

April 18, 2017

Via Electronic Filing

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

Re: Comments of the Institute for Local Self-Reliance for Community Solar Compensation / Docket No. M-13-867

Dear Mr. Wolf:

The Institute for Local Self-Reliance (ILSR) respectfully submits these comments in response to the Commission's notice to provide input on Department of Commerce recommendations for implementing adders to adjust the Value of Solar (VOS) rate when used as a solar garden bill credit rate.

A residential adder is appropriate

We support adoption of the Department's recommendation to include an adder to the VOS bill credit rate for residential subscribers. We appreciate the Department's analysis that the adder is warranted based on the added cost of administering subscriptions for residential customers (and it supports data we've seen -- which may have been submitted as trade secret -- regarding the marginal cost of serving residential customers).

Existing statute favors a residential adder

As ILSR noted in comments submitted January 13, residential subscriber participation was a pivotal consideration in legislation that shaped community solar programming. It is an essential component of ensuring access to community solar projects across all customer classes.

Researchers in the Minnesota House of Representatives specifically noted in their [summary of the statute](#) (216B.1641) that “it allows access to solar energy by renters and property owners lacking sufficient capital to install their own solar systems or whose property may be shaded or otherwise unsuitable for solar installation.”¹

An adder for residential participants helps cement community solar participation among groups otherwise at risk of being shut out of renewable generation. In our previous comments, ILSR noted roughly 50 percent of households cannot host their own solar, emphasizing the pivotal role community solar projects play in promoting more equitable access to clean energy.

The proposed adder value is reasonable

We support January comments filed by Cooperative Energy Futures which align with the Department recommendation to develop a residential adder worth \$0.025/kWh. We further support an adder for low-income participants, noting that there are marginal risks and costs associated with such subscribers.

Further review needed

While we remain open to a gradual step-down for the residential adder (as proposed by the Department), we recommend that any such implementation plan be based on more comprehensive market analysis that examines how community solar develops in Minnesota.

We agree with Cooperative Energy Futures’ earlier comments that any adders adopted by the Commission be applied in a way that does not favor out-of-state developers or introduce uncertainty with regard to financing. We also support Cooperative Energy

¹ <http://www.house.leg.state.mn.us/hrd/pubs/ss/ssolarleg.pdf>

Futures' earlier recommendation that the Commission commit to regularly review adders to adjust them as needed over time, based on market dynamics.

Budget, capacity caps unnecessary

We do not believe there is a need for the Commission to impose a cap on capacity or budget for the recommended residential adder. Such a limit would not be in keeping with the intent of the community solar statute, designed to expand access to solar.

Further, the scheduled phase-out of the adder acts as a de facto cap and -- like the phase out of federal tax credits for solar -- provides predictability and market certainty that an arbitrary cap would not.

Confusion about the adder assignment

It was our understanding that the adder would be applied to the individual subscriber and not the project as a whole, but question 6 seems to imply otherwise. Without knowing more about the methodology of choosing which projects are "residential" if adders are to be applied to whole projects, it's difficult to say when the appropriate time would be to apply the adder. We believe the adder is best applied to the subscriber, where residential status can be easily verified.

Thank you for the opportunity to comment; we appreciate that there has not been any legislative preemption of this regulatory process.

Sincerely,

/s/

John Farrell, Institute for Local Self-Reliance
2720 E. 22nd St.
Minneapolis, MN 55406
jfarrell@ilsr.org | 612-808-0888