



®

minnesota power

AN ALLETE COMPANY

2015 CONSUMER GUIDE TO

SOLAR POWER



mnpower.com/environment/EnergyForward

EnergyForward is Minnesota Power's road map to a cleaner energy future while keeping electricity affordable and reliable. We're bringing more renewable energy online so that the electricity we deliver will come from a balanced supply of one-third coal, one-third natural gas and one-third renewable energy, such as solar.



TABLE OF CONTENTS

3 HOW DOES SOLAR WORK?

4 THE PARTS OF A PV SYSTEM

6 IS SOLAR RIGHT FOR ME?

6 SOLAR RESOURCE

6 EFFICIENCY FIRST

8 SITE ASSESSMENT

9 COST OF SOLAR

10 WHERE DO I START?

11 5 STEPS TO SOLAR

14 NET ENERGY METERING

15 UNDERSTANDING YOUR BILL

16 INCENTIVES

18 GLOSSARY

20 RESOURCES

21 APPENDIX

21 INTERCONNECTION PROCESS FLOW

22 APPLICATION PROCESS

24 SAMPLE APPLICATION

30 SOLAR ENERGY ANALYSIS PILOT PROGRAM

This guide is intended for solar PV systems 40 kW and under. Contact Minnesota Power for information regarding systems larger than 40 kW, as there may be other considerations.



ENERGY FROM THE SUN

Minnesota Power has long encouraged the adoption of renewable energy such as solar. We began offering rebates for customer-owned solar energy systems through our SolarSense program in 2004. Today, as interest in capturing energy from the sun increases and the costs associated with solar power decrease, we continue to help customers understand how they use energy and how to get the most value from their energy investments.

This guide will help you learn how you can use the sun to power your home or business and walk you through the process of installing a solar photovoltaic system.



HOW DOES SOLAR WORK?

Solar power is energy harnessed from the sun's rays. We can make use of that energy in three main ways: passive, thermal, and photovoltaic, or PV, systems.

Passive solar energy systems use building design to maximize or minimize the energy found in sunlight for heating, cooling, and lighting. Solar thermal technologies use the heat energy from the sun to heat water or air. Solar PV systems generate electricity directly from sunlight by way of solar panels. While all of these are available in our region, this guide focuses on solar PV systems.

The panels used in PV systems are made up of solar cells that convert sunlight into electrical energy in the form of direct current, or DC. That energy is then routed into an inverter which converts the energy from DC to alternating current,

or AC, that can be used to serve the electrical needs in your home or business.

There are three main types of solar PV systems: grid-tied, grid-tied with battery backup, and stand alone. Grid-tied and battery backup systems are by far the most commonly installed solar PV systems in the market today. Customers considering a stand-alone solar PV system should work with their solar installer to ensure that the system is sized and sited properly to meet their electrical needs. Costs and maintenance requirements vary among these three systems.

Grid-tied (PV) system

- Most common.
- Least expensive.
- Requires least maintenance.
- Connects directly to the electric distribution grid.
- Produces electricity used to power the loads in your home or business. Any excess energy is sent back into the utility grid to be used elsewhere.
- Automatically disconnects when there is an outage in order to prevent damage to equipment or personnel.

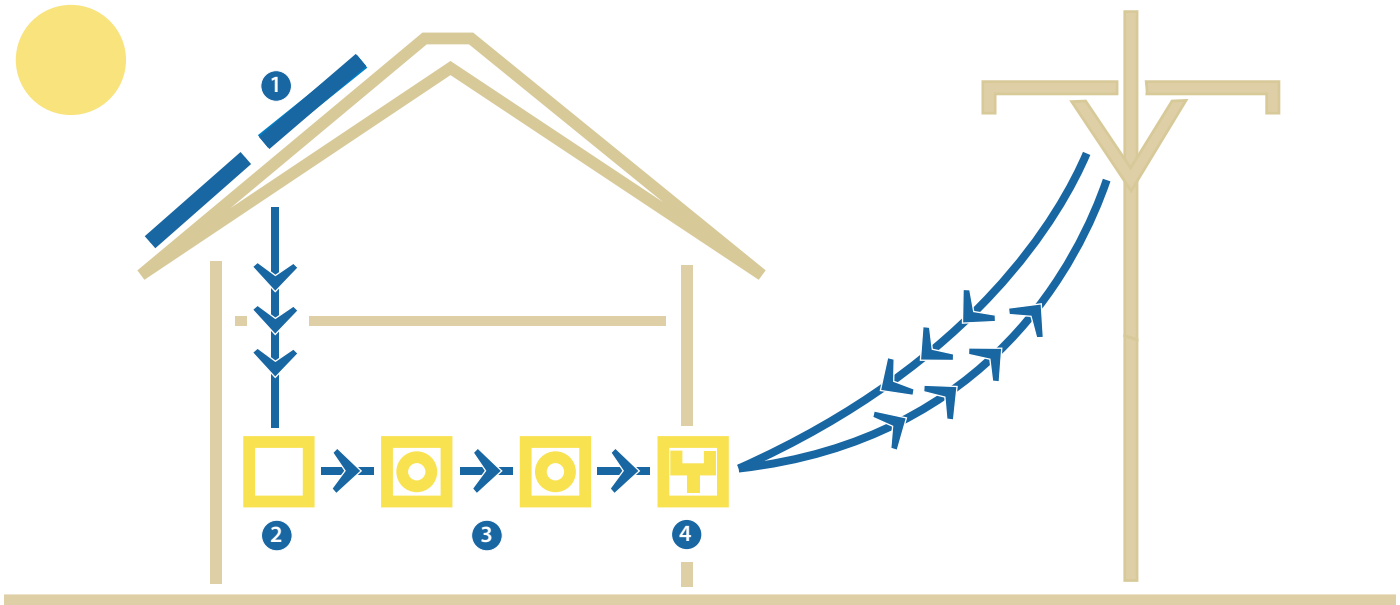
Grid-tied with battery backup system

- Less common than standard grid-tied systems.
- More expensive than standard grid-tied systems.
- Requires more maintenance.
- Has a battery component that allows it to continue functioning when there is a utility grid outage.
- Batteries aren't typically meant to power an entire home for a long period of time.
- Commonly installed when there is a need to back up critical loads.
- Has additional interconnection requirements.

Stand-alone system

- Least common type of PV system.
- Most expensive of the three types of PV systems.
- Operates independently of the grid.
- Commonly used in remote areas where the cost of bringing utility power to a site is very high.
- Must be carefully planned to match the home's energy needs to the system's size and storage capabilities.

THE PARTS OF A SOLAR PV SYSTEM



Solar PV systems capture sunlight and convert it into electricity that can be used to power your home or business. Basic grid-tied solar systems consist of solar panels, inverters, racking, meters and disconnect switches. Optional components include monitoring systems and batteries.

1 Solar panels or modules. Individual solar cells are connected in groups called panels or modules. When the sun hits a solar panel, it allows photons, or particles of light, to knock electrons free, creating a DC flow of electricity. There are three main types of solar panels:

Monocrystalline. These panels have the highest efficiency due to the process of forming the silicon crystals. Because of their high efficiency, they are also more expensive than other solar panel technologies available today. This technology is ideal for roof-mounted systems because it is the most space efficient. You need fewer panels to produce the same amount of energy as other types of solar panels.

Polycrystalline. Polycrystalline solar panels are created using a less-intensive method of forming the silicon

crystals. They tend to be slightly less efficient than monocrystalline panels but also cost less.

Amorphous or thin film: These panels are relatively inexpensive to produce but also have the lowest conversion efficiency of the solar panel technologies. Some amorphous panels are flexible and can be used in a variety of applications. This technology is suitable for large rooftops or open fields because it takes more thin-film panels to produce the same amount of electricity as traditional silicon panels.

2 Inverters. The DC electricity generated by solar panels is converted into AC by inverters. All grid-tied inverters are designed to disconnect from the utility grid when the utility experiences a disruption in power because of an unexpected outage or scheduled maintenance. Two main types of inverters are used in grid-tied solar applications:

Central Inverter. Central or string inverters are the most commonly used inverter for grid-tied PV systems. They allow the electricity output from multiple modules to be converted from DC to AC at the same time. Central inverters are typically located indoors. Although they may be built to handle Minnesota's harsh weather, they are likely to last longer and perform better in a protected environment.

Microinverter. With these inverters, the conversion from DC to AC takes place at each individual solar panel. The inverters are affixed to the back of each panel and control only that panel. Microinverters can diminish the effects of shade on a PV system's total output because each solar panel has its own microinverter. If only one section of the solar array is shaded, it won't affect the rest of the system's output. Since these inverters are connected to the solar panel, easy access to the panels needs to be maintained.

3 Meters. Installing a solar PV system requires exchanging your current meter for a bidirectional meter and installing a second meter for measuring the production from your solar PV system.

Bidirectional meters record the energy that you purchase from Minnesota Power minus the energy that you sell to Minnesota Power to get your net usage. The net usage could be a positive number, meaning you used more energy than your solar system generated. Or, the net usage could be a negative number, meaning your system generated more energy than you used and the excess was sold to Minnesota Power. Information from this meter is used for billing and allows Minnesota Power to credit your account for excess generation that your system produces during the billing cycle.

Production meters track the actual amount of electricity produced by your solar PV system. It is not used for billing purposes. Minnesota Power will provide the production meter and meter socket to customers installing a grid-tied solar PV system. However, ownership of the meter socket will be transferred to the customer and any future meter socket maintenance will be the customer's responsibility. The production meter must be installed within 10' of the bidirectional meter.

4 Disconnect Switches. These switches are required on all grid-tied solar systems. One disconnect switch is located on the DC side of the inverter and is often integrated into the inverter. Another disconnect is required on the AC side of the inverter. The disconnect switches allow utility and fire safety personnel to verify that the system is safely disconnected from the utility grid while performing maintenance or responding to an emergency. Minnesota Power requires that the disconnect switch on the AC side of the inverter be a visible open, lockable disconnect located within 10 feet of the utility meter. This allows the disconnect switch to be readily accessible at all times.

Other Parts of a PV System

Racking. PV modules are attached to the roof of a building or to a ground-mounted structure with racking. Consider wind and snow loads when choosing the racking method for your system. Ground-mounted "tracking" systems also are available. They use motors to track the sun throughout the day and move the solar array for optimal sun exposure. While trackers do increase the production, they also increase the cost of the system and are more susceptible to malfunctioning parts.

Balance of System. Many small parts are needed to complete a PV system. This can include wires, conduit, junction boxes, and wire management. Costs for these components can range significantly and depend on the unique circumstances of each installation.

Monitoring Systems. An optional component, monitoring systems can usually be added to your solar PV system for a fee. These can typically be purchased through the inverter manufacturer, your installer, or a third-party vendor and allow you to see performance metrics of your system. Some of this information may also be available on your inverter's display screen.

Batteries. In grid-tied systems, batteries may be used as optional backup power. During a power outage, basic grid-tied systems are designed to automatically disconnect from the grid, meaning the customer would be out of power. Battery backup systems allow the solar PV system to disconnect itself from the utility grid but continue to operate using energy stored in the batteries. Battery-based systems are more expensive and require more maintenance than basic grid-tied systems.

IS SOLAR RIGHT FOR ME?

Reasons for investing in solar energy are as individual as each customer. But whatever your motivation, you'll want to consider how much sun is available at your site and how much a solar installation will cost.

SOLAR RESOURCE

Solar resource refers to the amount of solar energy available in a given area and is measured in two ways: irradiance and insolation. Solar irradiance is the amount of instantaneous power that falls on a given area at a single point in time while solar insolation measures the irradiance over a defined period of time. Installers use solar insolation to help predict the output of a PV system.

Many tools are available to help customers calculate how much electricity a PV system is expected to produce. PVWatts, for example, is an online tool developed by the National Renewable Energy Laboratory that allows

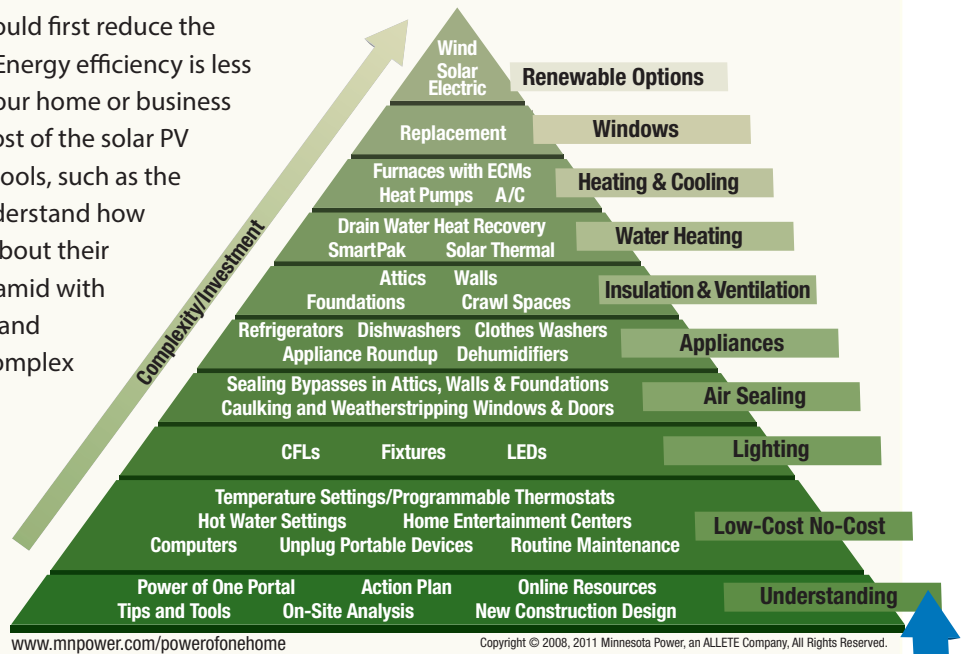
customers to enter their location and the size of their proposed PV system. It then uses local weather data and information about the proposed system to determine estimated production and energy value. Find the calculator at pvwatts.nrel.gov

While it is true that Minnesota does not have the best solar resource in the country, you may be surprised to learn that we do have a solar resource similar to some areas in Texas and Florida. It is also important to note that solar PV systems can actually perform better in cooler climates like Minnesota.

ENERGY EFFICIENCY AND THE PYRAMID OF CONSERVATION

Before deciding to install a solar system, you should first reduce the amount of energy your home or business uses. Energy efficiency is less expensive than energy production so making your home or business more energy efficient will reduce the size and cost of the solar PV system that is needed. Minnesota Power offers tools, such as the Pyramid of Conservation, to help customers understand how they use energy and make informed decisions about their energy investments. Start at the base of the pyramid with low-cost or no-cost energy efficiency upgrades and work your way up to more expensive or more complex energy investments, such as renewable energy options like solar.

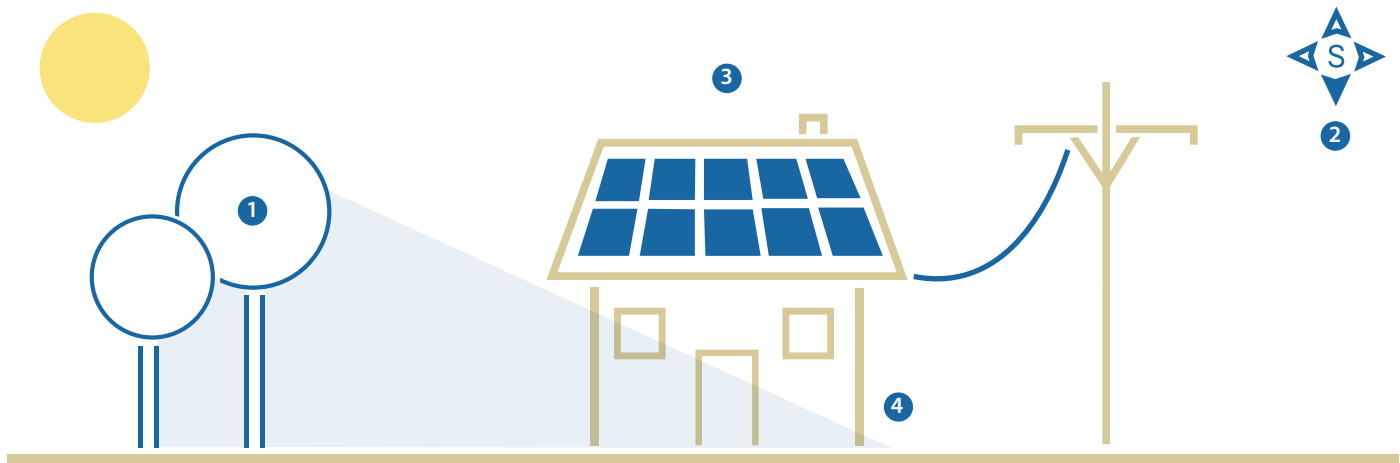
Learn more about energy efficiency and find tools for reducing your energy usage at: www.mnpower.com/energyconservation



While it may seem logical that more sunshine means more solar power, this is not always the case. In some areas, such as the Southwest, the sun's intensity actually hinders the operation of rooftop solar panels. In fact, with the same amount of sunlight, solar panels in cooler areas generally produce more electricity than those in locations with intense heat.

Edison Electric Institute, www.eei.org





SITE ASSESSMENT

When planning the location and design of your solar PV system, it is important to conduct a site assessment to identify specific conditions that can affect energy production and overall system design. Shade, orientation, roof characteristics, utility interconnection, aesthetics and accessibility all play a role in the design and cost of the system and should be identified by your installer upfront.

1 Shade

Shade can make a big difference in how much energy a PV system produces. The shade cast by trees, nearby houses or buildings, chimneys and even power lines should all be considered when deciding where to locate your solar system. Tools such as the Solmetric SunEye and Solar Pathfinder can identify where shade will occur at different times throughout the year and are used by installers during a site assessment to develop a shade analysis. In addition to existing obstructions, it's important to think about the possibility of developments or structures that could shade your PV system in the future. Generally, an ideal site for producing solar power should be free of almost all shade from 9 a.m. to 3 p.m.

2 Orientation

Whether your system is roof or ground mounted, you will need to consider the orientation of your solar PV system. Orientation refers to the azimuth, or direction that the modules face, and the tilt, or angle of the modules. In our

region, the ideal orientation for maximum output is when the array faces south, or at a 180 degree azimuth, with a tilt angle of 45 degrees.

3 Roof Condition

For roof-mounted systems, you will want to consider your roof's condition and structural integrity before installation. Solar PV systems will add a variety of stresses to your roof, including additional weight. Any necessary roof maintenance should be done before or in conjunction with the installation to avoid having to remove the system later to make repairs.

4 Accessibility

Locate your PV system in such a way that it is easily accessible for routine maintenance such as removing snow or cleaning modules, troubleshooting performance issues or replacing worn or damaged parts. Roof installations also must meet all clearance requirements in order to avoid potential hazards.



SOLAR ENERGY ANALYSIS PILOT PROGRAM

A Solar Energy Analysis (SEA), free for Minnesota Power customers, is a great way to get more information about whether solar power is a good fit for you. During an SEA, a representative from Minnesota Power will visit your home or business, analyze your site, help you understand the interconnection process and point out site-specific conditions that could affect an installation. We'll also provide a written summary of the analysis for you to use when searching for or working with a solar installer.

Contact Minnesota Power at **218-355-3720** or solarprogram@mnpower.com to schedule a Solar Energy Analysis. For more information about the Solar Energy Analysis pilot program and a sample SEA summary, see Appendix page 30.

UTILITY INTERCONNECTION

In a grid-tied system, you must apply for connection to the utility's distribution grid. The application should be submitted early in the process to ensure that utility requirements are incorporated into the system design. In addition, your interconnection application must be approved by Minnesota Power before the system is installed. Systems installed prior to obtaining approval from Minnesota Power are done so at the risk of the customer.

COST

The costs of solar PV systems vary depending on technology, system type, and size, and are typically referred to as hard costs and soft costs. Hard costs are the actual PV system components such as solar modules, inverters, disconnect

switches, wires, conduit and meters. The soft costs refer to the customer acquisition costs, installation time and labor, travel and local permitting or application fees. These two figures together represent the total installed cost of the system which is typically expressed as \$/watt.

The cost to install solar has dropped dramatically over the last decade, making solar more cost effective than ever. According to the Lawrence Berkeley National Laboratory, the cost of a solar PV system in Minnesota has dropped from more than \$9/watt to an average of \$5/watt today.¹

Despite the declining costs, solar PV systems remain a large investment and usually require a sizeable upfront payment. We encourage you to consult multiple installers and explore different manufacturers and products in order to ensure that you are getting the most competitive price for your system.

¹ Tracking the Sun VII: An Historical Summary of the Installed Price of Photovoltaics in the United States from 1998 to 2013.



Minnesota Power is part of a unique solar energy research partnership with St. Louis County and the University of Minnesota-Duluth's Natural Resources Research Institute. Three types of solar panels installed on the roof of the St. Louis County Government Services Building in downtown Duluth are being studied to learn more about solar panel output, reliability and other installation and performance factors. The research will help supply direct, objective experience about using PV solar in regional settings, while also providing supplemental information to existing solar studies from around the nation.

WHERE DO I START?

Installing a solar PV system is a collaborative process. The customer, installer, electrician, local inspector and Minnesota Power should work together to ensure that the PV system operates safely and reliably. Involving Minnesota Power early in the process will help you understand the interconnection process, as well as the standards and requirements for installing a solar PV system connected to Minnesota Power's electric grid. Ensuring that these requirements are incorporated into the design of the system before construction will help you save time and money on your investment.

INTERCONNECTION REQUIREMENTS

To ensure safe installations, all grid-tied PV systems must meet relevant provisions of the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE 1547), Minnesota Statute 216B.164, Minnesota Rules Chapter 7835 and electric utility requirements. Installations must also comply with all local permitting and zoning codes, fire codes, building codes, safety codes and local and federal laws, rules and requirements. The customer is responsible for ensuring that the installer follows all applicable rules and codes, including Minnesota Power's interconnection process and requirements.

For more information about specific interconnection requirements, visit www.mnpower.com/distributedgeneration

5 STEPS TO SOLAR

Contact Minnesota Power as soon as possible after you decide to go solar. We'll help you start the important interconnection process and identify some key factors to keep in mind as your installation gets underway. Follow these steps to install and connect your system and you'll be on your way to generating your own clean energy!

1

Select an installer

Hiring a qualified solar installer is key to getting an efficient system and the most value from your investment.

Installing a solar system should be treated the same as any major construction project: get multiple bids to ensure a competitive price, request references from past customers and review systems already installed to gauge the installer's experience. In addition, review your energy consumption and talk with your installer about your usage. Understanding trends in your energy consumption may affect the design of the system you choose to install.

Solar installers typically conduct a site assessment that includes a visit to your home to analyze potential shade issues, orientation of the system, size and pitch of your roof and other factors. The assessment may be offered as a free service or you may be charged a fee. Installers may provide other services, such as facilitating the application process and securing permits, as part of their offer. Some installers may also include a warranty on their workmanship. Be sure to ask what types of warranties are available when comparing installers and what post-installation factors may affect the warranty.

Questions to ask your installer:

- » *Are you certified with the North American Board of Certified Energy Practitioners (NABCEP) or do you hold any other nationally recognized solar installer certifications? Minnesota Power offers additional incentives for using a NABCEP certified installer.*
- » *Do you have any experience working with local building officials and utility representatives?*
- » *Can you provide references from previous customers?*
- » *Do you offer a warranty on the installation?*
- » *What is the expected output of the system and who is responsible if the expectations are not met?*
- » *What is the cost per watt on this proposal? Be sure to get quotes from multiple installers to compare.*
- » *What is the warranty period of the equipment and the installation? There are equipment warranty requirements to participate in Minnesota Power's SolarSense program but you should also be sure that your installer has a warranty on the installation of the system.*

2 Submit an Interconnection Application

Once you have selected a solar installer and designed a system that meets your needs, the next step is to submit an application to Minnesota Power for connecting your system to the distribution grid.

Make sure your application is complete, including a one-line diagram of the planned system, site drawing, equipment specification sheets, and any other required information in order to ensure a timely review. Installers often will complete the interconnection application for you but because the interconnection agreement is between you and Minnesota Power, it's important that you understand the requirements and what is being submitted.

3 Preliminary Review

Once you have submitted a complete interconnection application, Minnesota Power will conduct a preliminary review.

A Minnesota Power representative will come to your site to assess the planned system and your current service to identify site-specific conditions that may affect the installation. During the preliminary review, equipment from the utility transformer to the customer's service equipment will be evaluated. This evaluation includes, but is not limited to, meter sockets, transformers, weather heads and clearance issues. If any hazards are identified, you will be notified at this time. Minnesota Power will work with you to understand the hazards, evaluate ownership and cost details of the issues in question, and identify possible solutions.

The preliminary review process allows Minnesota Power to ensure that all distributed generation systems are installed in a safe, consistent and reliable manner. It is important that you do not begin construction of your system until the preliminary review is completed and approved.

4 Installation

You can begin building your PV system after receiving approval from Minnesota Power.

All solar PV systems must be inspected by a state or local inspector after they are completed and before being energized. After the system has passed an electrical inspection, contact Minnesota Power to schedule the final commissioning test. This test allows Minnesota Power to verify that the system was installed as planned and that there are no safety concerns relative to the interconnection.


If there are any changes to the system components or design during the installation process, notify Minnesota Power prior to installation. Changes may require you to submit a new interconnection application and restart the process. It is important for changes to be approved to ensure the system passes the commissioning test and timely interconnection can occur.

5 Connect to Minnesota Power

The final step is to connect your system to Minnesota Power's distribution grid.

Once your system meets all commissioning requirements, your existing meter will be exchanged with a bidirectional meter, a production meter will be installed, and your rate will be changed, generally to a net energy metering rate. The bidirectional and production meters will not be installed until all commissioning requirements are met.

We encourage customers to be cautious about installing solar systems in the fall and winter because snow and frost can complicate the process and even increase installation costs. Be sure to give yourself plenty of time in order to avoid weather-related issues.



A typical 250–270 watt solar module is about 17 square feet, and weighs about 45 pounds.

NET ENERGY METERING

Depending on the size of the system that you choose to install, you may be eligible for net energy metering, also called NEM. NEM is a rate offered to Minnesota Power customers that credits the customer's account for any excess electricity that the PV system generates.

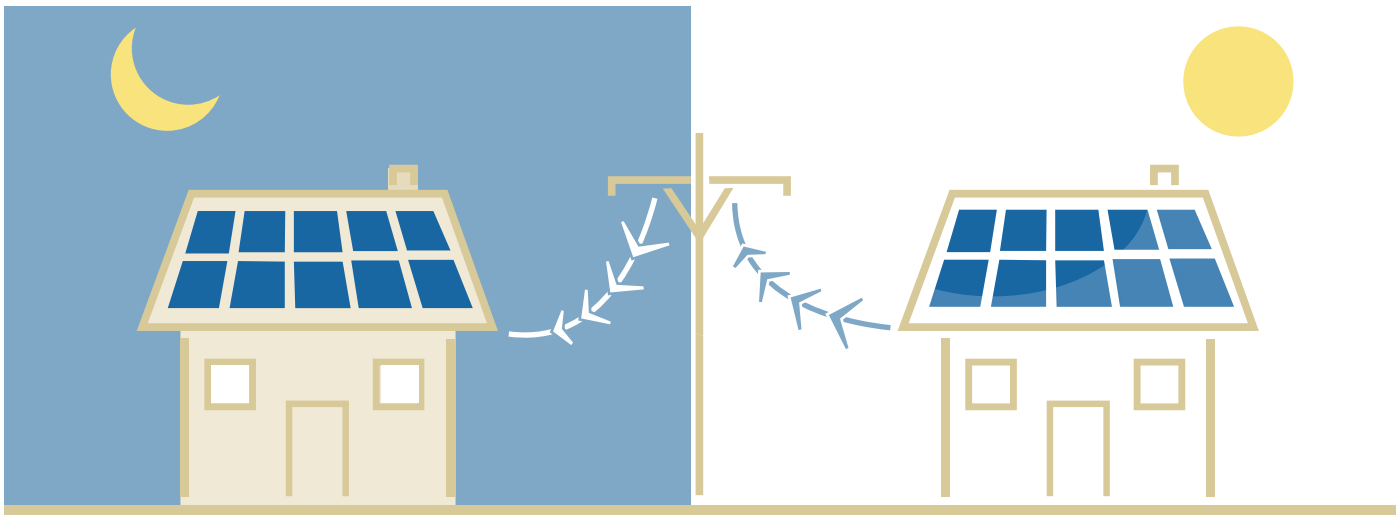
A solar PV system may produce more or less electricity than is needed in your own home or business at any given time. When your system produces more energy than you need to meet your own needs, the excess energy is sent to Minnesota Power and you receive a credit for the excess production. Likewise, if your system does not produce enough electricity to serve your needs, you will be able to take energy from the grid at the current rate.

Because you could be taking electricity from the grid and sending electricity to the grid, you will need a special meter that can track energy forward and backward. This bidirectional meter must be installed by Minnesota Power before your solar PV system is energized so your system's production can be properly credited.

WHY IS THE GRID IMPORTANT?

The grid refers to the poles and wires that deliver electricity to your home or business. All customers must pay to build, operate and maintain the grid infrastructure to ensure a safe and reliable energy supply.

Customers with grid-tied solar PV systems use the grid 24 hours per day, whether they are using it to purchase electricity or using it to sell excess electricity through net energy metering.



Production from a PV system rises and falls with the sun. During the night when solar panels aren't generating, you're meeting your power needs by drawing electricity from the grid. During the day, as electricity production increases, there may be times when your system produces more than enough electricity to meet your needs and excess power is sent onto the grid. Either way, a grid-tied solar system uses the grid 24 hours per day.

UNDERSTANDING YOUR BILL

Installing a solar PV system will mean a change in how you are billed. Under NEM, you will continue to purchase electricity from Minnesota Power at your current retail rate. You will also be credited at the average retail rate if your solar system produces more energy than you consume during the month. Based on whether you're using more energy than you're producing or vice versa, your bill may look slightly different. The sample bill below depicts how your bill will look if you are using more energy than you are producing during the month. Please contact Minnesota Power with any questions about your bill at **218-355-3720**.

Customer Name							Bill Number
Account Number							Bill Date
ADDRESS							2 Co-Generation Net Metering Res Rate: 20W
CITY, STATE							
							28 days
							Next Scheduled Meter Read: 03/06/2015
Meter #	Start Date	Start Read	Read Code	End Date	End Read	Read Code	Usage
222222	01/08/15	1,773	regular	02/05/15	2,368	regular	3 595 Kilowatt Hours (kWh) used
							5 Subtractive Metering: 595 - 226 = 369 KWH 6 Co-Generation Service Charge 2.55 7 Service Charge 8.00 8 300 kWh @ \$0.05098 15.29 69 kWh @ \$0.06735 4.65 Total Energy Charge for 369 kWh 19.94 9 Affordability Surcharge 0.51 10 Renewable Adjustment 369 kWh @ \$0.00614 2.27 11 Transmission Adjustment 369 kWh @ \$0.00033 0.12 12 Boswell 4 Plan Adjustment 369 kWh @ \$0.00156 0.58 13 Resource Adjustment 4.58 Minnesota Sales Tax (6.875%) 2.65 Total charge this service agreement 41.20
The average kWh per day for this meter is 13 The average daily cost for this meter is \$1.47							

1 Your personal account number.

2 Your Minnesota Power rate. This example is of a residential net metered customer.

3 Total kilowatt hours (kWh) used during the billing period.

4 This graph depicts your energy usage history. Please note that this graph DOES NOT show production from your PV system.

5 Subtractive Metering shows the amount of energy that you used from Minnesota Power minus the amount of energy that you sold to Minnesota Power to get your monthly net usage. The net usage is the energy that your Minnesota Power bill is based on.

6 Co-Generation Service Charge is the fixed monthly fee that all net metered customers pay. This charge recovers any additional costs incurred by the bidirectional meter.

7 Service Charge is the fixed monthly fee to cover the cost of connection to our system.

8 The amount you are charged per kWh varies depending on your monthly usage. There are five separate rate blocks; the more electricity you use, the more you will pay per kWh. The fee for your monthly energy usage is the Total Energy Charge.

9 The Affordability Surcharge recovers the costs of a rate affordability discount program for income-qualified residential electricity customers.

10 The Renewable Adjustment charge includes the costs for additional renewable energy and transmission to deliver this energy to our system. We are investing in renewable energy projects as economically as possible to meet Minnesota's Renewable Energy Standard of 25 percent renewable energy by 2025.

11 The Transmission Adjustment charge includes costs for new transmission facilities that are necessary for reliable delivery of the electricity to customers.

12 The Boswell 4 Plan Adjustment charge recovers the cost of Minnesota Power's Mercury Emission Reduction Plan (BEC4 Plan). The BEC4 Plan addresses the Mercury Emission Reduction Act of 2006, the Mercury and Air Toxics Standard Rule, as well as new state and federal emission control regulations.

13 The Resource Adjustment is a combination of two charges. The first portion of this charge is applied to the cost of our state mandated Conservation Improvement Program which promotes energy conservation. The second is fuel and purchased energy based on the fluctuating cost of fuel used in our generating stations and power purchased from other energy providers as needed. Due to the varying costs of fuel, this line item will vary from month to month.

INCENTIVES

The cost to install solar at homes and businesses has dropped significantly in the past decade, but many customers still rely on financial incentives to make going solar affordable. Talk with Minnesota Power, your solar installer, or your tax professional to learn more about how you can qualify for rebates or tax credits.

SOLARSENSE

Minnesota Power's solar rebate program, SolarSense, offers capacity-based incentives to customers who install solar at their home or business. A capacity-based incentive means the total amount a customer could receive is based on the size of the system they install.

Program funds are awarded on a lottery basis. Customers applying for the SolarSense program must submit an interconnection application between January 1 and February 28 in order to be considered. Applications are randomly given a "lottery position" and rebates are awarded based on those lottery positions. If more applications are received than funds are available, a reserve list is created. Applicants are notified of their application status and lottery position on or about March 31. At this time, the applicant must determine whether or not they will proceed with the installation.

The incentive levels vary depending on whether you are installing a solar electric PV system or a solar thermal water heating system.

Solar Electric

The solar electric option is available to customers installing a grid-tied solar PV system. The 2015 incentive levels are:

2015 incentive levels

\$1,000/kW Base Incentive

\$500/kW NABCEP Certified Installer

\$500/kW Non-profit or Tax-exempt Customers

The total incentive per kW will be based on which tiers the system is eligible for. The total possible combined incentive is \$20,000 or 60 percent of installed cost, whichever is less. The incentive payment will be received once the installation is complete to Minnesota Power's standards and verified by a Minnesota Power representative.

Solar Thermal

Customers installing solar thermal systems are eligible for a rebate of up to 25 percent of project costs, not to exceed \$2,000 for single family homes, \$4,000 for two to three units, \$10,000 for four or more family units or \$25,000 for businesses. You must have electric water heating as the backup in order to participate in the SolarSense solar thermal water heating program.

For more information about the SolarSense program visit:

www.mnppower.com/SolarSense

From 2012 to 2013, America more than doubled the amount of power it gets from solar, making solar the fastest-growing segment of the nation's energy supply.

Edison Electric Institute

MADE IN MINNESOTA

Made in Minnesota (MiM) is a rebate program funded by the investor-owned electric utilities in Minnesota and administered by the Minnesota Department of Commerce. MiM is a production-based incentive available to customers installing solar systems manufactured in Minnesota. Customers participating in this program will receive an annual payment for 10 years based on the actual energy produced from their solar system. A solar thermal water heating option is also available. Applications for the MiM program are accepted from January 1 to February 28 and funds are awarded on a lottery basis. Customers who have participated in the SolarSense program may be ineligible for the MiM program. Contact the Department of Commerce for more information.

For more information and a list of eligible manufacturers, visit the Department of Commerce website:

www.mn.gov/made-in-minnesota

FEDERAL TAX CREDIT

Customers who install a solar PV system on their home or business may be eligible for a 30 percent federal investment tax credit, or ITC, which helps to reduce the installed cost of the system. Eligible equipment includes solar panels, solar water heaters, small wind systems, and fuel cells. The 30 percent ITC is available through December 2016. Contact your tax professional to determine if you qualify for this credit or any other credits that might be available.

For more information, visit:

energy.gov/savings/business-energy-investment-tax-credit-itc

GLOSSARY OF COMMONLY USED TERMS

Alternating Current (AC) - AC is the form of electricity that is delivered to your home or business by an electric utility. Solar systems produce DC, which must be converted to AC by an inverter.

Array - A group of connected solar PV modules or panels providing a single electrical output.

Azimuth - Azimuth is the direction measured in degrees from North that the solar installation is oriented.

Bidirectional Meter - The bidirectional or net meter is a specific meter that measures the energy used from Minnesota Power minus the energy sent to Minnesota Power. A bidirectional meter must be installed before the solar system is energized.

Direct Current (DC) - DC is the type of electricity produced by a solar PV system and must be converted to AC prior to being used in a home or business.

Grid - A network of power stations, transmission circuits, substations and power lines that conduct electricity and provide it to homes and businesses for their use.

Grid-tied PV System - A PV system connected to the electric grid. It produces electricity to power your home and any excess energy is sent back to the utility grid. These systems are designed to automatically disconnect from the grid when Minnesota Power is experiencing an outage.

Grid-tied with Battery Backup - A PV system connected to the grid with energy storage capability. These systems have the ability to operate when the

utility is experiencing an outage. However, they are not typically designed to power all of your electric needs for a long period of time.

Interconnection Application - An interconnection application must be completed to notify Minnesota Power of your intent to install a solar PV system connected to Minnesota Power's electric grid.

Interconnection Process - The steps that customers must follow in order to connect their system to the electric grid. Minnesota Power's interconnection process is in place to ensure safety, consistency and reliability.

Inverter - A device that converts DC electricity produced by a solar system into AC electricity that can be used in a home or business.

Investment Tax Credit (ITC) - Federal investment tax credit available through December 2016.

Kilowatt or kW - A unit of electrical power equal to 1,000 watts, which constitutes the basic unit of electrical demand.

Kilowatt Hour or kWh - A unit of electrical energy equivalent to the use of one kW of electricity for one full hour. Minnesota Power measures customers' electric energy usage based on kWh, and electricity rates are expressed in cents per kWh.

Made in Minnesota (MiM) - A production-based incentive program funded by the investor-owned electric utilities in Minnesota and administered by the Minnesota Department of Commerce.

Megawatt or MW - A unit of electrical power equal to 1,000 kW or 1 million watts.

Modules or panels - Groups of solar cells that convert sunlight into electrical energy in the form of direct current, or DC.

North American Board of Certified Energy

Practitioners (NABCEP) - A certification available to solar professionals for PV sales, PV installers or solar heating installers. While Minnesota Power does not require that customers use a NABCEP certified installer, we strongly encourage it.

Net Energy Metering (NEM) - NEM is a rate offered to Minnesota Power customers that tracks and credits production from the solar system. This rate is also known as the Rider for Parallel Generation and can be found in the rate book on the Minnesota Power website.

Orientation - A term used to describe the direction that the modules face.

Passive Solar - A form of solar energy that uses building design to maximize or minimize the energy found in sunlight for heating, cooling, and lighting.

Photovoltaic (PV) - A technology that uses a semiconductor (such as silicon) to convert sunlight directly into electricity.

Preliminary Review - An integral step in the interconnection process where a Minnesota Power representative visits your home or business to identify site-specific conditions that may affect your proposed

installation. Solar PV systems may not be installed until you have received preliminary review approval from Minnesota Power.

Production Meter - A production meter is used to record the production of your solar system and is not used for billing purposes.

Renewable Energy Credit (REC) - RECs represent the environmental attributes of the power produced from renewable energy projects. As the generator, you are the owner of the RECs associated with your system unless otherwise agreed to in a contract or rate. SolarSense and MiM customers must reassign REC ownership to Minnesota Power.

SolarSense - A solar rebate program available to Minnesota Power customers installing a solar PV or solar thermal system.

Solar Energy Analysis (SEA) - Minnesota Power pilot program available to help customers determine if solar is right for them.

Solar Thermal - Solar technology that uses the heat energy from the sun to heat water or air.

Stand-alone system - Solar PV system that operates completely independently from the electric grid using energy storage technology.

System Size - The nameplate capacity of the solar PV system.

Watt - A unit of measurement of electric power.

RESOURCES

GENERAL RESOURCES

Minnesota Power

solar.mnpower.com

PV Watts Calculator

pvwatts.nrel.gov

EPA Building Solar Ready Guide

energystar.gov/index.cfm?c=rerh.rerh_index

INSTALLERS

Hiring a Renewable Energy Contractor

mn.gov/commerce/energy/images/Hiring-Renewable-Energy-Installer.pdf

North American Board of Certified Energy Practitioners (NABCEP)

www.nabcep.org

CERTS Clean Energy Builder Database

thecleanenergybuilder.com

INCENTIVES

Database of State Incentives for Renewables & Efficiency

dsireusa.org

Minnesota Power's SolarSense

mnpower.com/SolarSense

Made in Minnesota (MiM)

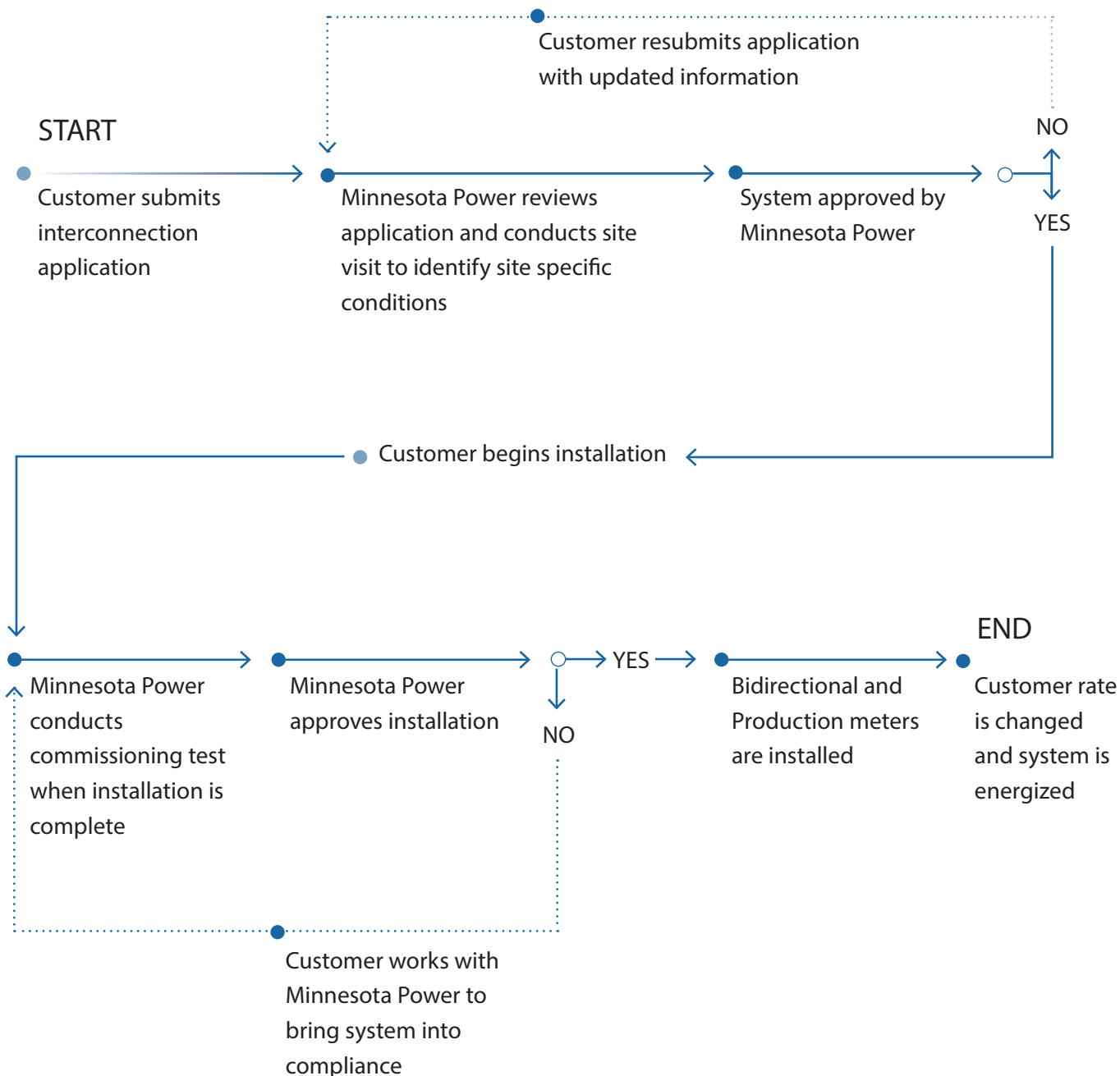
www.mn.gov/made-in-minnesota

Federal Investment Tax Credit

energy.gov/savings/business-energy-investment-tax-credit-itc

APPENDIX

MINNESOTA POWER INTERCONNECTION PROCESS – 40 KW AND UNDER



INTERCONNECTION PROCESS – 40 KW AND UNDER

Application

- 1 Verify that your system meets all of the requirements of Minnesota Power's SolarSense program (if applicable).

Customers seeking rebates through SolarSense must submit applications to Minnesota Power between January 1 and February 28 to be considered for the program. Applications sent via US mail must be postmarked by February 28 at the latest. Rebate applications will be randomly selected through a lottery process and applicants will be notified of rebate application status on or about March 31.

- 2 Applicants should submit a complete interconnection application to Minnesota Power's Renewable Programs.

Minnesota Power offers two interconnection applications: a simplified application for solar interconnections 20 kW and under and a generic application for solar systems larger than 20 kW and all other distributed generation interconnections.

Preliminary Review

- 3 Minnesota Power will conduct a Preliminary Review of complete interconnection applications within 15 business days of submission. This includes an engineering review of the application, one-line diagram and site drawing and a preliminary site visit. If additional information is requested, the 15 business day review period will restart once Minnesota Power has received all requested information.

The Preliminary Review for SolarSense customers will begin once the lottery period is complete and the customer has been notified of their SolarSense application status.

- 4 During the preliminary site visit, equipment from the utility transformer to the customer's service equipment will be evaluated including but not limited to meter sockets, transformers, weather heads, and clearance issues.

If any safety hazards are identified at a customer's site, they will need to be addressed by either Minnesota Power or the customer, with details dependent on the specific hazard. If unsafe conditions exist, customers will be notified after the preliminary review and options will be discussed.

- 5 Some installations may require a detailed engineering study. If an engineering study is required, the customer will be notified at this time. The customer will need to confirm that they would like

Minnesota Power to complete the study and agree to pay any costs identified during the study, including the study itself.

- 6 Upon review completion and approval, Minnesota Power will send the customer an approval packet consisting of a formal approval letter, the Uniform Statewide Contract that must be signed and returned to Minnesota Power, and any applicable SolarSense documents including but not limited to a SolarSense Renewable Energy Credit (REC) Contract. All required documentation must be signed and returned to Minnesota Power prior to system installation.

System Installation

- 7 Once all required documentation has been received, the system installation may begin.
- 8 The applicant must notify Minnesota Power when the installation is complete and submit any final documentation including an invoice of the actual installed costs, electrical inspection form, M-RETs form and proof of liability insurance (if not already submitted).

Connecting the System

- 9 Upon receiving all applicable documents, Minnesota Power will schedule a commissioning test within 10 business days to verify that the system is installed as was approved in the application.
- 10 If the Minnesota Power representative identifies discrepancies between the installation and the application, updated information will be requested at this time. Any additional information or updates will need to be completed before the meter exchange can occur.

If the system is approved, the net meter and production meter installation will occur at this time. Minnesota Power requires that all distributed generation customers install a production meter within 10 feet from the existing service meter to measure the solar system production (as stated in Minnesota Power construction manual, DCS 4800) unless otherwise agreed upon. Minnesota Power will supply the bidirectional meter, production meter and production meter socket at no direct cost to the customer.

Once the appropriate meters have been installed, Minnesota Power will adjust the customer's current rate to the applicable distributed generation rate. The customer will be notified at this time that the system may be energized for use.

- 11 SolarSense customers will receive their rebate check within six (6) weeks of system completion.

All communication regarding the solar interconnection process or requirements and the SolarSense program should be directed to Minnesota Power Renewable Programs at (218) 355-3720 or solarprogram@mnpower.com.

20kW (and under) Solar/Inverter Installations

Generation Interconnection Application to Minnesota Power



WHO SHOULD FILE THIS APPLICATION: Anyone expressing interest to install generation which will interconnect with Minnesota Power (local electric utility). This application should be completed and returned to Minnesota Power in order to begin processing the request.

INFORMATION: This application is used by Minnesota Power to perform a preliminary interconnection review. The Applicant shall complete as much of the form as possible. The fields in **BOLD** are required to be completed for application processing. The Applicant will be contacted if additional information is required. The response may take up to 15 business days after receipt of all the required information.

For further details regarding Minnesota Power's interconnection processes and standards, refer to the "State of Minnesota Power Interconnection Application for Distributed Generation Systems", the "State of Minnesota Distributed Generation Interconnection Requirements", the terms and conditions outlined in this application and other interconnection information. These documents can be found on Minnesota Power's website at: www.mnpower.com/DistributedGeneration

COST: Customer will be notified of cost, if any, by Minnesota Power during the approval process. The application fee amount is outlined in the "State of Minnesota Power Interconnection Application for Distributed Generation Systems".

Owner / Applicant

MP Customer Name:

Account Number:

Meter Number:

Representative:

Phone Number:

FAX Number:

Title:

Mailing Address:

Email Address:

Location of Generation System Interconnection

Street Address, legal description or GPS coordinates:

Project Design / Engineering (if applicable) / Installer

Company:

Representative:

Phone Number:

FAX Number:

Mailing Address:

Email Address:

Electrical Contractor (if applicable)

Company:

Representative:

Phone Number:

FAX Number:

Mailing Address:

Email Address:

20kW (and under) Solar/Inverter Installations

Generation Interconnection Application to Minnesota Power

Solar Panel	
Manufacturer:	Model:
Rated Output (prime kW):	Estimated Annual kWh production:

Inverter (if applicable)	
Manufacturer:	Model:

System Design Specifications	
Tilt Angle:	Azimuth:

System Cost
System Cost Before Incentives:

Transfer Switch (if applicable) Visible Lockable Disconnect Switch (within ten feet of utility meter)	
Model Number:	Type:
Manufacturer:	Rating (amps):

Estimated Start / Completion Dates	
Construction Start Date:	Completion (operational) Date:

Please attach the following documents to this application:	
<ul style="list-style-type: none">• Attach a 1-line diagram using MP preferred symbology (see page 5 for sample drawing and preferred symbology)• Attach a site drawing (see page 6 for sample)• Attach shade drawing	<ul style="list-style-type: none">• Attach solar panel spec sheet**• Attach inverter spec sheet**• Attach evidence of intent*• Attach site photos

Prior to energizing the system the following will be provided:
<ul style="list-style-type: none">• Proof of liability insurance• Electrical inspection• Signed Uniform Statewide Contract

*Proof of intent to proceed, I.E. signed purchase agreement.

**Please submit new specification sheets and any other changes to the proposed installation as soon as possible so that MP can determine the status of the current application.

Terms & Conditions

Eligible Equipment

1. Photovoltaic modules must be certified as meeting the most current edition of Underwriters Laboratory Standard 1703 (UL1703)
2. All inverters must be certified as meeting the current edition of Underwriters Laboratory 1741 (UL1741).

Installation Requirements

1. A visible open, lockable disconnect must be installed within 10' of the utility meter(s).
2. A production meter must be installed within 10' from the existing utility meter as described in Minnesota Power's Distribution Construction Standards (DCS) 4800.
3. All systems must have a Preliminary Review conducted by Minnesota Power and approved prior to installation. During the review, the service will be analyzed and the customer will be notified if modifications or upgrades are required.
4. Customers must obtain liability insurance against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The amount of liability insurance required is covered in the interconnection contract. DG systems 40 kW and under require \$300,000.00 liability insurance.
5. Installations must comply with all applicable building and zoning codes. Proof of an approved electrical inspection must be submitted prior to energizing the system.
6. Installations are subject to the requirements and provisions of Minnesota Statute (216B.164), Minnesota Rules (Chapter 7835), the currently adopted edition of the National Electrical Code (NEC), IEEE 1547 and electric utility requirements.

SolarSense Rebate Requirements (applicable to customers awarded SolarSense funds only)

1. Be a Minnesota Power retail customer. Rebates are typically limited to one rebate per customer per year.
2. Submit interconnection application to Minnesota Power between January 1–February 28.
3. Get pre-approval of application prior to purchase of equipment and installation.
4. Own the PV system and the property/building where the system will be installed.
5. Complete or have completed an energy analysis within 24 months prior to installation.
6. All of the major system components including modules and inverters must be new.
7. Photovoltaic modules must come with a 20-year or greater manufacturer's performance warranty. All inverters must come with a minimum 5 year manufacturer's performance warranty.
8. You may not install a system with kWh generation capacity of more than 120% of the premise's twelve month energy consumption.
9. Installers are responsible for informing the customer of system location and design characteristics that may affect the overall system production.
10. Submit final installation costs to Minnesota Power.
11. Complete and submit the SolarSense Renewable Energy Credit Contract once installation is finished.

Declaration

The undersigned warrants, certifies and represents the following:

1. The information provided in this form is true and correct to the best of my knowledge; and
2. The installation will meet all SolarSense Rebate Program requirements, if applying for rebate.
3. Any substantive changes to the system design, equipment, or other specifications may require submittal of a new application and restart the review process. Contact Minnesota Power regarding any scope changes.

Sign Off Area:

With this Application, we are requesting Minnesota Power to review the proposed Generation System Interconnection. We request that Minnesota Power identifies the additional equipment and costs involved with the interconnection of this system and to provide a budgetary estimate of those costs. We understand that the estimated costs supplied by Minnesota Power, will be estimated using the information provided. We also agree that we will supply, as requested, additional information, to allow Minnesota Power to better review this proposed Generation System Interconnection. We have read the "State of Minnesota Power Interconnection Application for Distributed Generation Systems", the "State of Minnesota Distributed Generation Interconnection Requirements", the terms and conditions outlined in this application and other interconnection information and will design the Generation System and interconnection to meet those requirements.

MP Customer Name (print):

MP Customer Signature:

Date:

Installer Name (print):

Installer Signature:

Date:

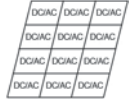
Send this completed & signed application and attachments to:

Minnesota Power
ATTN: Katie Gascoigne
30 West Superior Street
Duluth, MN 55802-2093

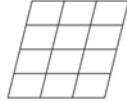
DG Symbols

Minnesota Power Preferred Symbology

Solar Array with Micro Inverters



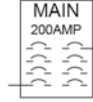
Solar Array



Transformer Type:
Rating:



Main Service Panel



Breaker Panel



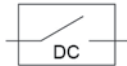
Breaker



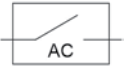
Junction Box



DC Disconnect Switch



AC Disconnect Switch



DC Fused Disconnect Switch



AC Fused Disconnect Switch



Battery



Inverter



Ground



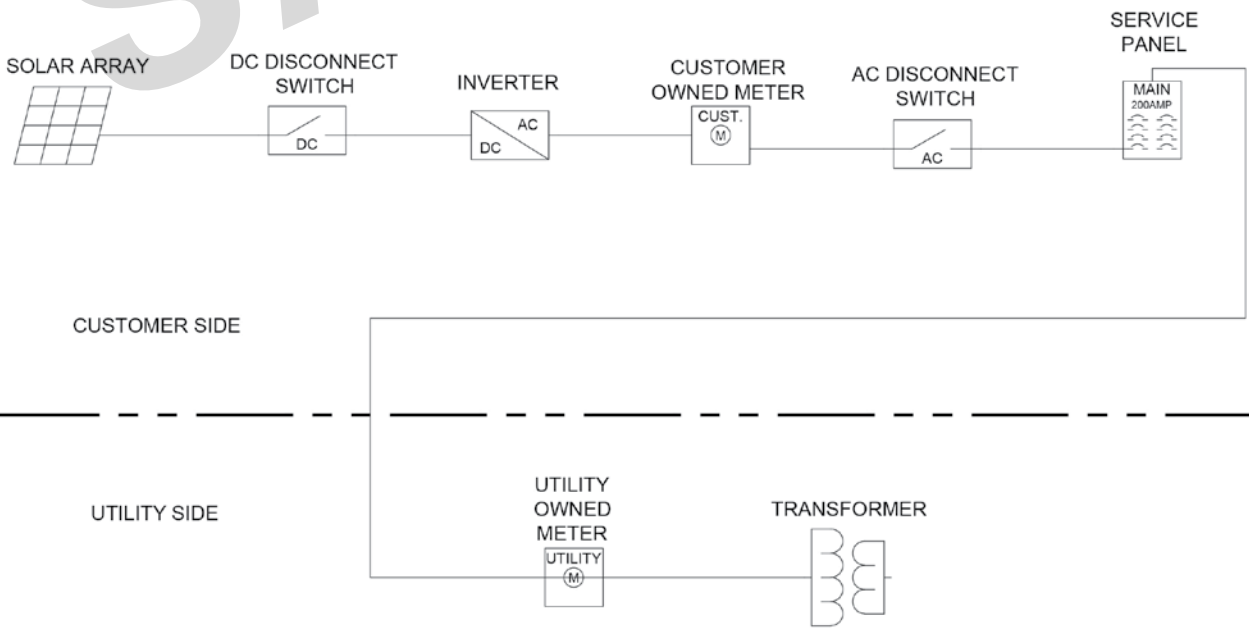
Utility Owned Meter



Customer Owned Meter

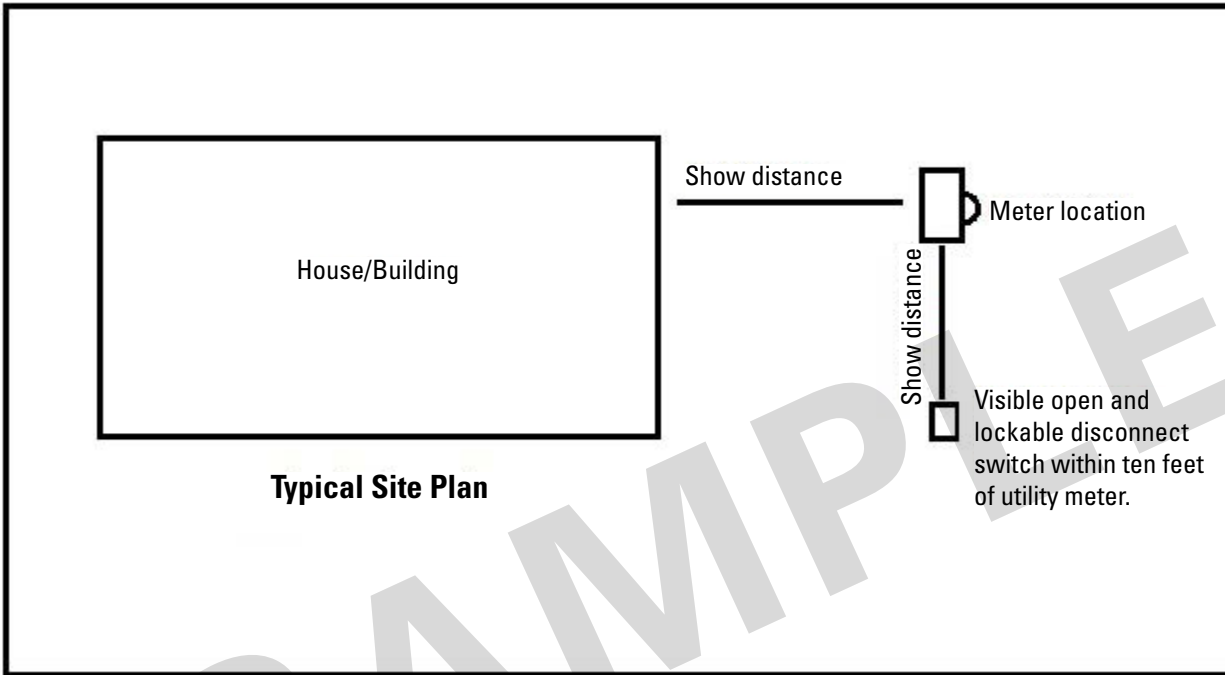


TYPICAL SOLAR SYSTEM ONE LINE



Label visible, open and lockable disconnect switch shown on site plan.

Site Drawing



SOLAR ENERGY ANALYSIS PILOT PROGRAM

OVERVIEW

A Solar Energy Analysis (SEA) is a free tool available to Minnesota Power customers interested in learning more about solar energy. An SEA helps customers determine if a solar energy system is the right fit for their home or business, understand the interconnection process and learn about site-specific conditions that may affect a solar installation. Understanding all of these factors upfront will help to ensure a straightforward and timely interconnection should you choose to install solar.

During an SEA, a Minnesota Power representative will come to your home or business for an on-site analysis. The representative will identify site-specific conditions that could affect an installation, and help you understand the process for connecting a system to Minnesota Power. This includes shading from nearby trees or buildings, existing service details, current energy consumption trends and expectations, and more.

Once the SEA is completed, Minnesota Power will provide you with a summary detailing insights gained during the on-site visit. This summary will include customer information, site-specific details identified, an electrical load analysis, solar assessment and next steps. This summary is an invaluable tool to help customers understand the basic components affecting a solar installation and identify questions to ask when searching for or working with a solar energy installer. To gain a better understanding of the information that will be included in an SEA summary, see Appendix pages 31 and 32.

GETTING STARTED

How to sign up

- Complete an application online or by telephone.
- Minnesota Power will contact you to schedule an on-site visit.

What's required of me?

- You must be a Minnesota Power customer.
- You must be on-site during the analysis. Allow up to one hour to complete the analysis.

Solar Energy Analysis Summary

While each site is unique, there are some common factors that all customers should consider when deciding whether solar energy is the right fit. Here is some basic information that will be reviewed during a Solar Energy Analysis and included in the SEA summary.

Customer Information

- Customer Contact
- Account Number(s)
- Premise ID(s)
- Annual Energy Usage
- Building/Business Type

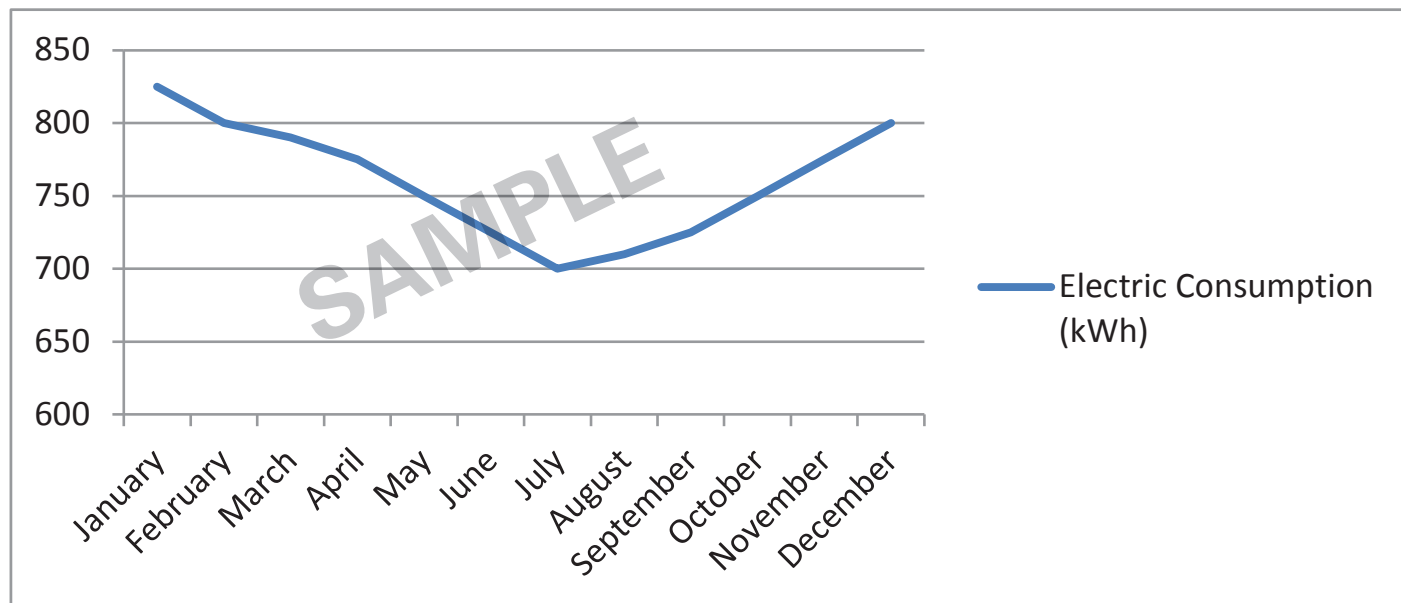
Site Specific Details

- General site description
- Building age (if applicable)
- Roof characteristics
- Meter information (location and type)
- Service panel information (location and capacity)
- Shading elements
- Wind and snow loading considerations
- Accessibility
- Balance of systems (BOS) considerations

Electrical Load Analysis

This section describes the customer’s electric consumption trends. This information will help the customer understand if their electric usage is high, medium or low compared to other Minnesota Power customers.

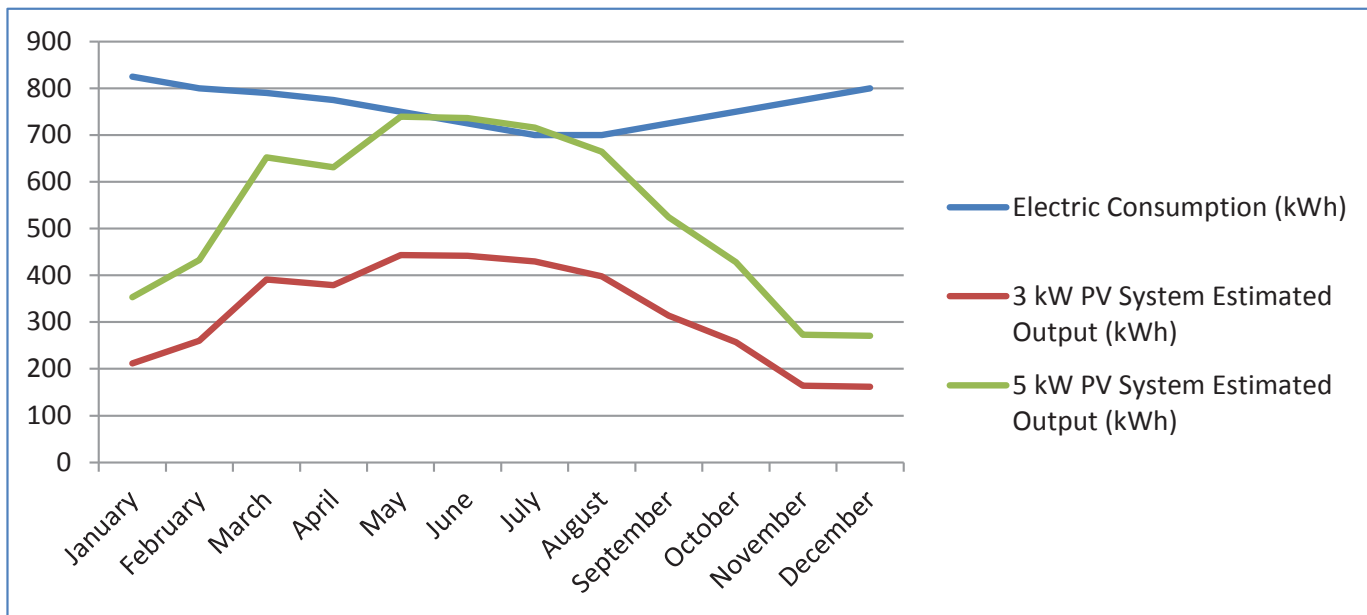
Electric Consumption (kWh)



Solar Assessment

The solar assessment section describes the site-specific details identified during the on-site analysis and explains how they could affect a solar installation. In addition, this section will include information about solar systems including size, general cost estimates and estimated production. Minnesota Power will provide graphs to compare consumption to solar production to help customers understand the relationship between the two.

Electric Consumption vs. Solar Production



Next Steps

This section will outline the customer's solar energy goals and provide the customer with information about how to achieve those goals.

It is important to note that the Solar Energy Analysis is not to be used in place of a shading analysis or detailed system design. If the customer chooses to move forward with a solar installation, they will need to contact a solar installer to perform a full shade analysis and system design.



AN ALLETE COMPANY

solar.mnpower.com | solarprogram@mnpower.com | 218-355-3720
Minnesota Power | Renewable Programs | 30 W. Superior St. | Duluth MN 55802