

PREFERRED DECISION OPTIONS
Proposed by Commissioner Ham
February 26, 2026

DOCKET NUMBER	E002, E015, E017/CI-24-288
ANALYST	Derek Duran
DATE/TIME SUBMITTED	February 24, 2026; 5:45pm
TITLE	Ham Preferred Decision Options
SUBJECT	In the matter of Establishing Tariffs for Distribution System Costs Sharing for Interconnection in Constrained Areas

Decision Options

Section B: Definitions

1. Accept definitions 1-15 and 17-20 of the draft DSRUP Standards. (consensus)
2. (B.16): Reactive Cost Share Distribution Upgrade (Upgrade): A distribution Upgrade made under the DSRUP. This type of Upgrade must be a modification of a Utility's distribution system at a specific location that is necessary to allow the interconnection of Distributed Generation Projects by increasing Hosting Capacity at the applicable location, including but not limited to installing or modifying equipment at a substation or along a distribution line. Upgrade does not mean an expansion of hosting capacity dedicated solely to the interconnection of a single

Section C: Upgrade Cost Thresholds

4. (C.1): To qualify for the DSRUP, an Upgrade must have total project costs of:
 - e. at least \$750,000 (Staff new)
5. (C.2): To qualify as an eligible Reactive Cost Share Distribution Upgrade, an Upgrade must cost no more than:
 - c. No maximum

Section D: Pro Rata Cost Calculation

6. Accept Section D.1 and D.2 of the draft DSRUP Standards. (consensus)

Section E: Interconnection Process

9. Accept Section E.1a,b,c, E.3, E.5-7, E.8b, E.8c, and E.9 of the draft DSRUP Standards. (consensus)
11. (E.2): An Interconnection Application that triggers an Upgrade shall have the option to pay for the full Upgrade, foregoing the cost sharing process and thus paying in full for the additional capacity beyond their project's need. Should the Interconnection Customer choose to fund the full Upgrade cost and forgo the cost sharing process they shall not be entitled to use excess capacity created by the Upgrade or receive any compensation from future Interconnection Customers utilizing the capacity created by the Upgrade.
13. (E.4): An Interconnection Application with a nameplate rating more than 40 kWac is eligible to participate in an active Mobilization Window:
 - b. After all applicable MN DIP studies have been completed.
14. (E.8.a): Interconnection customers that elect to be a Reactive Cost Share Participant shall have their queue status updated to "Awaiting Cost Share Upgrade Selection" until the Interconnection Agreements for all Reactive Cost Share Participants that are participating in the Upgrade have been signed and countersigned by the Utility.
 - a. Interconnection Applications in the "Awaiting Cost Share Upgrade Selection" status will maintain their queue position, and the next-in-queue project will be processed and studied through MN DIP. After completion of the System Impact Study and, if necessary, Facilities Study, next-in-queue projects will be notified by the Utility with a signature-ready DSRUP agreement. Next-in-queue projects must sign the DSRUP Agreement and pay the administrative fee within 10 Business Days of receiving notification from the Utility, or withdraw.

Staff Modified E.8.d:

18. (E.8.d): Interconnection customers that elect to be a Reactive Cost Share Participant shall have their queue status updated to "Awaiting Cost Share Upgrade Selection" until the Interconnection Agreements for all Reactive Cost Share Participants that are participating in the Upgrade have been signed and countersigned by the Utility.
 - d. Interconnection Applications that are processed as a next-in-queue project and have a capacity no greater than 40 kWac may proceed with interconnection if no upgrades are required and where Hosting Capacity is available. for applications with a capacity no greater than 40 kWac through a capacity reservation.
19. (E.10): Before the Payback Period has closed, the queue will be processed following MN DIP. Interconnection Applications that are Deemed Complete during this time will have the estimated Reactive Cost Share Contribution, or the final Reactive Cost Share Contribution if

available, included as an interconnection upgrade cost in the Interconnection Agreement. The Interconnection Agreement must be signed and timely paid consistent with MN DIP timelines.

Section F: Mobilization Threshold and Window

21. Accept Section F.2, F.3, F.4a, F.5, F.7, and F.8 of the draft DSRUP Standards. (consensus)
22. (F.1): The Mobilization Threshold for an individual Upgrade is set at:
 - b. 80 percent of total Upgrade costs.
23. (F.4.b): If either of the scenarios described in 4a or 4b occurs in the steps following an Upgrade being selected in the Upgrade prioritization process, the Upgrade will be reprioritized against the criteria in G.1 of the Standards. If the reprioritization results in the Upgrade no longer maintaining its priority, it will be reconsidered in the next prioritization process as described in G.4 of the Standards before proceeding.
 - a. A Reactive Cost Share Participant withdraws.
 - b. The final cluster study cost estimate varies from the previous estimate by more than 20%.

Section G: Upgrade Prioritization

26. Accept Section G.1 and G.2 of the draft DSRUP Standards. (consensus)
27. (G.3): Following tariffed process initiation, every ____ the Utility shall review Upgrades that have met the Mobilization Threshold during the previous ____ months and prioritize them based on criteria in G1.
 - c. Four Months

OAG Alternative of G.5

30. (G.5): Approval Selection through the prioritization process chosen in Section G shall create a rebuttable presumption of prudence that pursuing construction of an approved Upgrade was prudent in any cost recovery proceeding. The utility retains the burden of proof.

Staff Alternative to G.6

32. (G.6): Disputes regarding the prioritization results shall be exempt from the DSRUP disputes referred to in paragraph two of Section 5.3.4 of the Dispute Resolution Process for the DSRUP.

Section H: Payment Details

33. Accept Section H.1, H.2, H.3, H.4, H.8, H.9, H.10, H12 of the draft DSRUP Standards. (consensus)

Section I: Payback Period

Staff Alternative I.1 with OAG addition.

38. (I.1): The Payback Period shall remain open once the Mobilization Threshold is reached and remains open for ten years starting from the Upgrade's in-service date. The Payback Period may be closed before then if the Hosting Capacity created by the Upgrade is fully utilized by Reactive Cost Share Participants and all over-payers have been fully refunded the amounts above their Reactive Cost Share Contribution and any cost share fees collected in excess of the cost of the Upgrade have been returned to ratepayers.
41. (I.3): All Interconnection Applications that are in the Deemed Complete state, as defined in MN DIP, within the Payback Period shall be subject to paying their Reactive Cost Share Contribution, unless otherwise exempted under Section [H].

Section J: Annual Ratepayer Cost Cap

43. Accept Section J.4, J.4.a, J.5 of the draft DSRUP Standards. (consensus)
44. (J.1): The Commission shall decide the Annual Ratepayer Cost Cap for Utility in a tariff filing upon approval of that Utility's DSRUP.

Staff Alternative J.3

47. (J.3): The Annual Ratepayer Cost Cap will remain in place for at least 24 months since the most recent change to the cost cap went into effect before the Commission considers modifications. A Utility, prospective Trigger Projects, and ratepayer advocates may request a modification to the Annual Ratepayer Cost Cap. In determining whether to change the Annual Ratepayer Cost Cap, the Commission shall may consider, at a minimum, previous and future ratepayer costs and risks arising from the Utility's DSRUP, total pending cost share contributions, and the demand for new Upgrades.

Section K: Cost Recovery

52. (K.5): A Utility may petition to recover outstanding costs through any or all of the following (but without any double recovery):
- a. Through a general rate case.
 - b. Through its Transmission Cost Recovery Rider pursuant to Minn. Stat. 216B.16, Subd. 7b, paragraph (b), clause 6.
53. (K.6): All Reactive Cost Share Contributions collected from Reactive Cost Share Participants shall be collected during the Payback Period and shall be:
- b) Used to offset the rate base amount of the Upgrade until the upgraded assets are fully paid down, or the Payback Window closes.

Section L: Cost Allocation

54. (L.1): Costs recovered from ratepayers shall be treated consistent with the most recently approved rate case allocators and established revenue requirement procedures. Parties to a Utility's rate case or other cost recovery proceeding may request that the Commission establish a different cost allocation and procedures

Section M: Publication of DSRUP Information and Data

57. Accept Section M.1 of the draft DSRUP Standards. (consensus)

Staff Alternative M.2

59. (M.2): If a utility is required to produce a Hosting Capacity map, it shall indicate on the map which areas of the grid have an open DSRUP project and provide a link to the spreadsheet required in The information in M1 shall be listed on a spreadsheet.

Section N: Reporting and Process Evaluation

60. Accept Section N.1, N.2, N.4, N.5, N.6 of the draft DSRUP Standards. (consensus)

61. (N.3): The Utility shall also include a summary of the DSRUP information in its Integrated Distribution Plan, including total projects triggered, total projects constructed, what portion of the Annual Ratepayer Cost Cap has been used, and other key metrics.

Section O: Dispute Resolution

Staff Alternative to O.1:

64. (O.1): Dispute resolution shall be consistent with the highlighted portions of Attachment B including Staff's modification to Section 5.3.3 paragraph 2.

Section P: Tariff Implementation

65. Accept Section P.1 and P.2 of the draft DSRUP Standards. (consensus)

66. (P.3): ___ shall file their tariffs amendments ___ days following the Commission Order filing.

- a. Xcel Energy
 - ii. 90
- b. Minnesota Power
 - ii. 90
- c. Otter Tail Power
 - ii. 90