



Minnesota Solar Energy Industries Association

We Move Minnesota Solar + Storage Forward

September 03, 2024

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

Re: In the Matter of the Impacts of the “Capacity” Definition in Minn. Stat. §216B.164 and Associated Rules on Net Metering Eligibility for Rate-Regulated Utilities, Docket No. E002, E111, E017, E015/CI-24-200

Executive Secretary Seuffert,

Please find here the Initial Comments of the Minnesota Solar Energy Industries Association in the above-entitled matter. These comments reflect the views of our organization and interested members related to the issue raised, and the topics open for discussion, in the Minnesota Public Utilities Commission’s Notice of Comment Period issued on May 31, 2024, with an extension filed July 30, 2024, in the above-referenced docket.

Sincerely,

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**STATE OF MINNESOTA
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**In the Matter of the Impacts of the
“Capacity” Definition in Minn. Stat.
§216B.164 and Associated Rules on Net
Metering Eligibility for Rate-Regulated
Utilities.**

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

September 03, 2024

Docket No. E002/M-24-200

I. INTRODUCTION.

The Minnesota Solar Energy Industry Association (“MnSEIA”) submits these Reply Comments in response to the comment period opened by the PUC on the docket above on May 31, 2024, and extended on July 30, 2024. MnSEIA is a nonprofit association that represents Minnesota’s solar and storage industry, with over 160 members, ranging from rooftop installers to non-profit organizations, manufacturers, cooperative utilities, and many others, which employ over 5,000 Minnesotans. We appreciate the Commission's effort to arrive at a clear standard for applying the legal definition of capacity as it relates to reliability and net metering rate eligibility. Our comments discuss an application of the definition of “capacity” as a measurement of QF’s

export capacity. This standard is consistent with the clear language of the law, and for reasons discussed below, does not and cannot create any reliability concerns.

II. PROCEDURAL HISTORY

- August 31, 2023 Dakota Electric Association (“DEA”) filed an updated Technical Specification Manual (“TSM”).
- October 2, 2023 MnSEIA filed an objection with the Commission in Docket No. 16-521, objecting to specific language in Section 11.1.1 of DEA’s TSM related to qualified facilities with capacity less than 40 kW.
- October 12, 2023 The Commission issued a Notice of Comment Period (“Notice”) in Docket Nos. 18-711, 16-521, addressing whether the Commission should take any action on MnSEIA’s objection.
- January 12, 2024, The following parties filed initial comments: DEA, MnSEIA, Minnesota Department of Commerce, Division of Energy Resources (“DOC” or the “Department”), Minnesota Rural Electric Association (“MREA”); and Minnesota Municipal Utility Association (“MMUA”).
- January 22, 2024 DEA and MnSEIA each filed reply comments.
- April 11, 2024 The matter came before the Commission.
- May 22, 2024 The Commission published an order in Docket No. 18-711 directing DEA to delete the first sentence of Section 11.1.1 from its TSM, and opening “a proceeding to address the application of the definition of “capacity” in Minn. Stat. § 216B.164, subd. 3(d) and associated rules without creating reliability problems related to net-metering rate eligibility for Dakota Electric, Minnesota Power, Otter Tail Power Company, and Xcel.”
- June 4, 2024 The Commission issued a Notice in Docket No. E-015/CI-24-200 to address: “How should the Commission apply the definition of “capacity” in Minn. Stat. § 216B.164 and Associated Rules without creating reliability problems related to net-metering rate eligibility for rate-regulated utilities?”
- July 30, 2024 The MREA, DEA, MnSEIA, Northern States Power Company, doing business as Xcel Energy (“Xcel”), Minnesota Power (“MP”), and Otter Tail Power (“OTP”) jointly submit a letter to request an extension from August 1 to September 3, 2024, to file initial comments in response to Commission’s June 4, 2024, Notice of Comment Period, with Reply Comments due on September 17, 2024.

July 30, 2024 The Commission issued a Notice of Extended Comment Period, updating the deadline for filing initial comments to September 3, 2024, and the deadline for filing Reply Comments to September 17, 2024.

The Commission also noted that the following topic(s) were also open for comment:

- How should the Commission consider the “capacity” definition in Minn. Stat. § 216B.164 and associated rules on net metering eligibility for rate-regulated utilities?
- What should the Commission consider regarding the definition of “capacity” as it relates to reliability and net metering rate eligibility?
- Are there other issues or concerns related to this matter?

MnSEIA submits these Initial Comments in response to the Commission's Notice of Comment Period.

II. BACKGROUND

In 2023, regulated utilities were asked to update their Technical Specification Manuals (“TSMs”) to implement the use of advanced inverters, and make their draft recommendations to the Distributed Generation Workgroup (“DGWG”) Workgroup. DEA made changes to several sections of its TSM, including changes to Section 11, which relates to net metering. In particular, Section 11.1.1 was updated to state in relevant part:

Dakota Electric is required to net-meter PURPA qualified DER systems that haves an aggregate Nameplate Rating of less than 40kW and are interconnected with the distribution system. Net- metering allows the member’s DER to generate excess energy, ~~greater than the local load requirements~~ and push that energy back into the Area EPS and then later allows the member to draw the equivalent electrical energy from the grid for their on-site use.

The DGWG met on August 18, 2023, to discuss the updated TSMs. At the meeting, MnSEIA’s DGWG Representative noted that the first sentence which stated that DEA was “required to net-meter PURPA qualified DER systems that have an aggregate Nameplate Rating of less than 40kW” was misleading and misstated Minnesota law. The MnSEIA DGWG Representative cited the statutory and rule provisions that stated that capacity was measured at the point of interconnection between the systems, also known as the point of common coupling, and not measured by the nameplate rating, for purposes of rate eligibility.

Following the DGWG meeting, on two occasions MnSEIA asked, and DEA refused, to update the language in its TSM to accurately reflect Minnesota law. Believing it was necessary to apply the correct legal definition of “capacity” for the purposes of Average Retail Utility Energy Rate eligibility, commonly referred to as the net metered rate, MnSEIA filed an objection to DEA’s TSM.¹ As MnSEIA stated in its objection, “when it comes to the legal responsibility to pay the average retail utility energy rate for a QF less than 40 kW, Minnesota law only cares about the “capacity” of the QF at the point where the two systems interconnect-the main meter.”²

The Department of Commerce, Division of Energy Resources (“Department”) agreed, stating “[t]he plain language of Minn. Stat. § 216B.164 and Minnesota Rule 7835.0100, comports with MnSEIA’s assertion that a DER or DER system comprising a QF with less than 40kW alternating current at the point of interconnection or the point of common coupling is eligible for net metering.”³

The responses of other parties focused on the nature of the financial agreement between the utility and a QF customer. The Minnesota Municipal Electric Association (“MMUA”) stated “[t]he natural result...of increasing the amount of power to the user from the developer’s/customer’s solar panels and decreasing the amount from the utility is to shift the **financial responsibility** for the utility’s fixed costs from the self-generating customer to other customers.”⁴ Emphasis added.

The Minnesota Rural Electric Association stated “[i]t is possible that “capacity” in some other context might be defined by an inverter’s export setting, but in this context of determining which facilities meet the capacity threshold for **retail rate compensation**, it seems clear that a facility’s capacity is its nameplate rating.”⁵ Emphasis added.

¹ *In the Matter of Updating Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities Under Minn. Stat. §216B.1611*, Dkt. No. 16-521, MnSEIA, FORMAL COMPLAINT (Sept. 12, 2023).

² *Id.*, at 7

³ *In the Matter of Dakota Electric Association’s Distribution Interconnection Process and Agreement*, Dkt. No. 18-711, Department of Commerce Division of Energy Resources, COMMENTS, p. 5 (Jan. 12, 2024).

⁴ *In the Matter of Updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established Under Minn. Stat. §216B.1611*, Dkt. No. 18-711, Minnesota Municipal Utilities Association, COMMENTS, p. 3 (Jan. 12, 2024).

⁵ *In the Matter of Updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established Under Minn. Stat. §216B.1611*, Dkt. No.18-711, Minnesota Rural Electric Association, COMMENTS, p. 4 (Jan. 12, 2024)

Finally, DEA stated determining a systems capacity by its export capacity at the point of interconnection/common coupling “is problematic because it **creates an incentive** to overbuild facilities and move away from the statutory requirement that these facilities be built to offset energy use.”⁶ Emphasis added.

Utility comments demonstrated their concerns about the economic and financial implications of defining a system's capacity at the point of common coupling. It's worth noting that the term “reliability” appears only twice throughout the combined comments of MMUA, MREA and DEA, both instances being quotes attributed to the Commission.

The Commission heard testimony from the parties at the April 11, 2024, hearing on this issue. DEA agreed that it was possible for an inverter to limit its export capacity, and testified that “If an inverter at the actual inverter, not the control system, is programmed.. and it's certified and we have the proper documentation that the inverter cannot export and cannot generate more than 40 kW, we have no concerns with that.”⁷ In response to DEA's statement, and in reference to eligibility for the retail rate, Commissioner Ham stated “We have to abide with the law. The law is very clear, it's at the point of interconnection to the system and whether that system is qualified or not is in that part.”⁸

Testifying to the technical interconnection aspects of exporting energy to the grid, MREA stated “You'll find all the utilities use nameplate capacity”⁹ but also stated “[I]f you set that inverter lower than its maximum capacity and you have an independent certification of that lower rating you've essentially derated it and you have a new nameplate capacity.”¹⁰ MREA later added “The definition of nameplate rating isn't tied necessarily to the maximum output of the inverter. You can change that maximum output as long as you have certification from an independent third party, that yes, in fact it is set at a lower level and will not inject more than what it's set to inject. Then you know what you have for interconnection purposes and you know what you have for net metered eligibility purposes.”¹¹

⁶ *In the Matter of Updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established Under Minn. Stat. §216B.1611*, Dkt. No. 18-711, Dakota Electric Association, COMMENTS, p. 5 (Jan. 12, 2024).

⁷ *In the Matter of Dakota Electric Association's Distribution Interconnection Process and Agreement*, Dkt. No. 18-711, Minnesota Public Utility Commission, HEARING, at 1:08:10 (April 11, 2024).

⁸ *Id.*, at 1:13:10.

⁹ *Id.*, at 1:03:00.

¹⁰ *Id.*, at 1:02:00.

¹¹ *Id.*, at 1:20:00.

The Commission stated that the “The definition [of capacity] is already there in the statute, and is very clear.”¹² Commissioner Ham stated:

We cannot redefine what is defined in statute. The definition of capacity is already defined in the statute. This is a matter of how we are going to enforce it without jeopardizing reliability. If there is any issue with reliability the utility has to bring it up so we can either ask the legislature to change the definition or if they do not present good information they have to abide by the statute.¹³

The Commission opened this proceeding to address the only issue unresolved after the April 11th hearing, which was whether the application of the legal definition of capacity created any reliability issues. Order Point 1 directed Dakota Electric to delete the sentence which misstated the law from Section 11.1.1 of its TSM, and Order Point 2 opened “a proceeding into the application of the definition of “capacity” in Minn. Stat. § 216B.164, subd. 3(d) and associated rules without creating reliability problems related to net-metering rate eligibility for Dakota Electric, Minnesota Power, Otter Tail Power Company, and Xcel.”¹⁴

In an effort to understand, address, and resolve any reliability concerns utilities may have with the application of the definition of “capacity”, MnSEIA and MREA jointly convened representatives from its memberships and delegates from all investor owned utilities. The parties met three times throughout the summer. MnSEIA’s goal was to convene technical experts from the industry to address any reliability concerns the utilities might have applying a definition of capacity that is consistent with state law and policy.¹⁵ The only reliability concern that the utilities raised during the meetings was whether a DER customer has the ability to independently change the export capacity settings of their inverters after interconnection was complete.

The Utilities agreed that with proper verification protocols in place to prevent DER customers from independently changing export capacity settings, it would be possible to use inverter settings rather than nameplate capacity to determine system capacity. They also agreed that non-exporting storage should be excluded when determining the capacity of a facility.

¹² *Id.*, at 1:27:45.

¹³ *Id.*, at 1:46:30

¹⁴ *In the Matter of Updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established Under Minn. Stat. §216B.1611*, Dkt. No.18-711, Minnesota Public Utilities Commission, ORDER INITIATING PROCEEDING INTO DEFINITION OF “CAPACITY,” p. 4 (May 22, 2024).

¹⁵ See Exhibit A, which is a complete copy of MnSEIA’s proposed working group agenda slides and states that our goals were to provide clarity, consistency and predictability while remaining in compliance with state law and policy.

However, utilities stated that storage capable of exporting should count towards the definition of capacity, even if limited at the inverter.

MnSEIA members agreed with MREA that a new checklist addressing system control protocols could be implemented as an attachment to the MN DIP application, in addition to the control requirements already in place in the TIIR, to provide utilities with adequate assurance that the DER's output will be limited when evaluating system impacts. The proposed checklist was to affirm that UL Certified power control equipment would be used to limit export capacity at the point of common coupling, and would be locked down and inaccessible to a system owner, thereby reducing or eliminating the system owner's ability to change their export settings.

The utilities proposed to draft the checklist but instead of drafting a checklist addressing their concerns regarding a DER customer changing their system's export capacity, the utilities sent a draft checklist titled "Protocol for Net Metering Capacity Determination" that appeared intended to change how rate eligibility is determined. When MnSEIA and others said the law is clear on eligibility and tried to refocus the attention of the group on the issue in this docket, whether the application of the legal definition of capacity will impact reliability, the utility members refused to continue discussions. To further address the utilities reliability concerns, MnSEIA drafted another version of the checklist modeled on existing MN DIP processes entitled "Limiting Maximum Export Capability of DER Checklist", which was rejected by the utilities.¹⁶

III. COMMENTS

A. How should the Commission apply the definition of "capacity" in Minn. Stat. § 216B.164 and Associated Rules without creating reliability problems related to net-metering rate eligibility for rate-regulated utilities?

The focus of this docket, as directed by Order Point 2 from the Commission's May 22, 2024, order is "How should the Commission apply the definition of "capacity" in Minn. Stat. § 216B.164 and Associated Rules without creating reliability problems related to net-metering rate eligible for rate-regulated utilities?" This issue arose out of the concern created by the utilities informing the Commission that they had not been using the legal definition of capacity, but,

¹⁶ See, Exhibit B, which is a complete copy of MnSEIA's "Limiting Maximum Export Capability of DER Checklist."

rather, had been using the nameplate capacity of DER systems for determining rate eligibility and evaluating the impact the propose DER system will have on the utility’s distribution system. For the reasons discussed below, applying the definition of “capacity” consistent with the clear language of the law does not and cannot create any reliability concerns.

As an initial matter, it is important to remember, as MnSEIA and Commerce previously noted in their comments in docket 16-521, how capacity is determined under the MN DIP and how it is determined under Minnesota law for purposes of rate eligibility come from two different authorities. For rate eligibility, it is Minnesota law. For interconnection impact it is the MN DIP, TIIR, and TSM.

If utilities have been using nameplate capacity for the purpose of both interconnection and rate eligibility, as they have stated they have, then there could not be any reliability issues if they start using the legal definition of capacity for rate eligibility because the nameplate capacity of a system is necessarily higher than its capacity at the point of interconnection/common coupling. Nameplate capacity is the maximum amount of energy that a DER system could possibly produce in ideal conditions, while its capacity at the point of interconnection/common coupling is the amount of energy that it is actually producing.

For example, in the example provided by Dakota where it stated that it would combine a 25kW PV system¹⁷ with a 20 kW battery, resulting in a system with a 45 kW nameplate rating. If Dakota studied that system as a 45 kW system, then it would require overbuilding the system because, like solar panels, electricity is stored in a battery in DC, not AC.¹⁸ Assuming the

¹⁷ See *In the Matter of Updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established Under Minn. Stat. §216B.1611*, Dkt. No.16-521, Minnesota Public Utilities Commission, ORDER ESTABLISHING A TWO QUEUE SYSTEM, DIRECTING FURTHER DISCUSSIONS, AND ADDRESSING MISCELLANEOUS MATTERS, p. 7 (April 15, 2024) (summarizing Dakota’s position that a 25-kW solar facility and 20 kW of battery energy storage is treated as a 45-kW DER for purposes of an interconnection study”). It is unclear in Dakota’s example if Dakota is measuring the size of the solar panels, the inverter or both. As discussed in the hearing, solar panels do not produce any AC electricity, so, without an inverter, which converts the solar panels DC electricity to AC, solar panels cannot produce any AC electricity.. So, 12.5 kW of solar panels with a 12.5 kW inverter will have a nameplate rating of 25 kW, even though such a system will only have the capacity to produce 12.5 kW of AC electricity. For the sake of this example, MnSEIA will assume that Dakota is referring to the size of the inverter, with the solar panels being something larger than 25 kW because if they were only 25 kW, then, because the conversion from DC to AC results in some energy loss, 25 kW of solar panels could not provide enough energy for the inverter to convert 25 kW of AC electricity.

¹⁸ It is likely worth noting that the MN DIP’s definition of “nameplate rating” states, in relevant part, “For a Local EPS with multiple DER units, the aggregate nameplate rating is equal to the sum of all DERs nameplate rating in the Local EPS, **not including aggregate capacity limiting mechanisms** such as coincidence factors, plant controller limits, etc. that may be applicable for specific cases (Aggregate Nameplate Rating). **The nameplate ratings referenced in the MN DIP are alternating current nameplate DER ratings.**” And further, MN DIP 5.14.2,

battery is DC coupled as they are in many systems, that system could only produce 25 kW of AC electricity because the inverter is used to convert both the DC electricity from the solar panels and the DC electricity from the battery. In short, such a system could never export more than 25 kW at any point in time. So, Dakota evaluated the project to make sure its system could handle 45 kW of electricity, even though the system could never export more than 25 kW. Because the utilities' approach of using nameplate capacity overestimates the amount of energy that the system can export at any point in time, interconnecting a smaller system could never result in any reliability issues. If anything, it is resulting in the utilities requiring unnecessary equipment upgrades. Moreover, as this Commission is well aware, adding battery storage should improve system reliability because it allows the system to export energy at a more constant voltage than a system without battery storage.

And if any utility was simply adding the nameplate capacity of the PV panels and the nameplate capacity of the inverters, then it was likely evaluating a DER system that could only actually produce half or less of the electricity that could actually be exported to the utility's system. For example, a system with 12.5 kW of solar panels and a 12.5 kW inverter has an aggregate nameplate rating of 25 kW, but only has an actual capacity of 12.5 kW because solar panels produce DC electricity, which an inverter converts to usable AC electricity. Thus, interconnecting a system with a nameplate capacity of 25 kW could not result in any reliability issues because its actual system capacity is only 12.5 kW.

And that is a very simplistic view because in reality, a DER system will only export up to its AC nameplate rating during the peak of the day, in ideal temperatures and atmospheric conditions, if the system is totally unshaded, and only then if no load is being served at the residence. Most, if not all DER systems are serving some, if not significant load. Moreover, if you add a battery to a DER system, the nameplate capacity of the battery will not increase the export capacity of the system beyond the system's capacity to generate energy and thresholds set by export limiting protocols approved by the MN DIP and TIIR.¹⁹ As such, if the utility evaluates

states, "An Interconnection Application for a DER that includes a single or multiple **energy production devices** at a site for which the Interconnection

¹⁹ Customer seeks a single Point of Common Coupling shall be evaluated on the basis of the Aggregate Nameplate Rating of the multiple DERs unless 5.14.3 applies."

the actual export capacity of the DER, as appears to be required by the MN DIP and TIIR, then the application of the legal definition of capacity cannot have any reliability impacts.

Which is likely why in the three meetings between MnSEIA members and utility stakeholders, the only reliability concern raised by utilities was locking down a DER to prevent its owner from changing export settings after installation.²⁰ While the MN DIP and TIIR already appeared to address these concerns, MnSEIA and its members were willing to provide additional protections and clarity to alleviate the issue.^{21,22} The checklist was to provide assurances above and beyond the assurances existing in the TIIR that an interconnecting DER customer would not be able to access and change their systems Power Controls for limiting DER export at the point of common coupling, at any time after interconnection and installation.

The utilities rejected these assurances and would only consider a checklist, that would determine “the capacity of a DER system for purposes of net metering in concert with the agreement to determine capacity based on inverter settings if different from nameplate rating and exclude non-exporting storage.” The idea here being that a solar and storage system with, for example, an aggregate nameplate rating of 45kW AC could somehow export up to its maximum 45kW AC rating if the storage device was allowed to export to the grid. As we explained above, this does not comport with how a system like this would in reality operate.

B. How should the Commission consider the “capacity” definition in Minn. Stat. § 216B.164 and associated rules on net metering eligibility for rate-regulated utilities?

It is unclear on how the topic of considering “net metering eligibility for rate-regulated utilities” relates to reliability. As discussed above, application of the legal definition of capacity found in both Minn. Stat. § 216B.164, subd. 2a(c), and Minn. R. 7835.0100, subp. 4, does not

²⁰ Which realistically shouldn’t create any reliability issues either because the utility was already evaluating the DER using nameplate capacity, it was already determining the DER’s maximum output could be safely and reliably interconnected.

²¹See MN DIP Attachment 2: Simplified Application Form, and MN DIP Attachment 3: Interconnection Application Form. B.

²² TIIR Section 11.3 states “The DER Operator shall obtain approval from the Area EPS Operator for any Power Control limiting system which is implemented. Power Control limiting for inverter-based DER systems with a Nameplate Rating of 20kW or less shall use a certified control system tested to UL 174136. For these smaller systems, the DER Owner shall submit proposed settings to the Area EPS Operator for review and approval. For DER systems with a Nameplate Rating larger than 20 kW using a certified control system tested to UL 1741, the DER Operator shall provide test results showing the magnitude and duration of power import or export.

and could not create any reliability concerns. While the use of the term “consider” is unclear, what is clear is that the Commission must apply the law consistent with its clear and unambiguous language. The law is very clear that eligibility for the average retail utility energy rate is based on the capacity of a QF system at the point of interconnection/common coupling between the QF and the utility’s system, which is where the bi-directional meter is connected.

Minn. Stat. 216B.164, subd. 3(d) states “Notwithstanding any provision in this chapter to the contrary, a qualifying facility having less than **40-kilowatt capacity** may elect that the compensation for net input by the qualifying facility into the utility shall be at the average retail utility energy rate.” And Minn. Stat. 216B.164, subd. 2a(c) defines “capacity” as “[T]he number of megawatts alternating current (AC) **at the point of interconnection between** a distributed generation facility and a utility’s electric system.

Minn. R. 7835.0100, subp. 4, even more clearly makes the point of where the capacity of a system is determined by stating that it is “measured by the number of megawatts alternating current at the point of common coupling between a qualifying facility and a utility's electric system.” Thus, when these provisions are read together, they state that a QF “having less than 40-kilowatt capacity, which is “measured by the number of megawatts alternating current at the point of common coupling between a qualifying facility and a utility's electric system,” “may elect that the compensation for net input by the qualifying facility into the utility shall be at the average retail utility energy rate.” As noted by MnSEIA, Commerce and Commissioner Ham in the prior proceeding, this language is clear and unambiguous.²³

C. What should the Commission consider regarding the definition of “capacity” as it relates to reliability and net metering rate eligibility?

It is also unclear how this topic relates to the issue of reliability, because, as discussed above, the application of the legal definition of capacity for QFs to be eligible for the average retail utility energy rate does not create any reliability issues. However, whenever the

²³ Commissioner Ham affirmed this at the April 11 hearing on this issue when he stated “We cannot redefine what is defined in statute. The definition of capacity is already defined in the statute. This is a matter of how we are going to enforce it without jeopardizing reliability. If there is any issue with reliability the utility has to bring it up so we can either ask the legislature to change the definition or if they do not present good information they have to abide by the statute.”

Commission is considering any issue, it should always consider whether its decision is consistent with the goals and policies established by the Minnesota Legislature.

The Legislature's purpose in Minn. Stat. § 216B.164 was to “give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the public.”²⁴ The Legislature's purpose in Minn. Stat. § 216B.1611 was to “promote the use of distributed resources in order to provide electric system benefits during periods of capacity constraints.”²⁵ Section 216B.1611 also enables the commission to “develop financial incentives based on a public utility's performance in encouraging residential and small business customers to participate in on-site generation.”²⁶ Minn. Stat. § 216C.05 provides that the “state has a vital interest in providing for: increased efficiency in energy consumption, the development and use of renewable energy resources wherever possible.”²⁷ Minn. Stat. 216B.03 states, in relevant part, “To the maximum reasonable extent, the commission shall set rates to encourage energy conservation and renewable energy use and to further the goals of sections 216B.164, 216B.241, and 216C.05. Any doubt as to reasonableness should be resolved in favor of the consumer.”

The Legislature also set forth Minnesota's “100% by 2040” carbon free energy goal in Minn. Stat. § 216B.1691.²⁸ If Minnesota wants to have any chance to meet this goal, especially in light of all of the anticipated load growth that is expected to occur in the near future, the Commission needs to continue to follow the policy directives mandated by the Minnesota Legislature, which encourage the development of renewable energy developed at all scales, from small rooftop systems to large utility scale systems taking up thousands of acres.

D. Are there other issues or concerns related to this matter?

Not at this time.

²⁴ Minn. Stat. § 216B.164, subd.1.

²⁵ Minn. Stat. § 216B.1611, subd.1(5).

²⁶ Minn. Stat. § 216B.1611, subd.2 (b)

²⁷ Minn. Stat. § 216C.05, subd.1.

²⁸ Minn. Stat. § 216B.1691, subd. 2g.

IV. CONCLUSION

Thank you for your time and consideration of this important issue. We reiterate that MnSEIA continues to support the safe and reliable operation of the electric grid. For the reasons discussed above, applying the definition of “capacity” consistent with the clear language of the law does not and cannot create any reliability concerns.

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