



February 4, 2015

Daniel P. Wolf, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

***Subject: In the Matter of Possible Amendments to Rules
Governing Cogeneration and Small Power Production
(Minnesota Rules Chapter 7835)
Docket No. E-999/R-13-729***

Dear Mr. Wolf:

The Minnesota Rural Electric Association (MREA) respectfully submits the attached comments in response to the Proposed Amendments to Rules Governing Cogeneration and Small Power Production published in the State Register and the Minnesota Public Utilities Commission (Commission or MPUC) Statement of Need and Reasonableness (SONAR) issued by the Commission in the above-referenced docket on December 29, 2014.

MREA represents the interests of the state's 44 electric distribution cooperatives and the six generation and transmission cooperatives that supply them with power. Our member cooperatives are not-for-profit electric utility businesses that are locally owned and governed by the member-consumers they serve.

The Minnesota Rural Electric Association appreciates the opportunity to submit comments in this matter on behalf of the state's electric cooperatives.

Sincerely,

/s/ Darrick Moe

Darrick Moe
President & CEO
Minnesota Rural Electric Association

Enclosure

Certificate of Service

I, Cherry Jordan, hereby certify that I have this day served copies of the attached document to those on the following service list by e-filing, personal service, or by causing to be placed in the U.S. mail at Farmington, Minnesota.

Docket No. *E-999/R-13-729*

Dated this 4th day of February, 2015

/s/ Cherry Jordan

Cherry Jordan

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
Dan Lipschultz
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

*In the Matter of Possible Amendments to Rules
Governing Cogeneration and Small Power Production*

*E-999/R-13-729
February 4, 2015*

**COMMENTS OF THE
MINNESOTA RURAL ELECTRIC ASSOCIATION**

Introduction

The Minnesota Rural Electric Association (MREA) respectfully submits the attached comments in response to the Proposed Amendments to Rules Governing Cogeneration and Small Power Production published in the State Register and the Minnesota Public Utilities Commission (Commission or MPUC) Statement of Need and Reasonableness (SONAR) issued by the Commission in the above-referenced docket on December 29, 2014.

MREA represents the interests of the state's 44 electric distribution cooperatives and the six generation and transmission cooperatives that supply them with power. Our member cooperatives are not-for-profit electric utility businesses that are locally owned and governed by the member-consumers they serve.

Statutory and Regulatory Background

The Commission currently has rules governing interconnections between utilities and qualifying facilities, cogeneration and small power production facilities, entitled under federal law to sell their output to utilities. The rules govern filing and reporting requirements, conditions of service, compensation rates, wheeling and exchange agreements, interconnection guidelines, and they also establish a uniform statewide contract.

During the 2013 legislative session, the Legislature amended Minn. Stat. § 216B.164 governing cogeneration and small power production. The statutory changes primarily affect interconnections between qualifying facilities and public utilities.

This rulemaking proceeding will update the rules to incorporate the recent statutory changes and to make housekeeping changes as necessary. On August 26, 2013, the Commission published a Request for Comments in the *State Register* and did a mass mailing to the rulemaking list, requesting comments on amending the rules to incorporate the statutory changes.

The Commission subsequently appointed an advisory committee, which met monthly between April and August 2014.

MREA Comments

The Minnesota Rural Electric Association, and staff from several electric cooperatives, attended and participated in the stakeholder process leading to the drafting of the proposed cogeneration rule amendments. MREA has comments and suggested changes to the proposed rule amendments as follows:

1. Definition of “Capacity”
2. Definition of “Customer”
3. Uniform Statewide Contract

1. Definition of “Capacity”

The proposed definition of “capacity” in Minnesota Rule 7835.0100 states:

Subp. 4. Capacity.

"Capacity" means the capability to produce, transmit, or deliver electric energy, and 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.

The definition of “capacity” was discussed several times during the stakeholder meetings. While the generic definition of capacity contained in these proposed rules is fine, cooperatives had encouraged the adoption of additional definitions/descriptions to clarify the meaning of “capacity” in other situations. Following are three definitions that cooperatives shared in the stakeholder process:

For determining generation system size – used for qualifying for Net Energy Billing; qualify for rates; Technical Standard thresholds; Metering requirement thresholds:

Capacity of Generation System – means the maximum capability to produce electrical energy and is quantified as the greater of either the manufacturer’s

nameplate continuous kilowatts (kW) rating or the maximum measured kilowatts (kW) alternating current (AC) produced by the generation during standard 15-minute intervals.

For determining when standby charges may be applicable:

Capacity for standby –quantified by the nameplate rating for continuous output of the generation system.

For reporting to the Department of Commerce for compliance:

Capacity of distributed generation surplus production – quantified by the maximum number of kilowatts alternating current (AC) produced and measured at the point of common coupling during standard 15-minute intervals.

These additional definitions would help clarify specific situations and help avoid future confusion.

2. Definition of “Customer”

The proposed definition of “customer” in Minnesota Rule 7835.0100 states:

Subp. 6a. Customer.

"Customer" means the person named on the utility electric bill for the premises.

In other proceedings before the Commission, electric cooperatives have raised the issue/concern of people establishing electric service where the only load being served is the distributed generation / qualifying facility. In essence, these facilities are “merchant generators” and not qualifying facilities being constructed to serve a portion or all of a traditional consumer load. The definition of “customer” could have helped with the merchant generator issue. We encourage the Commission to begin addressing this matter through the docket that was initiated some time ago now.

3. Uniform Statewide Contract

The proposed amendments to the Uniform Statewide Contract contained in part 7835.9910 begins with a description of when the Uniform Statewide Contract should be applied. The proposed amendments adjust the language as it applies to investor-owned utilities. Minnesota Statutes leading to these rule amendments, however, do not apply to cooperative and municipal utilities. Accordingly, we recommend that the opening paragraph to proposed 7835.9910 be modified as follows:

The form for the uniform statewide contract must be applied to all new and existing interconnections between a utility and cogeneration and small power production facilities having less than 40 kilowatts of capacity for electric

cooperative and municipal utilities and 1,000 kilowatts of capacity for public utilities is as follows:, except as described 12.17 in part 7835.5900.

The amended 7835.9910 goes on to include the following two new sections in the Uniform Statewide Contract that only apply to investor-owned utilities as follows:

3. The Utility will buy electricity from the QF under the current rate schedule filed with the Commission. If the QF has less than 40 kilowatts capacity, the QF elects the rate schedule category hereinafter indicated:
 - a. Net energy billing rate under part 7835.4013.
 - b. Simultaneous purchase and sale billing rate under part 7835.4014.
 - c. Time-of-day purchase rates under part 7835.4015.

A copy of the presently filed rate schedule is attached to this contract.

4. The Utility will buy electricity from the QF under the current rate schedule filed with the Commission. If the QF has at least 40 kilowatts capacity but less than 1,000 kilowatt capacity, the QF elects the rate schedule category hereinafter indicated:
 - a. Simultaneous purchase and sale billing rate under part 7835.4014.
 - b. Time-of-day purchase rates under part 7835.4015.

A copy of the presently filed rate schedule is attached to this contract.

To avoid confusion for consumers, and cooperative and municipal utilities executing this contract with those consumers, we request that the Commission clarify in the order adopting these rules that these two sections, and any other provisions that only apply to investor-owned utilities, are only required in the Uniform Statewide Contract for investor-owned utilities. We also request that the Commission expressly authorize cooperative and municipal utilities modifications to the Uniform Statewide Contract that eliminate any non-applicable provisions or clarify those with applicability limited to investor-owned utilities. In the alternative, the proposed rules should include two separate versions of the Uniform Statewide Contract that distinguish cooperative and municipal utilities from investor-owned utilities.

Conclusion

Minnesota's electric cooperatives appreciate the opportunity to participate in the stakeholder process and submit comments on these proposed rule amendments. There is an ever increasing interest and participation in distributed generation among consumers in Minnesota. It is vital that Minnesota Rules applicable to such installations provide for an orderly installation of these facilities. MREA encourages the Commission to adopt the changes to the proposed rule amendments we have identified in these comments to help enhance the implementation of the proposed rules.

Respectfully submitted,

/s/ Darrick Moe

Darrick Moe
President & CEO
Minnesota Rural Electric Association

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_13-729_Official
Kenneth	Baker	N/A	Wal-Mart Stores, Inc.	2001 SE 10th St. Bentonville, AR 72716-5530	Paper Service	No	OFF_SL_13-729_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_13-729_Official
Michael	Greiveldinger	michaelgreiveldinger@alliantenergy.com	Interstate Power and Light Company	4902 N. Biltmore Lane Madison, WI 53718	Electronic Service	No	OFF_SL_13-729_Official
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_13-729_Official
Joel	Johnson	N/A	Minnesota Rural Electric Association	11640 73rd Ave N Maple Grove, MN 55369	Paper Service	No	OFF_SL_13-729_Official
Jennifer	Kefer	N/A	Alliance for Industrial Efficiency	David Gardiner & Associates, LLC 2609 11th St N Arlington, VA 22201-2825	Paper Service	No	OFF_SL_13-729_Official
Paul J.	Lehman	paul.lehman@xcelenergy.com	Xcel Energy	414 Nicollect Mall Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_13-729_Official
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_13-729_Official
Samuel	Mason	smason@beltramelectric.com	Beltrami Electric Cooperative, Inc.	4111 Technology Dr. NW PO Box 488 Bemidji, MN 56619-0488	Electronic Service	No	OFF_SL_13-729_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David G.	Prazak	dprazak@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_13-729_Official
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_13-729_Official
Patricia F.	Sharkey	N/A	Midwest Cogeneration Association	P.O. Box 87374 Carol Stream, IL 60188	Paper Service	No	OFF_SL_13-729_Official
Daniel	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551022147	Electronic Service	Yes	OFF_SL_13-729_Official