

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John Tuma	Commissioner

**In the Matter of the Petition for
Approval of Minnesota Power’s New
SolarSense Customer Solar Program –
Request to Revise SolarSense Program
Docket No. E015/M-20-607**

**MINNESOTA SOLAR ENERGY
INDUSTRIES ASSOCIATION’S
(MnSEIA) COMMENTS**

July 31, 2020

**Docket No.
E015/M-16-485/M-20-607**

MnSEIA’s COMMENTS

The Minnesota Solar Energy Industries Association (“MnSEIA” or “the Association”) is a 501(c)(6) nonprofit trade association that represents our state’s solar businesses, with over 110 member companies, which employ over 4,000 Minnesotans.

BACKGROUND

On February 10, 2017, the Commission approved Minnesota Power’s (“MP” or “the Company”) proposal to expand the SolarSense Customer Solar program (“the program”). The expanded program included incentives for customer-sited solar installations, a Low Income Solar Pilot Program and a Solar Research and Development Program. The Commission approved the expansion, with some changes. The Company proposed and the Commission accepted a one-year extension of the SolarSense Program through the 2020 calendar year on December 19, 2019.

COMMENTS

I. Extension of the SolarSense Program is Good for Minnesota

MnSEIA approves of the Company's intention to extend the SolarSense program. We realize that such a rebate program is not *directly* required by statute or regulation, and that the allocation of ratepayer funds is entirely voluntary. MnSEIA further recognizes that the program has helped spur a burgeoning solar industry in Northern Minnesota. MnSEIA supports a four-year extension of the program.

Furthermore, MnSEIA supports the Company's proposal to change the start of the program year to March 1. MnSEIA agrees with the Company's logic that Northern Minnesota weather in January and February inhibits solar site assessments, and that weather delays consume significant portions of the allocated six-month timeline for SolarSense projects to be completed. This sort of schedule contributes to a "lumpiness" in the workload of solar development and installation companies. The Company's further reasoning that March 1 coincides with its Solar Energy Standard progress reports is logical.

MnSEIA welcomes the transition of the Low-Income Solar Pilot program to a Low Income Solar Grant program. The Association continues to seek out and advocate for ways in which solar can become more accessible to everyone, and more equitable in its benefits. If the Commission were to recommend any increases to this portion of the proposal, MnSEIA would support the decision.

Lastly, MnSEIA supports the proposed Education and Outreach program. As the Company references in its filing, MnSEIA member companies and other solar installers have done the vast bulk of solar education and marketing in Minnesota Power territory.¹ MnSEIA supports efforts by the utility to promote solar installation, especially if marketing materials are not limited to promotion of the SolarSense program, which has a limited pool of resources on which to draw.

II. The Incentive Program should not Decline as Steeply as Proposed

MnSEIA is concerned that the decline of rebate funding over the next four years will have a dampening effect on solar development in Minnesota Power territory. The Company proposes to

¹ OTHER--MODIFICATION REQUEST - IN THE MATTER OF THE PETITION FOR APPROVAL OF MINNESOTA POWER'S NEW SOLARSENSE CUSTOMER SOLAR PROGRAM, Docket No.E-015/M-16-485, Doc. Id 20207-164502-01 at 7 (July 1, 2020).

cut the Customer Incentives rebate pool to 50% of the current level in 2021, and by 50% each subsequent year through 2023, then remaining flat in 2024.

Evidence suggests that Minnesota Power customers have a strong appetite for the SolarSense incentives. The rebate pool does not meet demand even at the current level of funding, as evidenced by the \$709,356 rebate pool being drained *at least* by May 22, this year,² when the Company last updated its web page for the program.

Reason suggests that demand for the incentive will outstrip supply even more quickly in the coming years as the Customer Incentives pool declines.

III. The Proposed Program Development and Delivery Budget Appears Large Relative to the Program Budget

MnSEIA notes the changing overall shape of the Company's program budget over the proposed timeline, which remains steady in all respects beyond the Customer Incentives pool. Specifically, the Program Development and Delivery line item shows a slight upward trend over the proposed extension, the Education and Outreach and Low Income Program line items remain the same, while the Customer Incentives budget decreases by 50% for three consecutive years. It is MnSEIA's understanding that the Program Development and Delivery budget is spent internally on Company staff and services. We request the utility address this budget peculiarity during the reply comment period.

The proposed ratio of Incentives to Program Development and Delivery compares poorly to the 2019 and 2020 budgets³ for the program. The Program Development and Delivery budget remained the same in 2019 and 2020—as did each line item. In these years, the Customer Incentives and Low-Income Solar Program together represented approximately 75.83% (to the nearest hundredth percentile) of the total program budget. The Company's proposal shrinks that ratio: 72.52% in 2021; 59.62% in 2022; 47.50% in 2023; and 46.90% in 2024.

Looked at another way, the Program Development and Delivery portion of the budget represented 19.66% of the 2019 and 2020 program budgets, whereas the proposed budget shows that line item increasing as a share of the total program budget: 24.83% in 2021; 36.58% in 2022; 47.68% in 2023; and 48.34% in 2024.

² <https://www.mnpower.com/Environment/SolarSense/> Accessed July 21, 2020.

³ ORDER - IN THE MATTER OF THE PETITION FOR APPROVAL OF MINNESOTA POWER'S NEW SOLARSENSE CUSTOMER SOLAR PROGRAM, Docket No.E-015/M-16-485, Doc. Id 201912-158494-01 at 2 (December 20, 2019).

Lastly, while the Company proposes to shrink the Customer Incentives pool by 50% from 2020 to 2021, it proposes to shrink its own budget for Program Development and Delivery by only 28.29%. MnSEIA nonetheless recognizes that, if the administrative aspects to the program are indeed of a fixed-cost nature, then the proposed drop in funding between 2020 and 2021 represents a significant streamlining.

MnSEIA further recognizes that sufficient funding for administrative purposes is necessary and prudent to maintain an effective and successful program like SolarSense. However, it is unclear if this is the case.

The Company has not provided evidentiary details for its proposed administrative budget, or why it should be treated as a fixed cost not tied to the size of the program. MnSEIA will reserve judgement on whether the Program Development and Delivery portion of the budget is appropriate until the Company addresses the above program points.

IV. Recommendations and Conclusion

MnSEIA respectfully suggests that the Commission consider the relationship between the deliverables of the SolarSense Program—which is to say the Customer Incentive and Low Income Solar Grant Program—relative to the administrative costs of the program. If the proposed budget for the administration of the program should be found to be necessary and proper fixed costs, we ask the Company to consider increasing the variable or discretionary portions of the budget so as to increase the overall delivered value to consumers.

MnSEIA approves of the Company's proposal to add an Education and Outreach component to the program, which has historically been incumbent solely upon the solar installer community to promote.

MnSEIA supports the Company's proposal to change the start of the program year to March 1. This proposal is logical, and benefits both Minnesota Power and the solar industry.

MnSEIA enthusiastically supports the inclusion and expansion of the Low Income Program in the Company's proposal.

Finally, MnSEIA generally supports the extension of Minnesota Power's successful SolarSense program, recognizing that this program is a voluntary dedication of ratepayer funds toward the adoption of customer-sited solar.

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