

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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**In the Matter of Establishing Generic
Standards for Utility Tariffs for
Interconnection and Operation of
Distributed Generation Facilities Under
Minn. Stat. § 216B.1611**

Docket No. E-999/CI-16-521

Reply Comments on Behalf of Minnesota Solar Energy Industries Association, Minnesota Solar Energy Industries Project, and the Environmental Law & Policy Center, the Institute for Local Self Reliance, the Minnesota Center for Environmental Advocacy, Minnesota Brownfields, and Clean Energy Economy Minnesota

On behalf of Minnesota Solar Energy Industries Association & Project, the Environmental Law and Policy Center, the Institute for Local Self Reliance, the Minnesota Center for Environmental Advocacy, Minnesota Brownfields, and Clean Energy Economy Minnesota (collectively “Movants”), we thank the Commission for the opportunity to submit comments in support of Movant’s Motion in this docket to reopen and amend the Distributed Generation (“DG”) Tariff (“DG Tariff”) created by the Commission in its September 28, 2004 Order in Docket No. CI-01-2013.¹

The original intent of the DG Tariff was to promote the growth of DG by providing customers with access to a statewide program that increases customer choice, promotes customer energy independence, and facilitates development of customer-owned DG projects 10 MW and smaller. As the Commission found in its 2004 Order:

Many benefits have been attributed to distributed generation, including reducing the demand on long distance transmission lines, enhancing reliability, ameliorating environmental consequences and increasing customer choice.

The potential for these benefits would be lost, however, if the process of connecting small generators to the electric grid proved too dangerous, or the process of negotiating such connections proved too burdensome. To avoid this outcome, the Legislature adopted §

¹ See *In re Establishing Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities under Minnesota Laws 2001, Chapter 212*, Docket No. CI-01-2013, Order, (Sept. 28, 2004) (“September 2004 Order”) archived at <https://perma.cc/KS4D-9HZ2>

216B.1611 to facilitate the process.

September 2004 Order at 3.

The current DG Tariff does not accomplish its original intent because it did not reduce the burdensome nature of developing DG projects by customers that generally lack the resources and expertise necessary to overcome the prohibitively high transaction costs. The lack of *any* development under the DG Tariff since its inception in September 2004 illustrates its failure to accomplish its original purpose and demonstrates the need for reevaluation and modernization. A modernized DG Tariff could accomplish its original intent and provide all customers with a simplified program whereby they can develop their own DG projects.

The current DG Tariff does not provide the rate certainty, the rate transparency, or the reduced transaction costs necessary to overcome the burdensome nature of negotiating with the utility. As noted by DG developers U.S. Solar Corporation and Geronimo Energy in their Initial Comments, the lack of rate transparency in the DG Tariff inhibits development of DG projects. *See* Geronimo Energy Comments at 3; US Solar Corp. Comments at 2. Geronimo Energy also stated, for example, that it was required to sign a non-disclosure agreement just to see a utility's DG rate. Geronimo Energy Comments at 3. This lack of transparency impedes development of customer-owned DG projects.

On the lack of rate certainty, Geronimo Energy noted that there is no method for determining capacity need in Minnesota, and, therefore, because the DG Tariff only allows capacity compensation if there is a need within a five-year window, there is no rate certainty that would allow development of DG projects. Geronimo Energy Comments at 5. This lack of rate certainty creates unreasonably high transaction costs and fails to overcome the burden that the DG Tariff was intended to overcome.

Response to Comments in Opposition to Reexamining the DG Tariff

Some comments in opposition to reopening the DG Tariff argued that, although there has been no service taken under the DG Tariff, this alone does not support reexamination of its implementation.² *See* Otter Tail Power Co. Comments at 5; Minnesota Power Comments at 2. We disagree. The fact that no customer has taken service under the DG Tariff shows that it is not working as intended and demonstrates why the Commission should examine what barriers are impeding the DG Tariff's implementation.

Xcel opposes reexamining the DG Tariff because it has other DG Tariff-like opportunities, such as the Solar*Rewards program or the PV Solar Demand Credit Rider, and therefore, it argues, there is no need to reexamine the DG Tariff. Xcel Comments at 1-2. However, there are three significant differences between the DG Tariff and Xcel's programs that show why these programs do not displace the need for a DG Tariff that encourages development of customer-owned distributed

² Xcel argues that Movants' claimed that there are no DG systems operating under "DG tariffs," Xcel Comments at 3, but Xcel's argument fails to acknowledge that Movants claim was limited to the DG Tariff that is that is the subject of the Commission's 2004 Order in Docket No. CI-01-1023. Movants maintain that no customer has taken service under the DG Tariff that is the subject of that Order, and Movants original motion was not arguing that there are literally no DG systems operating under the broader umbrella of "DG tariffs" as the term is used in Xcel's comments.

generation:

1. Customers of Minnesota Power and Otter Tail Power Company do not have access to Xcel's program nor do they have access to programs similar to Xcel's programs. The DG Tariff, however, would be available to all customers of Minnesota's IOUs.
2. Xcel's Solar*Rewards program is limited to projects 40 kW or smaller, therefore leaving a substantial hole between 40+ kW to 10 MW that the DG Tariff can fill.
3. Although Xcel's PV Solar Demand Credit Rider is available for projects larger than 40 kW, it is to on-site solar generation and capped based on the customer's peak demand. Therefore, the PV Solar Demand Credit Rider is not available for off-site projects or customers that do not have a suitable area to host solar generation, and this is a void that the DG Tariff can fill or displace.

Minnesota Rural Electric Association, Dairyland Electric Cooperative, and Dakota Electric Association oppose reexamining the DG Tariff. But those commenters also assert that the Commission lacks authority to require them to follow the Commission's 2004 DG Tariff order, so their opposition to reexamining the DG Tariff should be appropriately discounted.

Response to Comments on a Potential Timeline for Reexamining the DG Tariff

Movants agree with the Department of Commerce that the best timeline to follow would be to begin reexamining the DG Tariff after the completion of the Phase 2 technical requirements review of the interconnection standards currently taking place in this docket.

Movants disagree with the suggestion of Otter Tail Power Company that any possible review of the DG Tariff should not take place until after MISO and FERC are finished conducting their own dockets on the issue of energy storage. *See* Otter Tail Power Co. Comments at 9. First, although energy storage may be an aspect of some DG projects, Otter Tail Power Company failed to provide an example of how the outcome of those proceedings could affect DG rates or the DG Tariff. Second, these proceedings are concerned with transmission-level activity, and no effort was made to illustrate how they could affect DG customers taking service under the DG Tariff at the distribution-level.

* * *

Movants believe reexamination of the DG Tariff's implementation offers a significant opportunity to promote customer choice, energy independence, and development of customer-owned DG. The DG Tariff was intended to provide such opportunities, but as the lack of development under the Tariff shows, it has not delivered upon its original intent. The Commission has the opportunity to change that, however, and should reexamine the DG Tariff and its standards codified in Attachment 6 to the Commission's 2004 Order creating the DG Tariff.

Date: October 3, 2018

Respectfully submitted,

David Shaffer

Staff Attorney
MnSEIP
Phone: 612-849-0231
Email: shaff081@gmail.com

Jeffrey Hammons
Staff Attorney
Environmental Law & Policy Center
Phone: 312-795-3717
Email: jhammons@elpc.org

John Farrell
Director of Energy Democracy
Institute for Local Self Reliance
Email: jfarrell@ilsr.org

Elizabeth Lucente
General Counsel
MnSEIA
Phone: 763-367-0243
Email: llucente@mnseia.org

Leigh Currie
Senior Staff Attorney
Minnesota Center for Environmental Advocacy
Phone: 651-287-4873
Email: lcurrie@mncenter.org

Joe Mahowald
Program Associate
Minnesota Brownfields
Email: jmahowald@mnbrownfields.org

Gregg Mast
Executive Director
Clean Energy Economy Minnesota
Phone: 612-743-9157
Email: gmast@cleanenergyeconomymn.com