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In the Matter of updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established Under Minn. Stat. § 216B.1611

Docket No. E999/CI-16-521

INITIAL COMMENTS OF THE MINNESOTA DEPARTMENT OF COMMERCE

INTRODUCTION

The Minnesota Department of Commerce respectfully submits the following initial comments in response to the Commission's February 10, 2025, comment period notice. The Commission initiated the comment period in response to a petition letter from Joint Solar Associations alleging that Xcel Energy's new transmission system impact study process deviates from the Commission approved process in the Minnesota Distributed Energy Resource Interconnection Process ("MN DIP") warranting an investigation and possible amendment to the MN DIP. The Public Utilities Commission should open an investigation over the subject matter of the petition letter regarding Xcel's transmission system impact study process. The Commission has jurisdiction over the Minnesota Distributed Energy Resource Interconnection Process. The Commission does have reasonable grounds to investigate these allegations and doing so would be in the public interest.

BACKGROUND

On December 13, 2024, the Joint Solar Associations ("JSA"), representing MnSEIA, Coalition for Community Solar Access ("CCSA"), and Clean Energy Economy Minnesota ("CEEM"), submitted comments regarding Xcel Energy's new transmission system impact study process.[1] For energy reliability, transmission system impact studies may be utilized when there is reverse flow onto the transmission network.[2] Within the Midcontinent Independent System Operator's (MISO) framework, a transmission system impact study is triggered when the distributed energy resource (DER) exceeds peak loading scenarios.[3] Xcel's process utilizes a different threshold than that used by MISO. Instead of triggering a study when the DER exceeds peak loading, it instead uses a threshold based upon when reverse flow exceeds the substation daytime minimum load[4] to commence a system impact study. This process was discussed on November 1, 2024, at a Distributed Generation Working Group ("DGWG") meeting and at a stakeholder meeting with Xcel on December 2, 2024.[5] Although this new process has not yet been approved by the Commission, Xcel began using its new process, distinct from the previously established MISO process, in the fall 2023.[6]

After learning that Xcel had implemented this new transmission impact study process, JSA requested that the Commission investigate whether its process complies with Minnesota Statutes

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[1] Joint Solar Associations Request for Investigation Letter. (Dec. 13, 2024) (eDocket No. 202412-212998-01) ("JSA Comments").
[2] Reports sent to DGWG. (February 11, 2025) (eDocket No. 20252-215196-01).
[3] Id.
[4] Id.
[5] Joint Solar Associations Request for Investigation Letter. (Dec. 13, 2024) (eDocket No. 202412-212998-01) ("JSA Comments").
[6] Xcel Utility Comments. (March 13, 2025) (eDocket No. 20253-216365-01).

§ 216B.1611. JSA also requested that Xcel's system impact study process be stayed before receiving the Commission's approval to modify the MN DIP study process.

On February 10, the Commission issued a notice of comment period seeking comments regarding JSA's petition letter. The Commission sought comment on two broad issues relating to Xcel's new system impact study process.

ANALYSIS

I. THE COMMISSION SHOULD CONSIDER WHETHER XCEL'S TRANSMISSION STUDIES ARE PERMISSIBLE UNDER THE CURRENT MN DIP.

The Commission has general authority to investigate companies providing regulated services.[7] Section 216B.1611 further empowers the Commission to establish and modify the interconnection process for distributed generation. The statute states that "tariff standards must to the extent possible, be consistent with industry and other federal and state operational standards and provide for the low-cost, safe, and standardized interconnection of facilities."[8] At issue here is the following provision of the MN DIP, "In instances where the System Impact Study show potential for Transmission System adverse system impacts, [. . .] the Area EPS Operator shall coordinate with the appropriate Transmission Provider to have the necessary studies completed to determine if the DER causes any adverse transmission impacts."[9]

JSA alleges that the role of the Transmission Provider has traditionally been filled by MISO; while Xcel alleges that it can play the role of both the Area EPS Operator and the Transmission Provider in its new Transmission System Impact Study Process. An investigation

[7] Minn. Stat. § 216B.14 (2024).
[8] Minn. Stat. § 216B.1611 Subd. 2(a)(1)-(2). (2024).
[9] Section 4.3.6, Minnesota Distributed Energy Resource Process (MN DIP).

could provide clarity around this material dispute, especially as the Commission has not approved Xcel's new MN DIP Transmission System Impact Study Process.

The Commission would need to evaluate whether Xcel's justification for this new process, separate from the traditional MISO process, is appropriate and reasonable before amending the MN DIP. Xcel, however, claims, "there is no need to amend the MN DIP to clarify the affected system study process when the Transmission Owner is also the Area EPS Operator."[10] Xcel further states, "the MN DIP does not limit the authority to conduct transmission studies to one Transmission Provider, such as MISO but allows 'the appropriate Transmission Provider' to complete the necessary studies."[11]

Several material facts and terms are in dispute and require Commission clarification. Per the MN DIP glossary of terms, a transmission owner is defined as "the entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System relevant to the Interconnection."[12] And a transmission provider is defined as "the entity that owns, leases, or controls, or operates transmission facilities used for the transmission of electricity; the term Transmission Provider includes the Transmission Owner when the Transmission Owner is separate from the Transmission Provider."[13] An Area EPS Operator is defined as "an entity that owns, controls, or operates the electric power distribution systems that are used for the provision of electric service in Minnesota." As noted by JSA in their petition letter, in the Large Generator Interconnection Agreements between Northern States Power Company (d/b/a Xcel Energy) and MISO, for interconnecting electric generation facilities with a capacity of 20 MW and above—a

[10] Xcel Energy Comments. (March 13, 2025) (eDocket No. 20253-216365-01).
[11] *Id*.
[12] Minnesota Distributed Energy Resource Interconnection Process, Glossary of Terms.
[13] *Id*.

transmission provider is defined as MISO or successor organizations.[14] Historically the transmission provider is MISO, which has become industry standard. Given the definitions of terms in the MN DIP glossary of terms, the Commission should investigate whether Xcel being both the Area EPS Operator and Transmission Provider is a conflict of interest and whether Xcel's impact study process is permitted by the current version of the MN DIP. If Xcel's system impact study process is found permissible, the Commission should evaluate whether the differences from MISO's impact study process are justified and worth delaying the completion of interconnection programs.

II. THE COMMISSION SHOULD CONSIDER STAKEHOLDER INPUT IN EVALUATING HOW XCEL'S NEW PROCESS COULD BE MODIFIED.

The two reports provide valuable background context into the transmission study process. The Commission should evaluate both reports to consider whether they provide justification for Xcel's new process and if so, whether the process can be modified for efficiency.

There is a distinction between Xcel's thresholds for triggering a transmission study and MISO's threshold such that under Xcel's process, more transmission studies are expected. Greater transmission studies will likely lengthen the time and expense necessary to complete the interconnection projects. Nokomis Energy LLC, et al., indicate in their report that "each transmission study will be performed on only one project per substation at a time, conducted only once per quarter, and take up to 90 days each."[15] Xcel's report states that "once each quarter a transmission study is conducted for all DER projects meeting our trigger at the same time."[16]

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[14] Joint Solar Associations Request for Investigation Letter. (Dec. 13, 2024) (eDocket No. 202412-212998-01) ("JSA Comments").
[15] Reports sent to DGWG. (February 11, 2025) (eDocket No. 20252-215196-01).
[16] Id.

It may be useful to include stakeholder input, as currently Xcel operates the new process at its own discretion, in providing guidelines for efficient completion of projects and to evaluate for conflicting interests. Numerous stakeholders and workgroups helped develop MN DIP in order to implement Minn. Stat. § 216B.1611. It would follow that these stakeholders have knowledge pertaining to the contents of the MN DIP and could provide comment on proposed modifications to the MN DIP. Additionally, stakeholder input would likely provide useful guidance as to how Xcel's transmission study process may be modified for efficiency.

III. THE COMMISSION SHOULD STRONGLY CONSIDER THE IMPACT OF XCEL-TRANSMISSION STUDIES ON INTERCONNECTION RELATED OR STATE-GOAL RELATED PROGRAMS, SUCH AS THE LMI CSG PROGRAM.

A change in the interconnection process relating to transmission study processes would affect many interconnection-related or state-goal related programs. A large portion of distributed interconnection applications in Xcel's service territory will be subject to a costly transmission study even when the concern has not triggered a MISO review and study. This change would and has adversely impacted the LMI CSG program and other interconnection projects since over ninety percent of projects currently in the interconnection queue have been affected. These changes prompt concern regarding overall grid reliability in addition to concern regarding increases in both cost and time needed to complete interconnection projects.

The Commission should strongly consider the impact of Xcel transmission studies on interconnection related and state goal related programs.

IV. THE COMMISSION SHOULD OPEN AN INVESTIGATION REGARDING XCEL'S NEW SYSTEM IMPACT STUDY PROCESS.

The Commission should open an investigation into Xcel's new internal system impact study process. The Commission should consider whether Xcel's new process is justified in light of increased cost and delayed completion of projects and whether the MN DIP would require

modification to reflect a justified change. There is a need for additional data regarding how many projects Xcel is sending to MISO and how many are undergoing its internal transmission study process. This additional data would allow for better tracking of the progress of Xcel's internal transmission studies. In turn, this additional data would allow for better tracking of project progression.

The Commission should open an investigation into Xcel's internal transmission studies and refer the matter to the Distributed Generation Working Group.

CONCLUSION

For these reasons, the Department recommends that the Commission open an investigation into the Xcel's new transmission study process. The Commission has jurisdiction over the MN DIP, including any modifications that have significant impact.

Dated: April 3, 2025

Respectfully submitted,

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