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The Honorable Nick Frentz
Co-Chair, Legislative Energy Commission
95 University Avenue W.
Minnesota Senate Building, Room 3109
Saint Paul, MN 55155

The Honorable Patty Acomb
Co-Chair, Legislative Energy Commission
100 Rev Dr Martin Luther King Jr Boulevard
593 State Office Building
Saint Paul, MN 55155

Chair Frentz, Chair Acomb and Commission Members,

Fresh Energy is a 30-year-old, Minnesota-based nonpartisan, not-for-profit organization. We work to shape and drive bold policy solutions to achieve equitable carbon-neutral economies.

Fresh Energy has a long history with the Community Solar program, including having played an active leadership role in crafting and advocating for the establishment of the program during the 2013 legislative session. Since then, the Community Solar program has delivered billions of dollars of investment in Minnesota's clean energy economy and more than 800 megawatts of locally sited solar generation.

During the 2023 session, the Legislature passed the first significant updates to the Community Solar program since its original adoption. These changes included important updates to the rate structure and, for the first time, an annual cap on the amount of subscriber-based community solar that will be approved annually, as well as requirements for low-income and residential subscribers, and a new prevailing wage requirement. The Legislature also established a new market for competitively bid distributed solar projects of up-to-ten megawatts that don't rely on subscribers, but instead benefit all Xcel customers, in addition to the existing subscriber-based Community Solar program. We believe these changes addressing equitable participation requirements in the program, wages, and establishing a maximum program size were positive changes – and that the competitive distributed solar market will help position Minnesota's solar industry for growth.

As with any program that affects utility ratepayers, we believe that it is prudent to continually evaluate the costs and benefits of Community Solar and the role it plays in our overall energy system. For 2024, Xcel's forecasts for Community Solar costs that have been accepted as reasonable by the Department of Commerce are estimated at \$142.42/MWh with aggregate costs of nearly \$330 million. Aggregate program cost versus system benefits continues to be an ongoing structural concern for Fresh Energy.¹

¹ *Initial Comments*, Department of Commerce, Docket No. E002/AA-23-153, June 29, 2023 Attachment 1, Line 20.

While the legislation last session adjusted subscriber bill credits and put in place a maximum annual program size, if the program continues at those rates and size, its costs will continue to grow at out-sized amounts.

Community solar has been a meaningful part of Minnesota's clean energy economy, with a number of Minnesota-based companies developing projects that spur employment in the clean energy sector and projects that, at their best, foster local benefit, economic development, and community pride. Fresh Energy recognizes the need to ensure that our energy system is sustainably affordable and able to cost-effectively transition to carbon-free generation no later than 2040. To that end, any work by state policymakers on this program should focus on balancing the public benefits, costs, and who is experiencing those benefits and who is paying for them.

Sincerely,

Allen Gleckner
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