES requirement.

A. Otter Tail Power Company (OTP)

OTP continues to evaluate utility-scale solar projects that will qualify as least cost resources in all the jurisdictions in which it operates. In the meantime, OTP has pursued meeting its 2020 and 2021 SES requirements through the purchase of S-RECs. OTP has issued RFPs for the purpose of building Company-owned 40-kW solar projects, but has found placement of smaller projects to be challenging. The Company states it is nearing agreement for one project that it believes will be completed in 2019, and a second project is in the planning stages. Finally, OTP has two customers participating in its Publicly Owner Property Solar (POP Solar) project with a total capacity of 62.8 kW. Four additional applications for the program have been submitted so far in 2019.

B. Minnesota Power (MP)

MP intends to meet its SES through its Camp Ripley (10 MW) project, and its Blanchard Solar PPA (10 MW). In addition, the Company has 1.04 MW of community solar gardens, and has expanded its SolarSense Customer Solar Program to assist with customer-sited solar projects in order to meet the small solar carve-out. MP also states it actively participates in the Minnesota Solar Pathways Initiative that aims to provide support and technical assistance toward meeting the 10 percent SES requirement by 2030.

C. Xcel Energy

Xcel reports that it had approximately 25.5 MW in solar from facilities of 40 kW or less, and 752.4 MW of solar capacity from facilities over 40 kW. Xcel has 262 MW of utility-scale solar projects, some of which are earmarked for its Renewable*Connect green pricing pilot. The Company continues to offer incentives for the installation of rooftop solar through its Solar*Rewards program. The Second Generation Solar*Rewards program offers incentives based on the system's energy production to customers installing solar systems of less than 40kW.

In its most recent IRP filing (Docket E002/RP-19-368), Xcel proposes to add 4,000 MW of solar facilities over the forecast period, 2020-2034.

IV. DEPARTMENT RECOMMENDATION

The Department recommends the Commission accept the Annual SES Reports submitted by Xcel Energy, Minnesota Power and Otter Tail Power Company.

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