October 8, 2020

Via Electronic Filing

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission 121 7th Place E., Suite 350
St. Paul, MN 55101

RE: Docket 20-492 / In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from COVID-19 Pandemic

Dear Mr. Seuffert:

The Institute for Local Self-Reliance (ILSR) respectfully submits the following comments on the Xcel Energy COVID recovery plan and thanks the Commission and Xcel Energy for the conversation. This discussion was inspired. Thank you.

Overall, Institute for Local Self-Reliance offers a few values against which to measure the proposed projects:

- Speed -- how quickly can they deploy? In general, small scale renewable energy projects can reach commercial operation faster. So if there are options to weight the proposal toward more distributed solar, it can align the deployment time period with the urgency of the recovery
- Workforce -- Xcel already highlights and ILSR supports the use of using women- and minority-owned businesses, as well as high labor standards for solar projects.
- Choice -- where possible, customers being served with on-site energy should have a choice of service providers and a choice of ownership
- Path dependency -- to what extent do proposed projects preclude future developments? For example, do transmission investments reduce the incentive

to invest in non-wires alternatives or distributed energy resources for a similar grid impact?

- Equity -- do programs target economic recovery in a way that addresses the disproportionate impact of COVID on low-income folks and people of color?

In the following section, we provide some perspective on Xcel's proposed projects based on these decision criteria.

Evaluation of Specific Proposals

The electric vehicle rebates (especially on used vehicles) are an excellent way to accelerate low-carbon vehicle deployment quickly, to reduce driving costs for Minnesota customers, and to enable more customer choice between internal combustion and electric vehicles. **ILSR's only suggestion is that Xcel consider means testing rebates or providing bonus rebates for low-income buyers**. The rebates for transit vehicles are even better. The focus on vehicle types that primarily serve vulnerable populations, including low-income residents and children means that the point source pollution reductions will benefit those who need it most.

The wind project repowering also scores highly for speed, workforce development, and increasing renewable energy supply. ILSR's only suggestion is that Xcel Energy and the Commission **consider opportunities to add energy storage** during the repowering process, to support more jobs today and deeper reductions in fossil fuel power in the future.

The non-wires proposal for Minneapolis is also an excellent opportunity to test a better model of meeting grid needs with a municipal partner. ILSR strongly supports this proposal.

A Deep Dive into Solar

The solar energy proposals are interesting and merit further discussion. By itself, the utility-scale solar project in Becker serves many worthwhile goals. The replacement of electricity production from Sherco not only serves broader low-carbon electricity goals but also addresses equity by providing jobs and tax base in a power plant community losing a crucial anchor institution. The addition of storage helps to cement progress toward a primarily renewable energy grid. On these merits alone, this project is worthy of acceleration.

However, the low-income rooftop solar proposal raises an interesting question about the utility-scale project: If rooftop solar produces, by Xcel's estimates, 30 times as many jobs per million dollars of project cost, why aren't we doing more rooftop solar for economic recovery? The following table shows the jobs and CapEx estimates from Xcel's filing, with ILSR's annotation.

	Year	CapEx	Est. Jobs	Est. Revenue Requirement
Sherco Solar	2021*	39,895,600	17	-
	2022	145,470,000	60	-
	2023	423,544,400	175	-
	2024	-	**0.41 jobs per million CapEx**	29,516,311
	2025	-		28,678,798
	Year	**CapEx**	**Est. Jobs**	**Est. Revenue Requirement**
Rooftop Solar	2021	2,066,879	25	125,582
	2022	-		269,665
	2023	-		251,344
	2024		**12.0 jobs per million CapEx**	237,396
	2025	-		224,031

Since Xcel customers already invest in rooftop solar with utility-managed incentives such as Solar*Rewards, we also know that customers do not need Xcel to pay the full capital cost. For example, Xcel could provide a bonus $1.35 per Watt rebate for rooftop solar (and storage) for the same cost and supporting the same number of megawatts as the Sherco solar project. **If Xcel Energy spent $608 million supporting rooftop solar,**

it would create over 7,000 jobs at time with high unemployment, especially among African Americans.

So, should Xcel sandbag the Sherco solar proposal for rooftops? No. The proposed project should be done, and given the opportunity and the sunsetting of federal tax credits, should be done as soon as possible.

ILSR suggests that Xcel should *also* do a rooftop solar expansion project combined with utility-owned storage at substations. Such a proposal would:

a) Meet more of the criteria that matter for a stimulus proposal, including rapid deployment and employment.
b) Align with state-expressed goals to expand distributed generation and community solar, by expanding distribution grid hosting capacity.
c) Support greater resiliency by providing backup power at crucial grid locations.

ILSR suggests the utility provide bonus rebates to support 100 megawatts of residential solar, with rebates scaled to income to provide the biggest boost to low-income households.

A rooftop rebate program would also reduce some of the concerns ILSR has with the low-income solar proposal. The biggest concern is that Xcel owning distributed solar projects inserts a monopoly company into a competitive market. Xcel has the advantage of customer bill data, infrastructure capacity, and an existing relationship with customers that independent solar installers lack. The secondary concern is that being low-income shouldn't deprive a customer of having a choice of solar installer. Xcel could *finance* solar on low-income properties without being the installer.

However, low-income solar access is also an example of market failure in Minnesota, where on-site and community solar programs have both struggled to equitably reach low-income customers. With that in mind, it would be unfortunate to turn away any

reasonable programs that could provide access to low-income customers, at least on a pilot basis.

Therefore, ILSR suggests that the Commission approve Xcel's low-income solar program with modifications:

- Allowing customers to pick their installer from pre-approved independent contractors.
- If Xcel also provides a rebate-based program to expand customer-owned rooftop solar, providing an ownership option for participants and taking advantage of the much higher jobs per megawatt opportunity from distributed solar.

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

Sincerely,
/s/
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