



November 19, 2025

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

**Docket No. E002/CI-24-288: Reply Comments In the Matter of Establishing Tariffs for Distribution System Cost Sharing for Interconnection in Constrained Areas**

Executive Secretary Bergman,

The Joint Solar Coalition (JSC) – comprised of the Clean Energy Economy Minnesota (CEEM), Coalition for Community Solar Access (CCSA), Minnesota Solar Energy Industries Association (MnSEIA), New Leaf Energy, and Nokomis Energy – and Cooperative Energy Futures (CEF) hereby submits its Reply Comments to the above-referenced docket. CCSA has electronically filed this document with the Commission and is serving a copy on all persons on the official service list for this docket. A Certificate of Service is enclosed.

Respectfully submitted,

/s/ Nick Bowman

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**STATE OF MINNESOTA  
PUBLIC UTILITIES COMMISSION**

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**INTRODUCTION**

We appreciate the opportunity to offer reply comments regarding which generic standards the Commission should adopt for the Distribution System Reactive Upgrades Process (DSRUP). There are several initial comments we would like to respond to, but we'd first like to take a moment to ensure all parties are fully speaking to the same core premise at hand in these deliberations.

First, it's important to remember why we are here deliberating this very critical proceeding. This extensive stakeholder process, ordered by state statute, was necessary because the way we pay for market driven distribution grid upgrades is fundamentally broken. That was true when the statutory change was approved in May 2024 and it is even more dramatically true now. When this stakeholder process began, Minnesota already faced pressure to meet multiple state level requirements for adding clean energy — with numerous requirements for adding distributed generation (DG) specifically. With the rollback of federal incentives through the federal budget reconciliation bill (HR1), those state level requirements now face an even greater uphill climb. In addition, nearly unprecedented load growth only exacerbates the need for more generation and capacity that can be deployed as quickly as possible.

In short, it has never been more urgent to ensure grid upgrades — and the capacity they create — can come online as quickly as possible. Thankfully, for the sake of this deliberation, that pent up demand also offers a significant level of insurance against the greatest risks of this DSRUP framework: that Upgrades may be overbuilt and leave Ratepayers at financial risk. The truth is, existing demand in the interconnection queue along with future demand created by load growth



and electrification should give the Commission confidence to approve a framework that is clear, simple, and permissive.

For the first several years of the DSRUP, due to unprecedented congestion in the interconnection queue, all Upgrades are likely to be fully paid for by DG applicants, if not prior to upgrade construction, then very shortly thereafter and long before the payback period ends. This means there is minimal risk to ratepayers and the annual cost cap is unlikely to be met.

Unfortunately, Commerce, OAG, and Xcel have ignored this reality in their comments. For example, all talk about the need for a high mobilization threshold to protect ratepayers. This ignores the existing projects in the queue, which will join the program, exceed the mobilization threshold, and remove any amounts allocated to the annual cost cap.

Commerce, OAG, and Xcel also treat the mobilization threshold as the amount ultimately paid by developers in their analysis of the projects that can be built under the annual cost cap. This error renders their calculation of the projects capable of being built meaningless. As noted above, other projects already in queue will immediately exceed the mobilization threshold, removing those amounts from the annual cost cap, increasing room for more projects.

The comments from Commerce, OAG, and Xcel also suggest that a low maximum cost limit is necessary to protect ratepayers because follow-on projects may not be able to afford high per MW upgrade costs. This ignores that all three parties are also asking for a mobilization threshold of 80%, which means if it is reached, more than one project has already concluded that the maximum cost limit is *not* too high. This failure to understand how their proposals interact with each other obscures the fact that, for at least the first several years of the program, a high mobilization threshold and low maximum cost limit will only serve to slow or entirely impede upgrade construction.

In hypothetical scenarios described in the initial round of comments, Upgrades seemed to be characterized at a single point in time. But that dramatically mischaracterizes the way this program is meant to function. Even in a scenario where a low mobilization threshold is set — allowing Upgrades to progress to construction more quickly — it is likely that Upgrades will be paid for in full over a short period of time. In the current cost-causer status quo system, interconnection costs can be tremendously unpredictable. In the DSRUP system,



interconnection costs will be firm and known much the same way hosting capacity is already known now for projects in Xcel Energy territory. This alone will dramatically reshape the way developers pursue given feeders over another. When considering multiple feeders and substations, those with known interconnection costs due to a recent Upgrade will quickly have a "competitive advantage." This, in turn, will reduce the amount of speculative interconnection applications being made that currently contribute to the congestion across so much of the grid now.

In addition, while this program is new to Minnesota, it's important to remember that we are not the first jurisdiction to pursue this upgrade framework. Learning from other states like New York and Massachusetts — from which this framework was inspired — will help Minnesota not simply follow in those state's footsteps but improve upon the foundation they laid. In New York, for example, developers have frequently noted that the 75 percent mobilization threshold has presented significant road blocks to development. In Minnesota, we are used to being a first mover on so many clean energy milestones. But in this case, we have the advantage of learning from those who have gone through growing pains before us.

### **COMPROMISE PROPOSAL**

With all the above points in mind, we recommend the Commission examine several of the framework options before them as one interconnected compromise position. As stakeholders discussed numerous times over the nearly year of deliberations, many of the thresholds and caps discussed in the framework directly impact one another. A low mobilization threshold means you may more quickly spend closer to the Annual Rate Payer Cost Cap. Upgrade minimums or maximums set too aggressively may mean very few Upgrades move forward, rendering the cost cap irrelevant.

Based on initial comments, it's clear that positions on the mobilization threshold, Upgrade minimums, Upgrade maximums, and the cost cap are still somewhat varied. In order to make the consideration of these points more clear, we would propose the following compromise:

- **Upgrade Minimum (C1):** Though we believe there is very little risk in setting the minimum too low – as low-cost upgrades will simply be completed by individual project applicants themselves vs choosing to undergo a multi-party study and process – we are comfortable setting a flat \$250,000 minimum (1a).



- Upgrade Maximum (C2): While we agree that a maximum Upgrade cost may one day be helpful in ensuring funds are spent most prudently, this is an area where setting a limit prematurely is unnecessary. During the early years of the program, prioritization guidelines will already prioritize the lowest cost per megawatt Upgrades (G1b). In this instance, and others, it makes the most sense to use the prioritization period reporting to inform all parties about real world costs for these DSRUP Upgrades to guide whether a maximum cost limit may be needed in the future.
- Mobilization Threshold (F1): Because the initial tranches of Upgrades will all be entirely funded there is little risk in setting a permissive mobilization threshold up front. In addition, the early stages of DSRUP post-prioritization will also be the lowest risk time due to the iterative nature of the program – pent up demand now and into the future mean capacity created early on is almost certain to be utilized. However, given the significant divide between JSC and other parties on this point specifically, we are comfortable supporting a **new alternate 1a: 50 percent** as part of this compromise package.
- Annual Rate Payer Cost Cap (J1, J2): We agree with other parties' assertion that setting a flat percentage across all utilities may lead to cost caps that are either far too high or far too low, respectively. With that in mind, we continue to support J1 to allow the Commission to set each cost cap via utility tariff filing. But we still strongly suggest a cost cap for Xcel Energy that allows for swift and efficient build out of capacity (in the range of J2b).

## **UPGRADE PRIORITIZATION**

Xcel Energy states that they would prefer to see the review process for Upgrade Prioritization to occur every six months (G.3b) “to allow time for studies to be completed” and that it “would also allow time for more Upgrades to reach the Mobilization Threshold and enter the prioritization process at the same time, making the process more meaningful to ensure the most beneficial Upgrades are prioritized.”<sup>1</sup> Elongated timelines for interconnection are one of the most significant barriers to DER interconnection in Minnesota. The DSRUP Program seeks to

<sup>1</sup> Xcel Initial Comments on docket 24-288, page 14;

<https://efiling.web.commerce.state.mn.us/documents/%7B5008609A-0000-CB1F-B041-1305821A6AFE%7D/download?contentSequence=0&rowIndex=3>



address this challenge by providing regulatory certainty and acceleration of timelines through review of eligible cost share upgrades in clusters. The JSC understands Xcel's rationale for reviewing upgrade prioritization in tranches on a set schedule, but believes that by only reviewing projects twice a year, the process would result in increased interconnection timelines for many DER projects, which is contrary to the intent of the program. The JSC believes that a prioritization review every three months would be sufficient and a reasonable compromise to ensure DER interconnection timelines remain as expeditious as possible. The JSC further notes that, because our grid is so congested and demand is so high at this moment, there will be more than enough projects in line to make Upgrades available during a three month review period (Decision Option G.3a). In other words, we believe there is enough demand currently built up that, at least for the first three to five years, a three-month Upgrade review period would be very meaningful and, due to the aforementioned grid congestion and overall demand for DERs to offset increasing load, a three-month Upgrade review period is appropriate.

If the commission believes that Xcel needs more time between Upgrade review periods to perform the necessary tests then we propose a compromise of four months between Upgrade review periods. Simply put, six months (or only twice a year) is far too slow of a process for the DSRUP to have a meaningful effect, especially during the initial congested period where all Upgrades will be 100% paid for upfront by interconnecting customers. Following the initial congested prioritization period, the JSC believes it will be even more important to limit the amount of time between prioritization review. Once the system is less congested, the competition for availability under the program cap will be limited and the prioritization review will be less necessary. As such, the JSC proposes that following the initial congestion period the Utilities further limit the review period to one to two months or on a first-come first-serve basis.

The JSC agrees with the Office of the Attorney General (OAG) that there needs to be some level of prudence concerning Upgrade costs and a rebuttal presumption would not require the utilities to provide any information regarding Upgrade expenditures thereby making it exceedingly hard for other parties even analyze whether Upgrade costs are prudent. For this reason the JSC agrees with the OAG's<sup>2</sup> proposed redlines on Decision Option G.5.

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<sup>2</sup> Office of the Attorney General Initial Comments on docket 24-288, page 16.  
<https://efiling.web.commerce.state.mn.us/documents/%7BF070609A-0000-C014-AAEE-B515DB51F0A1%7D/download?contentSequence=0&rowIndex=6>



Regarding the ability to challenge Upgrade Prioritization results, Xcel replies:

*"We oppose Requirement G.6, which states that complaints regarding the prioritization process shall be addressed through the Formal Complaint process rather than the DSRUP dispute resolution process. If adopted, this requirement would function as a prohibition on any other avenue for resolving disputes regarding prioritization, and would be unnecessarily burdensome for the Commission and other parties."<sup>3</sup>*

However, this is an incorrect reading of Decision Option G.6 in the Framework, which states "Complaints regarding the prioritization results shall be addressed through the Formal Complaint process..."<sup>4</sup>. The difference is that Xcel seems to be conflating the "prioritization process" with the "prioritization results". The **results**, the actual Upgrades that are chosen, are different from the **process**, which concerns things like which criteria should the results be measured by and how long should a utility take between posting prioritization results. It is important the **results** not be challenged, except through the Formal Complaint process, otherwise individual developers that may be unhappy that their Upgrade was not chosen during any particular set of Upgrade prioritization results could hold up the entire DSRUP program. It is also important that the **process** for Upgrade Prioritization has an opportunity to be challenged through the working group and/or the Commission. This is particularly important as the program is in its infancy due to the fact that there may be multiple items in the framework that need to be adjusted as the program progresses and we learn valuable insights. For this reason we ask that the Commission approve G.6.

#### **ADDITIONAL ITEMS OF NOTE:**

Several other items noted in our initial comment bear highlighting here, as well. First, as mentioned above, the need for improving the process for distribution grid upgrades has never

<sup>3</sup> Xcel Energy Initial Comments on docket 24-288, page 14.

<https://efiling.web.commerce.state.mn.us/documents/%7B5008609A-0000-CB1F-B041-1305821A6AFE%7D/download?contentSequence=0&rowIndex=3>

<sup>4</sup> MN PUC Notice of Comment on docket 24-288, page 13.

<https://efiling.web.commerce.state.mn.us/documents/%7B204F8699-0000-CC17-ADC6-F3F9ADA07B1E%7D/download?contentSequence=0&rowIndex=1>



been more urgent. Because of that, Xcel's proposal to submit their tariff filing no sooner than Q3 of 2026 would be of particular concern. However, if Xcel plans to begin prioritization analysis in parallel to their tariff filing development – rather than wait to begin prioritization analysis until after their tariff has been filed and approved – we could be willing to accept a delay in tariff filing. Though we'd still recommend July 1, 2026 as a more reasonable target.

Next, while we appreciate Xcel's desire to exclude any whole substation upgrades that seem destined to almost entirely serve generation customers vs load, we believe setting such a clear exclusion would be premature. When demand for generation and capacity is so significant across the distribution grid, we believe it makes sense to keep these standards permissive and flexible until it is known for certain – after early learning during program implementation – that a given Upgrade type needs to be firmly excluded.

As joint filings, we will continue to note that CCSA, CEF, Nokomis, and New Leaf Energy continue to have serious concerns about affirming the use of capacity reservation tools in this framework when the concept is still far from settled in this and other Commission proceedings and would strongly recommend removing references to it in any final version. As stated in initial comments, MnSEIA continues to support a capacity reservation as noted in its separate initial filing.

### **CONCLUSION:**

Thank you again for the opportunity to weigh in on these proceedings. We continue to appreciate the depth of investment from all stakeholders in the development of DSRUP and we look forward to continuing this work moving forward.

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