

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

Katie J. Sieben	Chair
Joseph K. Sullivan	Vice-Chair
Audrey Partridge	Commissioner
Hwikwon Ham	Commissioner
John Tuma	Commissioner

In the Matter of Northern States
Power Company, dba Xcel Energy,
Petition for Approval of
Capacity*Connect, a Distributed
Capacity Procurement (DCP) program

MPUC DOCKET NO. E002/M-25-378

**REPLY COMMENTS OF COOPERATIVE ENERGY FUTURES, ENVIRONMENTAL
LAW AND POLICY CENTER, INSTITUTE FOR LOCAL SELF-RELIANCE, SOLAR
UNITED NEIGHBORS, AND VOTE SOLAR**

Cooperative Energy Futures (CEF), the Environmental Law and Policy Center (ELPC), Vote Solar (VS), the Institute for Local Self Reliance (ILSR), and Solar United Neighbors (SUN) wish to respectfully submit reply comments to the Distributed Capacity Procurement (DCP) docket #25-378 concerning an additional behind-the-meter (BTM) Distributed Power Plant (DPP) program model.

In the Commission’s 4/21/25 Order regarding Xcel Energy’s 2024 Integrated Resource Plan, in Order Point 23, the Commission required Xcel “to file a DCP proposal, with an evaluation of how the DCP program could be used to improve equity, by October 3, 2025.”¹ During the initial comment period in this docket many parties commented on the importance of equity considerations concerning the DCP/Capacity*Connect proposal. Our coalition stated that equity could be advanced through the establishment of a separate Behind-the Meter Distributed Power Plant program.² Specifically, we recommended that the Commission “[r]equire Xcel to work with stakeholders to develop and file a complementary behind-the-meter Distributed Power Plant (DPP) program by July 1, 2026...”³

After considering the equity issues and concerns raised in the comment process so far, we now wish to make an additional recommendation for the Commission to consider in order to further

¹ <https://efiling.web.commerce.state.mn.us/documents/%7B30F45996-0000-CF1F-80E3-5E41B2F16918%7D/download?contentSequence=0&rowIndex=105>, page 12.

² <https://efiling.web.commerce.state.mn.us/documents/%7B70640A9B-0000-CB1D-B20A-F01B803DA837%7D/download?contentSequence=0&rowIndex=22>, pages 29-30.

³ *Id.* at page 42.

advance and actualize true equity within the context of Distributed Energy Resources (DERs). It is true that a 3rd party BTM DPP program would help advance equity by allowing aggregators to utilize assets owned by consumers and consumers would receive payments for their grid services. However, without additional incentives in place for income-qualified customers, the types of consumers that would most easily be able to participate in a program like this would be consumers that could afford to purchase the DER assets necessary to participate themselves. While more equitable than an approach where no BTM DPP capacity is allowed, this third-party approach would not necessarily reach low-income, and many middle-income, consumers/communities, which in turn hampers the equity benefits of a BTM DPP program.

We would like to recommend, building on our recommendation in our initial comments for a BTM DPP program, consideration of multiple models, including specifically a model in which DPP assets are owned by low-income communities and the 3rd party aggregation will be performed by an entity that represents those low-income communities, such as a cooperative. We believe that this model holds the most promise for benefiting communities directly and advancing equity. Under the equity components of Xcel's DCP proposal, the lease payments to community-oriented organizations willing to host DCP projects do not add up to much, and those benefits may or may not trickle down to the actual community members and would be very difficult to measure. Allowing communities to both own the DPP assets and perform aggregation would allow the most financial benefits to flow directly to those low-income communities thereby contributing to their long-term financial health and allowing them to participate in a cutting-edge clean energy market while reducing their energy burden, improving their local distribution grid by decreasing congestion, deferring or avoiding local distribution upgrades, and increasing resiliency.

We believe that the cooperative model is the best vehicle to deliver the most equity benefits from such a community-owned DPP model and Cooperative Energy Futures is the best suited cooperative to enable it. CEF is a member-owned, democratically run, clean energy cooperative that began operating in 2007 and focuses on low income and historically disadvantaged communities, with a substantial focus on communities in Xcel Energy service territory. CEF promotes ownership, wealthbuilding/profit sharing, and agency in energy decisions and they look at energy through the lens of Energy Democracy. CEF currently has over 1,300 members, operates ~13MWs of cooperatively owned community solar gardens, has a low income residential and multi-family solar program, a home efficiency and upgrades program and is in the process of developing a Thermal Energy Network program. CEF has their own multilingual outreach and engagement team and has been heavily engaged with and focused on low-income communities since developing and subscribing our first community solar gardens in 2018. Furthermore, CEF has already been working with an engineer on the operational components of a community-owned DPP in preparation for when 3rd party BTM DPPs are enabled by the Commission or the Legislature.

The main components of this community-owned DPP model include:

- At least 1MW worth of low-income (below 80% AMI) households
- Install BESS, Solar DG, and other DERs like smart thermostats, etc.
- A financially feasible tariff. Such a tariff would be structured to create reliable benefits for low-income participants—with more favorable rates than might be offered in a non-

community-owned BTM DPP—while providing valuable peak shaving, demand response, and capacity benefits to the grid.

- Assuming CEF is the aggregator, CEF will finance, install and aggregate DERs on behalf of the low-income households who will all be cooperative member-owners of CEF.

We reiterate our recommendation from initial comments that the Commission require Xcel to work with stakeholders to develop and file a complementary BTM DPP program by July 1, 2026. We further recommend that the Commission specifically require Xcel to include the community-owned VPP model described above in its discussions with stakeholders and that it include CEF in these discussions.

Respectfully submitted,

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