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To Chair Sieben, Vice-Chair Sullivan, Commissioner Ham, Commissioner Partridge, Commissioner Tuma and Minnesota PUC Staff

COMMENTS OF BASE POWER ON MINNESOTA PUC DOCKET 25-378 RE: CAPACITY*CONNECT PROGRAM PROPOSAL

Base Power Company ("Base") appreciates Xcel Energy and Minnesota's leadership in advancing energy storage and the thoughtful approach to valuing and procuring distribution-connected projects, including in the proposed Capacity*Connect program. Base broadly supports the Distributed Capacity Program and submits the following comments in response to the notice of comment period.

Base Power is a vertically integrated distributed storage developer that designs, manufactures, installs, owns, and networks residential batteries to support the grid. Our technology delivers capacity at a quality and cost comparable to utility-scale storage while providing customer resiliency dramatically cheaper to the homeowner than alternatives. Base has installed over 180 MWh of distributed storage in 2025 after launching its product in 2024.

Base has focused its response to a subset of topics provided in the notice. In summary, Base is:

1. **Advocating for a size-agnostic structure anchored on the performance and quality of the resource provided**, which means including residential-sited assets in scope to meet the capacity target

2. **Advocating for additional commercial structures to be considered in the program**, such as allowing for build-transfer constructs so that vendors can bring their existing expertise deploying distributed storage in other geographies to Minnesota

These comments seek to ensure that the solutions built support a more affordable, reliable power system in Minnesota.

Respectfully submitted,

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Base recommends that the Capacity*Connect program **expand its eligibility to include individual storage assets greater than 5 kW and less than 3 MW**. This enables aggregated residential-sited batteries to be a viable technology for meeting the capacity targets outlined in this program. Residential batteries can be more cost-competitive, provide customer resiliency and are just as performant as the 1-3 MW C&I storage units outlined in the proposal:

- **Cost advantages:** Allowing residential systems to compete would support a more affordable power system for ratepayers.
    - Compared to 1-3 MW batteries, residential battery installations require less non-recurring engineering work (e.g., same one-line diagrams for most single-family homes), have fewer layers of permitting, utilize existing interconnection, and incur no permanent site construction. These are all levers that lower the cost of storage.
    - If given the opportunity to bid into a competitive distributed energy procurement that contemplates residential battery aggregations, Base would offer **[TRADE SECRET DATA BEGINS . . . TRADE SECRET DATA ENDS]**.

- **Customer resiliency.** Residential batteries offer resiliency for participating homeowners that cannot be achieved with C&I battery deployments. Dedicating these batteries to the grid unlocks an affordable resiliency solution to low- and middle-income customers who have traditionally been priced out of $10K+ residential battery systems[1]. A 200 MW / 800 MWh residential battery fleet would offer affordable resiliency to 20,000 customers.

Furthermore, aggregations of residential batteries can be reliable grid assets. For example, in ERCOT, residential battery fleets can qualify to be an Aggregate Distributed Energy Resource (ADER) to provide energy and ancillary services. Qualification requires rigorous base point testing and telemetry, similar to the performance requirements expected of utility-scale assets[2]. As of November 2025, there are over 10 residential battery ADER fleets with a total capacity over 120 MW[3].

Resource qualification options for residential-sited batteries in MISO are the same as those of the 1-3 MW batteries as described in this proposal (i.e., DRR Type 1, ESR or LMR are pathways available today, DER aggregation model available beyond 2029).

Residential batteries can be installed front-of-meter while still providing whole-home backup to the customer. Base Power is actively deploying front-of-meter residential batteries today.

Lastly, smaller resources can still achieve similar system benefits as the larger 1-3 MW resources contemplated in this proposal without introducing risk. As long as the utility retains full control and visibility over the fleet, residential batteries can be available for dispatch 24/7. There is minimal incremental cybersecurity risk to smaller residential batteries as they can also be

[1] EnergySage
[2] ADER telemetry requirements
[3] ERCOT ADER Participants (Nov 2025)

dispatched by the Grid DERMS and adhere to the same cyber requirements as C&I-sited batteries.

Base also proposes that **additional commercial constructs such as build-transfers or third-party ownership be considered as part of the Capacity*Connect program**, instead of a series of hardware-only or EPC-only procurements.

Similar to the process for an utility-scale asset, a build-transfer involves a vendor taking responsibility for all work and costs required to develop the resource. This includes contracting with site owners (commercial or residential) that are interested in batteries, deploying batteries (including permitting and interconnection), and providing 24/7 control over the battery fleet to Xcel. Vendors will provide development guarantees just as utility-scale developers do. Optionally, the vendor can also perform operations and maintenance on the batteries over the life of the fleet. **This would still result in the front-of-meter, utility-owned and -controlled, dispatchable DER contemplated in the existing proposal.**

This construct enables vertically integrated vendors to bring its expertise across the entire hardware and deployments process to Xcel, which can lead to lower overall costs. Vertically integrated vendors can cut out the middlemen that have traditionally driven up the cost of deploying distributed assets.

There are also synergies across the cost stack only accessible to vertically integrated vendors. If the hardware manufacturer is the same party providing O&M, service is more likely to be completed in a timely manner given their familiarity with the product. The hardware manufacturer can then also inform product improvements and push over-the-air firmware updates as they are developed to further improve functionality, control and reliability over the lifetime of the asset.