

# StarTribune

## Massive solar plan for Minnesota wins bid over gas

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Minnesota soon could see at least a sevenfold expansion of solar power.

In an unprecedented ruling, a judge reviewing whether Xcel Energy should invest in new natural gas generators vs. large solar power arrays concluded Tuesday that solar is a better deal.

If the finding by Administrative Law Judge Eric Lipman is upheld by the state Public Utilities Commission (PUC), Edina-based Geronimo Energy plans to build about 20 large solar power arrays on sites across Xcel's service area at a cost of \$250 million.

"It says solar is coming in a big way to the country and to Minnesota," Geronimo Vice President Betsy Engelking said of the ruling.

Geronimo's Aurora Solar Project would receive no state or utility subsidies, but would qualify for a federal investment tax credit. Engelking said it is the first time in the United States that solar energy without a state subsidy has beaten natural gas in an official, head-to-head price comparison.

"The cost of solar has come down much faster than anyone had anticipated," she said in an interview. "This is one of the reasons solar is going to explode."

The largest of the Geronimo projects would be five times bigger than the state's largest solar array in Slayton, Minn. Some would cover up to 70 acres of land. The proposed sites are in 17 counties, mostly in central, eastern and southeastern Minnesota.

It is the first time the state has used a competitive bidding process for a major power generation project. The commission ordered the trial-like proceeding to force energy companies to compete on price.

Xcel, based in Minneapolis, and three other energy companies offered various proposals, mostly generators powered by natural gas. Xcel's plan included a new gas generator at its Black Dog plant in Burnsville, where the utility intends to retire the remaining coal-burning units.

In a 50-page ruling, Lipman said "the greatest value to Minnesota and Xcel's ratepayers is drawn from selecting Geronimo's solar energy proposal ..."

If the Aurora project is built, Xcel likely would purchase the power under a long-term agreement. That could help Xcel toward its requirement to get 1.5 percent of its power from the sun by 2020 under a new state energy law. Xcel also is counting on rooftop solar systems, community-owned arrays and its own large projects to meet that goal.

Lipman said that if solar alone can't supply all of Xcel's extra power needs in the next few years, the utility could take up an offer to purchase surplus energy from Great River Energy, the state's second-largest power company. The judge also said Xcel will have time to consider other generation projects if electrical demand picks up.

Xcel said in a statement that it appreciated Lipman's work, but that it disagreed with some of the findings and would file a written response. Under the PUC's rules, the competitors and other interests can take exception to the judge's ruling before the five-member commission takes a vote.

Geronimo already does business with Xcel, selling the output of its Prairie Rose Wind Farm in Rock County, in far southwestern Minnesota. Two of four planned wind farms that Xcel will add in the next two years — near Windom, Minn.,

and near Jamestown, N.D. — are being built by Geronimo. The company has built two smaller wind farms in southeastern Minnesota and is about to construct two more wind farms in Michigan and Nebraska for other utilities.

#### Other competitors

The other competitors considered by the judge were Houston-based Calpine, which proposed a gas turbine in Mankato at its existing power plant there and Chicago-based Invenegy, which proposed gas turbines at Cannon Falls and Hampton. Xcel also proposed two gas units near Hankinson, N.D.

"We are reviewing the [judge's] recommendations, and will evaluate our next steps in the docketed proceeding," Craig Gordon, Invenegy vice president of sales and marketing, said in an e-mail Tuesday.

If the Aurora Project is approved, Geronimo said the solar arrays would be built in 2015 and 2016. Engelking said that Geronimo already has signed deals for land and that it has identified more sites than needed in case some don't work out.

Each of the ground-mounted arrays would be next to an existing substation, avoiding transmission-line costs.

She said the company still needs state or local permits. But the company has visited with local governments and has pledged to make payments in lieu of taxes ranging from \$50,000 to \$110,000 a year.

Geronimo, a renewable energy developer, doesn't intend to own the projects, she said. Its financing partner, Enel Green Power, has the first option to acquire them, she said. But it's possible Geronimo could make a deal to sell the arrays to Xcel or other energy companies, she said.

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