

March 26, 2026

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

**Re: In the Matter of a Formal Complaint by Larry Rauenhorst against Renville Sibley
Cooperative Power Association.
PUC Docket Number: E136/C-26-113**

Executive Secretary Bergman,

Please find enclosed the reply comments of the Minnesota Solar Energy Industries
Association ("MnSEIA").

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**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Hwikwon Ham	Commissioner
Audrey Partridge	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

**In the Matter of a Formal Complaint by
Larry Rauenhorst against Renville Sibley
Cooperative Power Association**

**REPLY COMMENTS OF THE
MINNESOTA SOLAR ENERGY
INDUSTRIES ASSOCIATION**

March 26, 2026

PUC Docket Number: E136/C-26-113

The Minnesota Solar Energy Industries Association (“MnSEIA”) respectfully submits these Reply Comments in response to the Initial Comments filed by Renville-Sibley Cooperative Power Association (“RSCPA”), the Minnesota Rural Electric Association (“MREA”), the Minnesota Department of Commerce (“Department”) and Clean Energy Economy Minnesota (“CEEM”). MnSEIA represents the solar energy industry in Minnesota and has a direct interest in ensuring that § 216B.164’s net metering laws are uniformly enforced. MnSEIA urges the Commission to investigate the Complaint.

COMMENTS

The initial comments of RSCPA and MREA urge dismissal on the ground that the Cooperative’s 2017 Local Democracy Resolution and implementing rules permanently exempt it from Commission regulation. The Cooperative asserts that “Minnesota law expressly and unambiguously assigns jurisdiction ... to cooperative boards of directors in lieu of the Commission.”¹ MREA echoes this, contending that “[t]he statute could not be more clear” and that the exemption “is obviously explicit and unambiguous.”² Both arguments rest on the same flawed premise that the exemption, once implemented, is permanent regardless of whether compliance is maintained afterwards.

Minn. Stat. § 216B.164, subd. 11(a) grants the exemption only to a cooperative that (1) elects by resolution to assume PUC authority and (2) “adopts **and has in effect** rules implementing this section.” (Emphasis added.) The present-tense phrase “has in effect” imposes a continuing obligation on cooperatives to maintain compliance with the rules implementing Minn. Stat. § 216B.164. There is no grandfather clause

¹ Renville-Sibley Comments at 5.

² MREA Comments at 2-3.

in statute for cooperatives implementing rules that were once compliant but have since been superseded or contradicted by rules that are not. The Department agrees that “a cooperative electrical association must be in compliance with Minn. Stat. § 216B.164, subd. 11, including the mediation provision, to be exempt from regulation by the Commission.”³ MnSEIA believes that a cooperative that ceases to maintain compliant rules loses the exemption by operation of statute, restoring the Commission’s authority under Minn. Stat. §§ 216A.05 and 216B.17, subd.6a. The record raises serious doubt that RSCPA currently “has in effect” rules in compliance with the rules implementing Minn. Stat. § 216B.164 and thus we believe the Commission has jurisdiction to investigate.

I. RSCPA’S MARCH 27, 2025 ARBITRATION BYLAW AMENDMENT RAISES UNCERTAINTY THAT COMPLIANT RULES REMAIN IN EFFECT.

Six days after its Board denied Mr. Rauenhorst's appeal, RSCPA amended its Bylaws to require that “[a]ny and all disputes ... arising from or related in any way to the Association’s provision of electricity or other services ... shall ... be resolved by binding arbitration,” with costs “shared equally by the parties.”⁴ RSCPA characterizes this as members voting to add a provision “**allowing** a member or Renville-Sibley **the option** to request” arbitration.⁵ (Emphasis added). However, this characterization is contradicted by the text of the bylaw amendment in Exhibit E, which provides that covered disputes “**shall** ... be resolved by binding arbitration” and that “[e]ach member ... **by virtue of their membership**, agrees to arbitrate.” (Emphasis added.) This language suggests arbitration is mandatory, not optional.

Whether or not arbitration is mandatory is important because subd. 11(a) requires that RSCPA’s rules “include a provision that a request by either party for mediation ... must be implemented” and subd. 11(b) mandates the cooperative pay 90 percent of mediation costs. If the arbitration bylaw is applicable to small power production under 216B.164, it would violate subd. 11 on two grounds. First, binding arbitration is distinctly different from mediation because it forecloses judicial review and extinguishes the member’s right to further legal recourse. Second, the bylaw’s 50/50 cost split contradicts subd. 11(b)’s 90/10 requirement, increasing the member’s financial exposure and revising the Legislature’s deliberate policy choice to remove financial barriers to member access.

As CEEM observes, RSCPA’s conduct is “unreasonable, vexatious, and unjustly discriminatory” and “clearly block[s] the interconnection of a qualified facility in contravention of the net metering black letter

³ Department Comments at 4–5.

⁴ Exhibit E, Art. I, § 2(B).

⁵ Renville-Sibley Comments at 2

law.”⁶ The Department acknowledged that “binding arbitration could be inconsistent with then allowing a party to seek mediation” but declined to reach the question because it believed it may be speculative at this point.⁷ MnSEIA believes the question is not speculative. The bylaw and its 50/50 cost split appear on the face of Exhibit E. After Complainant served RSCPA with a state court action to enforce § 216B.164, RSCPA’s counsel raised the arbitration provision as a basis to compel arbitration in lieu of judicial review.⁸ The question of whether the bylaw applies to § 216B.164 disputes is an issue for the Commission, not RSCPA itself, to answer.

The bylaw’s carve-out for “disputes or claims relating to the payment for electrical energy and/or other services provided by the Co-op” does not resolve the ambiguity. If the carve-out covers § 216B.164 disputes, RSCPA has amended its Bylaws without providing a clear replacement for the Interconnection Rules’ mediation process, leaving members without a clarity on whether they have access to a compliant dispute resolution pathway. If it does not cover § 216B.164 disputes, the arbitration clause applies directly and violates subd. 11’s mediation mandate. Either reading means RSCPA fails to “have in effect” rules satisfying subd. 11(a).

II. THE 2024 ONE-MILE RULE CREATES ADDITIONAL UNCERTAINTY OVER ONGOING COMPLIANCE.

RSCPA’s 2024 Rules added Part M, Subpart 4, combining qualifying facilities owned by the same person within a one-mile radius and limiting them to average retail rate compensation for only one facility regardless of total system size. This restriction is more burdensome than the application of the One-Mile Rule currently under litigation in Docket No. 25-435. Section 216B.164 grants the average retail rate election to “a qualifying facility having less than 40-kilowatt capacity” without any co-location restriction. A rule that unilaterally limits the scope of a statutory right is not a rule “implementing” the law, but rather a rule contradicting it. Real-world consequences include homeowners, farmers, school districts, and municipalities being denied economically viable compensation for multiple solar installations. This provides a second basis on which the Commission should conclude that RSCPA’s current rules do not satisfy subd. 11(a)’s “has in effect” requirement.

⁶ CEEM Comments at 3.

⁷ Department Comments at 4.

⁸ Complaint 3

III. ALLOWING RSCPA TO SELF-DETERMINE ITS OWN EXEMPTION STATUS WITHOUT COMMISSION REVIEW GRANTS IT AUTHORITY THE LEGISLATURE NEVER INTENDED.

MREA argues that the local democracy framework reflects the Legislature’s judgment that member-owned cooperatives “have no interest other than the collective interests of all their members” and therefore need no external oversight.⁹ Minn. Stat. § 216B.164, subd. 11 delegates PUC authority to cooperative boards, however it does not eliminate accountability to upholding and implementing the law. Permitting RSCPA to adopt a bylaw substituting binding arbitration for the Legislature’s prescribed mediation process, and then to self-declare its exemption intact, would grant it unchecked authority that not even the Commission itself possesses. As CEEM notes, the Commission must investigate “as a means by which to uphold the integrity of the net metering law ... and to signal to other electric utilities, including electric cooperatives, that no one is above the law.”¹⁰

The Commission’s authority to examine whether exemption conditions are currently met is confirmed by the Commission’s recent determinations in the Formal Complaint by Upper Sioux Community, where the Commission asserted its jurisdiction over a cooperative’s standards and practices regarding customer-sited solar generation under § 216B.17, subd. 6a.¹¹ Neither RSCPA nor MREA addressed in their comments the Commission’s independent authority under Minn. Stat. § 216A.05 and Minn. R. 7835.4500, which provides a basis for Commission action.

IV. THE DEPARTMENT AGREES THERE ARE REASONABLE GROUNDS TO INVESTIGATE AND THAT INVESTIGATION IS IN THE PUBLIC INTEREST.

The Department’s conditional recommendations are instructive. It found that “it appears there are reasonable grounds to investigate the allegations ... that the Cooperative is not paying the prescribed compensation rate” and that “it is in the public interest for the Commission to ensure that utilities compensate the owners of qualifying facilities at a rate consistent with Minn. Stat. § 216B.164.”¹² The Department was “extremely concerned by the allegations that the Cooperative is refusing to comply with its own rules and statutory obligations.”¹³ CEEM further warns that allowing utilities to use “unreasonable, vexatious, and

⁹ MREA Comments at 4.

¹⁰ CEEM Comments at 4.

¹¹ *In re Formal Complaint by Upper Sioux Community v. Minnesota Valley Cooperative Light & Power Ass’n*, Dkt. 25-219, at 2 (Aug. 13, 2025).

¹² Department Comments at 5–6.

¹³ *Id.* at 5.

unjustly discriminatory actions to undermine [members'] electing to use DERs” would place “Minnesota’s GHG emissions reduction laws ... at risk of being neutered.”¹⁴ MnSEIA agrees.

As CEEM observes, “there are no material facts in dispute and a quick resolution is necessary because Complainant has invested in a 36 kWac solar system which was expected to be interconnected more than two years ago.”¹⁵ MnSEIA supports the Department’s recommendation to use an informal or expedited process under Minn. R. 7829.1800.

CONCLUSION

MnSEIA believes that the Commission should deny the motions to dismiss, determine that RSCPA’s March 27, 2025 Bylaw amendment and its 2024 One-Mile Rule raise substantial doubt as to whether RSCPA currently “has in effect” rules complying with Minn. Stat. § 216B.164, subd. 11, and proceed to investigate the Complaint. Allowing a cooperative to unilaterally replace the Legislature’s prescribed mediation process with mandatory binding arbitration, and then invoke that change to avoid all accountability, would render the subd. 11 framework a shield against enforcement rather than a grant of responsible self-governance.

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¹⁴ CEEM Comments at 5–6

¹⁵ CEEM Comments at 4–5.