



January 27, 2026

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

**Re: In the Matter of Northern States Power Company, dba Xcel Energy, Petition for Approval of Capacity\*Connect, a Distributed Capacity Procurement (DCP) program  
Docket No. E002/M-25-378**

Executive Secretary Bergman,

Please find enclosed the comments of the Coalition for Community Solar Access, the Minnesota Solar Energy Industries Association, and the Solar Energy Industries Association, collectively the Joint Solar Parties (JSP). The JSP respectfully submits these comments in response to the Notice of Extended Supplemental Comment Period issued by the Minnesota Public Utilities Commission on January 13, 2026.

The JSP looks forward to continued collaboration with the Commission, the Department of Commerce, the Attorney General, utilities, and all stakeholders to ensure the thoughtful deployment of distributed energy resources that will benefit Minnesota for years to come.

Sincerely,

*/s/ Logan O'Grady, Esq.*  
*Executive Director*  
*MnSEIA*  
*(P) 651-425-0240*  
*(E) logrady@mnseia.org*

*/s/ Jeff Cramer*  
*President & Chief Executive Officer*  
*CCSA*  
*(P) 720-608-0689*  
*(E) jeff@communitysolaraccess.org*

*/s/ Sara Birmingham*  
*Vice President, State Affairs*  
*SEIA*  
*(P) 415-385-7240*  
*(E) sbirmingham@seia.org*

**STATE OF MINNESOTA  
PUBLIC UTILITIES COMMISSION**

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

**SUPPLEMENTAL COMMENTS of CCSA, MnSEIA and SEIA, Collectively the Joint Solar Parties (JSP)**

**January 27, 2026**

**Docket No. E002/M-25-378**

**EXECUTIVE SUMMARY**

The JSP appreciate the substantive Initial Comments filed by many stakeholders. What they demonstrate is a collective agreement that Distributed Energy Resources (DER) are beneficial to the safe, reliable and cost-effective operation of the distribution system. They also demonstrate a collective agreement that Phase 2 of Xcel's Capacity\*Connect (C\*C) program is not ready to be implemented as proposed. The substantive comments recognized that the proposal does not fully utilize the benefits of DERs, exposes ratepayers to unreasonable risks, is not cost-effective, creates unnecessary obstacles to the development of other DERs in Minnesota, lacks transparency, and does not provide measurable benefits to disadvantaged communities, in addition to other factors. Recognizing these shortcomings, the Minnesota Department of Commerce (Commerce) worked with stakeholders to develop a number of recommendations that address many of these shortcomings. The JSP appreciate Commerce's leadership and largely agree with all of these Recommendations, with some minor modifications to a few of the recommendations. Fundamentally, the JSP agree that Phase 2 should move more slowly, acquire more experience and knowledge, and provide greater benefits that will guide future implementation.

In particular, the JSP support:

**Recommendation 1.** Direct Xcel to implement a diversified siting and operational strategy by testing the following three distinct archetypes to validate the full range of potential system benefits.

**Recommendation 4** For C\*C assets that increase hosting capacity, authorize an expedited interconnection process for C\*C assets that maintains functional compliance with MN DIP technical safety and grid protection standards.

**Recommendation 5** - Require Xcel to develop DERMS with an open architecture capable of integrating with third-party aggregators.

**Recommendation 7** – Direct Xcel to collaborate with stakeholders to develop and file a proposal for a complementary market-driven behind-the-meter Virtual Power Plant (VPP) by July 1, 2027.

**Recommendation 9** – Require Xcel to file a DCP Phase 2 Evaluation Plan within 180 days of Commission Order, including a methodology for quantifying avoided T&D costs and asset accreditation with MISO.

The JSP support Recommendations 2 and 11, with proposed modifications (in *underlined italics*):

**Recommendation 2** - Require a Phase 2 “Distribution Value Identification & Avoided Distribution Cost Workplan” (with deliverables, deadlines, and reporting), *with outputs applied directly to the competitive procurement process*

**Recommendation 11.** Direct *Commerce Xcel* to conduct an *Independent*, Comprehensive Third-Party Evaluation that includes information relevant to that evaluation after 20 MW of capacity is operational or after 2 years, whichever occurs first.

Finally, the JSP recommend that the Commission consider one additional Recommendation

**JSP Recommendation 1:** Require Xcel to conduct a quantitative economic evaluation comparing the proposed utility-managed model against alternative structures, including third-party-owned assets, customer-owned resources, and Virtual Power Plant (VPP) models, including, among other things, requiring that all grid and siting data utilized by Xcel for project selection be made publicly available to foster a transparent and competitive deployment environment.

These Recommendations will help protect ratepayers, preserve competitive markets, and advance Minnesota’s clean energy transition.

## COMMENTS

The JSP fully endorse the basic premise underlying Xcel's C\*C petition: distribution-tied storage is a powerful tool that can and should become a core pillar of Minnesota's grid. However, the JSP agree with Commerce and other stakeholders that changes must be made to acquire the knowledge and experience necessary for C\*C to be successful. In particular, the JSP agree with Recommendations 1 and 11 that the next phase of Xcel's C\*C program should be subject to a Comprehensive Third-Party Evaluation after 20 MW of capacity is operational or after 2 years, and that evaluation includes experience and information about the various uses of battery storage so that the most beneficial and cost-effective uses can be determined.

While Xcel is correct that Phase 2 is a "learning phase," approving the program without guardrails could waste \$430 million of ratepayer money if, after 2 years or 20 MWs, we learned that Xcel's proposal to only use the BESS for energy arbitrage was the least beneficial and cost-effective use of battery storage. Continuing to build another 180 MWs would be spending resources that could be directed toward more beneficial and cost-effective approaches. It is also important that Xcel develop a workplan that accurately and consistently values energy and capacity (Recommendation 2), allows interconnection in a way that doesn't negatively impact projects already in the queue (Recommendation 4), develop DERMS using a commercially available product with an open architecture (Recommendation 5), develop a BTM VPP (Recommendation 7), and develop an evaluation plan (Recommendation 9). The JSP also believe that conducting an economic evaluation comparing the C\*C to other models, including third-party front-of-the-meter models (JSP Recommendation 1), is necessary. If Minnesota gets the program structure right in Phase 2, C\*C can mark the beginning of a new era in which distribution-tied storage becomes a core pillar of the grid and strengthens, rather than displaces, the broader DER ecosystem. We further discuss these Recommendations below.

## DISCUSSION OF RECOMMENDATIONS

- I. Direct Xcel to implement a diversified siting and operational strategy by testing three distinct archetypes to validate the full range of potential system benefits (Recommendation 1) and Direct Xcel to conduct a Comprehensive Third-Party Evaluation after 20 MW of capacity is operational or after 2 years, whichever occurs first, including specific details (Recommendation 11).**

### Recommendation 1

Everyone appears to agree that DERs, especially BESS, can provide numerous system benefits. Often, the greatest benefits are realized by using BESS in several ways that collectively maximize their operational value by increasing system capacity and reliability, energy arbitrage, etc. Xcel's initial proposal to use BESS for just one operational value stream is based on its lack of operational experience and knowledge regarding BESS. The "learning phase" of this program must be more diversified and robust for the utility to gain the operational insights it will require to expand the use of BESS on its system. For this reason, the JSP support Commerce's first Recommendation, to direct Xcel to implement a diversified siting and operational strategy by testing three distinct archetypes to validate the full range of

potential system benefits, which include economic arbitrage; reliability and transmission and distribution deferral; and, DER congestion, hosting capacity and proactive upgrades.

It is undisputed that Xcel's proposal is expensive and not cost-effective. As proposed, Phase 2 is identical to Phase 1, which was presumably also a learning phase. It is unclear what additional knowledge/experience will be gained by approving an expensive program that expands on what is already being done before any knowledge/experience is gained in Phase 1. By studying three different beneficial uses, including uses that provide value to the distribution grid, the Commission can compare what is the most beneficial and cost-effective use of BESS and Xcel can learn how to operationalize diversified use cases. In doing so, the program will be more cost effective improve the programs cost effectiveness

The JSP support Recommendation 1.2 because there is value for ratepayers in testing the operational capabilities of BESS "to address documented distribution reliability issues or to defer specific, budgeted infrastructure investments." Further, we support siting projects in this archetype in historically underserved areas, so long as the associated grid modernization benefits reach underserved and vulnerable ratepayers.

The JSP generally support Recommendation 1.3, the DER Congestion, Hosting Capacity, and DSRUP Pathway. We find value in classifying C\*C assets focused on hosting capacity and DML as Flexible Interconnection assets. Integrating such assets into the Distribution System Reactive Upgrade Process (DSRUP) is reasonable.

### **Recommendation 11**

The JSP also support requiring Xcel to conduct a Comprehensive Third-Party Evaluation after 20 MW of capacity is operational or 2 years, whichever occurs first. We respectfully request that the Commission use this evaluation as an opportunity to evaluate the program's costs and benefits, and based on that evaluation determine whether it would be in the public interest to continue the program. If an evaluation shows a poor or worsening ratio of costs to benefits, or if it is determined that there are more cost-effective and beneficial methods of deploying BESS, it would be unreasonable to continue the program.

As such, we respectfully request that the Commission either explicitly recognize that Phase 2 is a pilot or reiterate that if the Comprehensive Third-Party Evaluation determines that the program is not cost-effective or that there are other beneficial methods for deploying the additional 180 MWs in the program, it can direct that changes be made in the future.<sup>1</sup> It would be prudent for all stakeholders to clearly understand what happens after the evaluation is complete. Without clarity, the chance of significant disagreements increases, increasing the chance of complaints and/or additional filings that would be unnecessary if clarity is provided.

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<sup>1</sup> See Minn. Stat. § 216B.25; Minn. Pub. Util. Comm., *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of Its Proposed Community Solar Garden Program*, Case No. A24-1450, BRIEF OF RESPONDENT MINNESOTA PUBLIC UTILITIES COMMISSION, 48 (Feb. 24, 2025) (stating that "the Commission is not indefinitely bound by its prior orders" and may "revisit and modify its previous orders").

The JSP agree with Xcel that Phase 2, like Phase 1, is a learning phase. In its Reply Comments, Xcel states, “C\*C Phase 2 is a learning phase and fits the parameters of an energy storage pilot program laid out in Minn. Stat. § 216B.16, subd. 7e.”<sup>2</sup> As Xcel notes, learning phases are usually designated as pilots so that everyone understands at what point an evaluation occurs, and what will happen after the Commission’s analysis of the pilot is complete. Significant insights can be gained from a pilot, often resulting in positive changes going forward. For example, recently, after Xcel’s residential time of use rate (TOU) pilot was complete, Xcel submitted a proposal for permanent TOU rate design that was “met with mostly negative feedback from stakeholders” because it did not address issues identified in its pilot, and was significantly revised.<sup>3</sup> After Xcel’s EV charging pilot, a request to add additional resources was dropped because of failures during the pilot.<sup>4</sup> And Xcel’s most recent experience with Sparkfund, the Empower Facilities program, was sunset “due to limited uptake.”<sup>5</sup> Similarly, it would be difficult to justify spending additional ratepayer money on resources that the Commission learns are not the most beneficial or cost-effective use of those resources.

Alternatively, if the Commission does not want to limit Phase 2 to a 20 MW/2 year pilot, it is advisable to recognize that if the Commission determines after the evaluation, or at another time, that C\*C is not cost-effective, beneficial or in the public interest, the Commission has the authority to change its order to make any changes it determines are in the public interest. Recently, the Commission argued that it was “not indefinitely bound by its prior orders” and had the “explicit statutory authority to revisit and modify its previous orders.”<sup>6</sup> The Minnesota Court of Appeals agreed stating that the “Minnesota Legislature gave the commission the power to ‘rescind, alter, or amend any order fixing rates, tolls, charges, or schedules, or any other order made by the commission.’”<sup>7</sup>

Thus, the Commission may, at any time, reduce, change, or eliminate the C\*C if it determined that it was costing too much, not the most beneficial use of these ratepayer resources, or was otherwise not in the public interest. Acknowledging this authority will allow stakeholders to raise this issue to the Commission should any of them, at any time, believe that exercise of this authority was in the public interest. Xcel presumably agrees with this position, having publicly stated that “when the facts show a

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<sup>2</sup> Xcel, REPLY COMMENTS, Dkt. 28-378, p. 10 (Jan. 9, 2026).

<sup>3</sup> Minn. Pub. Util. Comm, *In the Matter of the Petition of Xcel Energy for Approval of a Residential Time of Use Rate Design*, Dkt. 23-524, STAFF BRIEFING PAPERS, p. 2 (Dec. 30, 2025).

<sup>4</sup> See Minnesota Department of Commerce, COMMENTS, Dkt. 22-432, *Petition of Northern States Power Company for Approval of a Public Charging Network, an Electric School Bus Pilot, and Program Modifications*, Dkt. 22-432, p. 1 (July 5, 2023) (“Given recent developments and disclosures that call into question Xcel’s prudent operation of its approved EV pilots, the Department appreciates Xcel’s efforts to pause and reassess the ways in which it can be most impactful in supporting the development of EV infrastructure.”); *id.* at p. 4 (“Moving forward on expanding these pilots without more information and lacking important data for all but two sites in Xcel’s commercial pilots is not advisable at this time. Nor is authorizing Xcel to build additional DCFC stations, when it has not shown it can bring even a single station to operation in Minnesota and is already projecting budget overruns.”).

<sup>5</sup> See Xcel Energy, *In the Matter of Northern States Power Company, dba Xcel Energy, Petition for Approval of Capacity\*Connect, a Distributed Capacity Procurement (DCP) program*, Dkt. 25-378, RESPONSES TO INFORMATION REQUESTS, Response to Request 1 (Dec. 10, 2025).

<sup>6</sup> Minn. Pub. Util. Comm., *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of Its Proposed Community Solar Garden Program*, Case No. A24-1450, BRIEF OF RESPONDENT MINNESOTA PUBLIC UTILITIES COMMISSION, p. 48 (Feb. 24, 2025).

<sup>7</sup> *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of Its Proposed Community Solar Garden Program*, A24-1450, p. 14 (Minn. Ct. App. Aug. 4, 2025), citing Minn. Stat. § 216B.25.

change is needed to protect the public interest,” the Commission has the authority to “rescind, alter or amend any order.”<sup>8</sup>

The JSP also believe that it is crucial for the Comprehensive Third-Party Evaluation to be considered credible by the Commission and stakeholders. There is a natural tendency of any consultant to provide the results that their client wants and is paying for. As such, it is unlikely that there will be universal agreement that the evaluation is credible unless the consultant is chosen and managed by a neutral independent party. Accordingly, the JSP would recommend that Commerce choose and manage the consultant hired to perform the evaluation. As the Commission is aware, Commerce has extensive experience hiring consultants and experts to perform studies and evaluations.<sup>9</sup> Alternatively, the Commission could establish a group of interested stakeholders to select and manage the consultant hired to perform the evaluation.

The JSP also agree that the Comprehensive Third-Party Evaluation should include the following information recommended by Commerce:

- A. A detailed discussion of how Grid DERMS dispatch decisions reflect tradeoffs between bulk system and distribution system benefits.
- B. A detailed discussion of how Xcel’s DERMS investments to date are capable of integrating with third-party aggregators (Recommendation 5), and any associated challenges and next steps
- C. An analysis documenting which concurrent benefit streams were realized and the alignment between MISO dispatch requirements and distribution system value.
- D. A detailed discussion of the challenges and barriers faced when siting DCP assets in Phase II.

This information would be helpful for evaluating the various beneficial uses of BESS and comparing them to each other. In addition to the consensus recommendations supplied by Commerce, the JSP also recommend that the Evaluation explicitly evaluate:

- E. *The cost and benefits of each use case in Recommendation 1, with a comparative analysis for each use.*

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<sup>8</sup> Xcel Energy, *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of Its Proposed Community Solar Garden Program*, Case No. A24-1450, RESPONSE BRIEF OF XCEL ENERGY, p. 24-25 (Feb. 24, 2025).

<sup>9</sup> See, e.g., Community Solar Garden Study, 2024 (Dec. 15, 2024), Prepared for the Minnesota Department of Commerce (available at: [www.lrl.mn.gov/docs/2024/mandated/241703.pdf](http://www.lrl.mn.gov/docs/2024/mandated/241703.pdf)); Energy Storage System Capacity Study Report (Feb. 28, 2024), Prepared for the Minnesota Department of Commerce (available at: <https://www.lrl.mn.gov/docs/2024/mandated/240414.pdf>); Charging Minnesota’s Electric Vehicles Strategies that Work for the Electric Grid and Consumers (Dec. 10, 2024); Prepared for the Minnesota Department of Commerce (available at: [https://mn.gov/commerce-stat/energy/data-reports/CARD%20240939\\_EV%20Adoption\\_Final%20Report\\_ADA.pdf](https://mn.gov/commerce-stat/energy/data-reports/CARD%20240939_EV%20Adoption_Final%20Report_ADA.pdf)); Additional reports and studies prepared for Commerce available at: <https://mn.gov/commerce/energy/policy-data-reports/?id=17-615486#/list/appId/2/filterType/Category/filterValue/Reports/page/1/sort/order/> .

This information will allow the Commission to determine the most beneficial and cost-effective way to deploy the additional resources. Without this information, hundreds of millions of dollars may be spent on resources that could have been deployed in a more beneficial way.

**II. Require a Phase 2 “Distribution Value Identification & Avoided Distribution Cost Workplan” (with deliverables, deadlines, and reporting).(Recommendation 2).**

The JSP support Recommendation 2, with proposed modifications (in *underlined italics*):

**JSP Modified Recommendation 2:** Require a Phase 2 “Distribution Value Identification & Avoided Distribution Cost Workplan” (with deliverables, deadlines, and reporting). The Commission should require Xcel to develop, file, and execute a Distribution Value Identification & Avoided Distribution Cost Workplan as a core component of Phase 2 implementation. The Workplan should be 180 days after Commission Order. It must establish a Minnesota specific, transparent method to quantify *avoided generation, transmission, and distribution values* ~~both systemwide and locational avoided distribution system costs~~ for distribution-connected storage and aggregated DER, and apply that method to Phase 2 siting, operations, and benefit-cost evaluation.

At a minimum, the Workplan should include:

**Recommendations A-E**

***JSP Modified Recommendation 2.F: The Workplan must also describe how the avoided cost values will be used to evaluate bids in a competitive RFP process.***

The JSP support Recommendation 2 with modifications proposed to ensure the Workplan’s outputs apply not only to siting, operations, and benefit-cost evaluation, and integration into a complementary behind-the-meter VPP as recommended by the Department, but also directly to the competitive procurement process. These modifications are necessary in order to ensure there is a level playing field and a competitive, transparent process for evaluating front-of-meter DERs (FTM DERs).

This Recommendation is also well-aligned with the JSP’s position stated in initial comments that the Commission should direct Xcel to adopt a Minnesota Specific program analogous to the Dispatchable Distributed Generation (DDG) program in Colorado.<sup>10</sup> Like Xcel’s stated objective here, the purpose of the DDG program is to meet system reliability and capacity needs through the deployment of DERs. Under the DDG structure, projects bid competitively into an RFP and are evaluated using a Commission-approved avoided-cost methodology that compares each bid against avoided generation, transmission, and distribution values based on location. Projects are selected and compensated based on

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<sup>10</sup> See Public Service Company of Colorado, Hearing Exhibit 113, Settlement Agreement, Docket No. 25A-0194E (November 1, 2025). Available at [https://www.dora.state.co.us/pls/efi/EFI.Show\\_Filing?p\\_fil=G\\_829309&p\\_session\\_id=](https://www.dora.state.co.us/pls/efi/EFI.Show_Filing?p_fil=G_829309&p_session_id=) .

bid prices within that avoided-cost framework, and cost-effectiveness is transparently reported using standardized metrics.

Commerce's Recommendation would enable a similar, disciplined approach in Minnesota by ensuring that avoided distribution value is identified up front and consistently applied to procurement decisions. Notably, the Company did not address the JSP's recommendation in its reply comments. Rather than reinventing valuation methodologies on a bespoke or opaque basis, the JSP urges the Commission to direct Xcel to adopt a proven, competitive model that aligns procurement decisions with system value.

It is also important that Xcel and the Commission value utility-owned DER resources on the same metrics and apply the same values as customer-owned and third-party owned resources. The utility's cost-benefit analysis for the utility-owned C\*C battery storage assets use long-term energy price assumptions, capacity value assumptions, line loss assumptions, and transmission and distribution values that far exceed what it applies to customer-owned assets that provide the same categories of values. The federal Public Utilities Regulatory Policy Act and Federal Energy Regulatory Commission's implementing regulations require the utility to buy electric energy and capacity from distributed renewable resources at a price that does not discriminate against customer and third-party resources compared to how the utility values its own resources.<sup>11</sup> That requires the utility to pay for energy and capacity from customer DER resources at a marginal cost price reflecting what it would cost the utility to acquire the same amount of energy and capacity from another source.<sup>12</sup> Minnesota implements those requirements through Administrative Rules Chapter 7835.<sup>13</sup> If the values in Chapter 7835 were applied to Xcel's proposed C\*C program in the same way they are applied to customer and third-party resources, the C\*C program would not pass a cost-benefit screen.

Under Chapter 7835, the price for energy is redetermined periodically, rather than a projected price calculated when the asset is first developed. In contrast, Xcel's cost-benefit analysis for C\*C projects energy prices for the life of the asset in calculating the costs and benefits of the utility-owned assets. Under 7835 the risk of energy prices that diverge from long-term projects falls on the customer or third-party owner, whereas the risk of energy prices that diverge from the assumptions used to justify the Xcel-owned C\*C assets falls on ratepayers.

Chapter 7835 also denies any capacity value for customer and third-party owned resources that have a capacity factor below 65%. That would deny any capacity value to the C\*C assets, which are projected to have a capacity factor of 12.5%. But unlike a customer or third-party asset selling capacity to Xcel under Chapter 7835, Xcel's cost-benefit analysis for C\*C assumes a significant capacity value.

Chapter 7835 also omits any value for avoided transmission and distribution for customer and third-party owned resources, while Xcel applies values for both in its C\*C cost-benefit analysis. Chapter 7835 calculates a value of avoided line losses at only 50% of the utility's calculated losses, whereas the utility's cost-benefit analysis for utility-owned batteries assumes full avoided line losses. If valued the

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<sup>11</sup> 16 U.S.C. § 824a-3(b)(2); 18 C.F.R. § 292.304(a)(1)(ii); *see also* Minn. Stat. § 216B.164, subd. 2.

<sup>12</sup> 18 C.F.R. § 292.101(b)(6), 292.304(b)(2).

<sup>13</sup> Minn. R. 7835.0200.

same way that Xcel's avoided costs are calculated for customer and third-party resources under Chapter 7835, the cost-benefit ratio of the proposed C\*C program would fall below 0.5.

The JSP recommend that the Commission ensure that any quantitative economic evaluation comparing utility-managed DERs and third-party and customer-owned resources (including VPPs) uses a consistent methodology and values that accurately reflect all costs avoided by the DER regardless of whether the utility owns them. Additionally, the Commission must update the values and methods used to price DERs under Chapter 7835 to correspond to the values it uses to approve utility-owned resources such as the proposed C\*C batteries here to comply with the federal law requirement that the prices utilities pay for energy and capacity from customer and third-party resources not discriminate.

**III. For C\*C assets that increase hosting capacity, authorize an expedited interconnection process for C\*C assets that maintains functional compliance with MN DIP technical safety and grid protection standards.**

Contrary to Xcel's arguments, the MN DIP applies to the interconnection of C\*C assets. The Commission established the MN DIP process to fulfill its statutory charge under Minn. Stat. § 216B.1611 to set statewide standards for the interconnection and parallel operation of DER of no more than 10 megawatts (MW). MN DIP 1.1.1 clearly states that the MN DIP process "applies to any Distributed Energy Resource (DER) no larger than 10 MW interconnecting to, and operating in parallel with, an Area EPS distribution system in Minnesota."<sup>14</sup> MN DIP defines "Distributed Energy Resource" as "[A] source of electric power that is not directly connected to a bulk power system. DER includes both generators and energy storage technologies capable of exporting active power to an EPS."<sup>15</sup> The definition of "Interconnection Customer" explicitly includes Xcel, stating, "The person or entity, *including the Area EPS Operator*, whom will be the owner of the DER that proposes to interconnect a DER(s) with the Area EPS Operator's Distribution System."<sup>16</sup>

Nothing in the MN DIP states that FTM utility-owned and -controlled, dispatchable DERs should be exempt. C\*C assets are DERs sized under 10MW that will be interconnected to the distribution system, not the bulk power system. Xcel, as the Area EPS operator, is explicitly incorporated in MN DIP as an Interconnection Customer. Therefore, C\*C assets clearly fall fully within the jurisdiction of the MN DIP and the Commission's authority over the statewide interconnection processes.

That said, the JSP support Commerce's Recommendation to authorize an expedited interconnection process for C\*C assets that increase hosting capacity while maintaining functional compliance with MN DIP, provided that the pro-rata fees for interconnection are not prohibitively expensive, and that expedited interconnection does not displace or negatively impact third-party developers in the existing queue.

The JSP support Recommendation 4.1, authorizing C\*C assets that maximize energy market arbitrage value, or function as NWAs to be exempt from the MN DIP "if the C\*C interconnection utilizes

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<sup>14</sup> State of Minnesota, Distributed Energy Resources Interconnection Process, p. 2.

<sup>15</sup> *Id.*, at 23.

<sup>16</sup> *Id.*

hosting capacity reserved by Xcel's Technical Planning Standard (TPS)." The JSP support requiring Xcel to prioritize the siting of assets at distribution nodes with high generation-hosting capacity as an additional measure to minimize deployment delays and avoid triggering significant system upgrades that could displace or negatively impact third-party developers in the existing queue.

To accomplish this, the JSP recommend modifying Xcel Energy's MN DIP by adding Section 1.1.8, to state: "*The MN DIP does not apply to any DER owned or controlled by an Area EPS Operator that has an Export Capacity of 10 MWs or less and does not exceed [X%] of the maximum capacity of the applicable substation/feeder, excluding any capacity limitation/standard imposed by the Area EPS Operator.*" With this proposed MN DIP modification, Xcel may exclude C\*C projects if it treats the capacity reserved for its TPS as available hosting capacity for the interconnection of its company-owned and operated C\*C projects. This will avoid the disputes that will inevitably happen if Xcel uses capacity that increases the time and/or costs for DER applications that are already in the queue.

The JSP support Recommendation 4.2, directing Xcel to "ensure that all utility assets that use the TPS reserved capacity or bypass MN DIP for expedited interconnection do not displace or negatively impact DER applicants already in the existing queue." C\*C assets have the potential to displace or negatively impact both third-party developers applicants, and behind-the-meter customer-sited DER applicants in the interconnection queue, and both types of DER applications should be protected.

#### **IV. Require Xcel to develop DERMS with an open architecture capable of integrating with third-party aggregators (Recommendation 5).**

A DERMS platform is necessary for distribution-level use cases such as relieving grid congestion in constrained areas, supporting non-wires alternatives, and delivering equity-enhancing system benefits. Without a functional DERMS, Xcel will be unable to efficiently dispatch, measure, and compensate distributed resources in a manner that maximizes system value. As previously noted, the Colorado Commission found that DERMS would support an open-market model in which the utility functions as a buyer of services, DER aggregators as sellers, and the DERMS provider as a neutral market platform enabling transactions.<sup>17</sup> Directing Xcel to adopt this model, using an open-architecture DERMS capable of integrating with third-party aggregators, is necessary to preserve competition, foster innovation, and ensure that ratepayers receive the full value of distributed energy resources. Accordingly, the Commission should require Xcel to adopt an open-architecture DERMS framework before approving any DERMS investment associated with Capacity\*Connect.

The importance of any DERMS architecture being open is especially obvious when one considers all of the technological issues that Xcel has had in recent years. For example, most recently, Xcel had thousands of billing errors, with almost half of them over 90 days old, which prompted the Commission

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<sup>17</sup> PUC of Colorado, RECOMMENDED DECISION OF HEARING COMMISSIONER TOM PLANT ISSUING CERTAIN GUIDANCE FOR REQUESTS FOR PROPOSALS TO BE ISSUED BY PUBLIC SERVICE COMPANY OF COLORADO, Proceeding No. 23M-0466EG (January 5, 2023)

to open an investigation.<sup>18</sup> In the Solar Rewards program, even though Xcel uses Salesforce, the world's leading customer relationship management technology,<sup>19</sup> Xcel said it would "require significant IT development" and be "complex" to simply change its application portal to allow developers to input a particular variable, which is already possible for other values, rather than a static number.<sup>20</sup> It noted that it previously took "seven months" to simply change a different value from 5% to 10%.<sup>21</sup> These are not significant changes that a sophisticated company with adequate resources should have such significant struggles with.

These struggles have limited Xcel's ability to utilize technology in a way that benefits its customers and third parties who must utilize its systems. Because of these struggles, the JSP support requires Xcel to use an open architecture software platform that is commercially available. This will reduce the issues and costs that ratepayers and others have experienced, while also allowing its system to integrate with the broadest spectrum of DERMS solutions that are currently available or will be available in the future. Taking a different approach risks expending more time and taking more resources than necessary to develop a bespoke product that is less useful than a commercially available product that uses an open architecture.

Furthermore, requiring an open-architecture DERMS is critical to avoid structural lock-in that would constrain Minnesota's DER ecosystem for years to come. Once a closed or utility-specific platform is deployed, subsequent efforts to integrate third-party aggregators, enable new market products, or adapt to evolving MISO and distribution planning requirements become significantly more complex and costly. Decisions made at this stage will shape not only C\*C, but also the broader framework for virtual power plants, demand response, and flexible load participation across Xcel's service territory. By mandating an open, interoperable DERMS architecture at the outset, the Commission can preserve optionality, reduce the risk of stranded investment, and ensure that future program evolution is driven by performance and customer value rather than by technical constraints. This approach aligns with national best practices, protects ratepayers from avoidable long-term costs, and ensures that Minnesota remains positioned to leverage innovation in distributed energy technologies as they continue to mature.

**V. Direct Xcel to collaborate with stakeholders to develop and file a proposal for a complementary market-driven behind-the-meter Virtual Power Plant (VPP) program by July 1, 2027 ( Recommendation 7).**

In order to create and support a competitive market for VPPs (which is necessary for Minnesota to meet its clean energy goals) and ensure that any VPP program is cost-effective for Minnesota ratepayers, the JSP support Recommendation 7, requiring Xcel to collaborate with stakeholders to develop and file a proposal for a complementary market-driven behind-the-meter VPP program for future

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<sup>18</sup> Minn. Pub. Util. Comm, *In the Matter of an Investigation into Xcel Energy's Residential Billing Errors*, Dkt. 25-341, ORDER INITIATING INVESTIGATION (Sept. 10, 2025); Xcel Energy, *In the Matter of an Investigation into Xcel Energy's Residential Billing Errors*, Dkt. 25-341, COMPLIANCE – MONTHLY UPDATE, p. 3 (Jan. 16, 2026).

<sup>19</sup> See What is Salesforce? (<https://www.salesforce.com/products/what-is-salesforce/>) (visited Jan. 23, 2026).

<sup>20</sup> Xcel Energy, *In the Matter of Northern States Power Company's Solar\*Rewards Program*, Dkt. 13-1015, INITIAL COMMENTS TO PROPOSED DECISION, p. 20 (Oct. 31, 2025).

<sup>21</sup> *Id.*

phases by July 1, 2027. In order to be equitable, beneficial, and cost-effective for all Minnesota ratepayers, this program must target residential-class customers across the utility territory, enable participation by customer owners, third-party operators and aggregators, include a community-owned model targeting low-income households, evaluate the aggregation of multiple DERs, and be supported by a financially-feasible tariff designed to deliver reliable financial benefits to low-income participants, and include a tariff designed to provide fair compensation for the services provided by behind-the-meter assets.

The complementary program must be competitive and market driven to ensure cost effectiveness, drive value, mitigate ratepayer risk and incorporate performance and accountability measures. Such a program must exclude utility ownership of behind-the-meter assets. The inherent challenges that prevent fair competition between the utility and the private market would restrict market development and opportunity.

Pursuant to Minn. Stat. § 216B.03, a VPP program must target all residential class customers across a utility territory to ensure the program is not unreasonably preferential, unreasonably prejudicial, or discriminatory in its application to a certain class of customers. The inclusion of a community-owned model targeting low-income households that is supported by a financially-feasible tariff designed to deliver reliable financial benefits to low-income participants will ensure equitable access for individuals in underserved communities while enabling community benefits.

A tariff designed to provide fair compensation for the services provided by behind-the-meter assets is essential for sending the transparent market signals required that drive performance in a decentralized and competitive market structure. A transparent tariff also ensures accountability for performance by third-party resources who accept both performance obligations and the consequences of non-performance, including financial penalties or clawbacks for non-delivery.

**VI. Require Xcel to file a DCP Phase 2 Evaluation Plan within 180 days of Commission Order, including a methodology for quantifying avoided T&D costs and asset accreditation with MISO (Recommendation 9).**

The JSP support requiring Xcel to file a DCP Phase 2 Evaluation Plan within 180 days of Commission Order. The Evaluation Plan is essential to ensuring that Phase 2 of C\*C produces actionable information that can meaningfully inform future Commission decisions. Phase 2 is explicitly framed as a learning-oriented step, yet Xcel has not proposed a clear, comprehensive framework for evaluating program performance, costs, system benefits, or market impacts. In particular, Xcel has not identified how it will quantify avoided transmission and distribution (T&D) costs or how C\*C assets will be evaluated and accredited for their contribution to resource adequacy within the MISO framework. Without a Commission-approved Evaluation Plan established early in Phase 2, there is a significant risk that data collection will be incomplete, inconsistent, or insufficient to assess whether the program is delivering net value to ratepayers or advancing Minnesota's clean energy objectives. An Evaluation Plan should, therefore, define clear metrics, data sources, methodologies, and reporting timelines, including a transparent approach to calculating avoided T&D costs and MISO accreditation value.

Moreover, an Evaluation Plan is necessary to ensure accountability and to protect ratepayers before any expansion of the program is contemplated. Phase 2 will involve substantial ratepayer investment in utility-owned assets, operational systems, and potentially DERMS infrastructure, and those investments must be evaluated against measurable and comparable system benefits. Requiring Xcel to specify, in advance, how it will assess avoided infrastructure investments and capacity value ensures that Phase 2 results can be compared across use cases, ownership models, and operational strategies. The Commission should not be asked to approve future scale-up decisions without a rigorous, independently reviewable assessment of Phase 2 outcomes. Requiring Xcel to file a DCP Phase 2 Evaluation Plan within 180 days strikes an appropriate balance between timely program implementation and prudent oversight, and ensures that future C\*C decisions are grounded in empirical evidence rather than assumptions.

**VII. Require Xcel to conduct a quantitative economic evaluation comparing the proposed utility-managed model against alternative structures, including third-party-owned assets, customer-owned resources, and Virtual Power Plant (VPP) models, including, among other things, requiring that all grid and siting data utilized by Xcel for project selection be made publicly available to foster a transparent and competitive deployment environment (Joint Solar Parties Recommendation 1).**

The JSP propose the following additional Recommendation for the Commission's consideration and provide a rationale below.

**Joint Solar Parties Recommendation 1.** Require Xcel to conduct a quantitative economic evaluation comparing the proposed utility-managed model against alternative structures, including third-party-owned assets, customer-owned resources, and Virtual Power Plant (VPP) models.

**1.1** Establish a definitive timeline and formal requirements for the solicitation of third-party-owned front-of-the-meter assets within the program.

**1.2.** Direct Xcel to evaluate and incorporate a broader suite of ownership and commercial arrangements, such as "build-own-transfer" or "build-transfer" structures, to leverage competitive market expertise.

**1.3** Require that all grid and siting data utilized by Xcel for project selection be made available to foster a transparent and competitive deployment environment.

The JSP recommend that the Commission require Xcel to conduct a quantitative economic evaluation comparing its proposed utility-managed model against reasonable alternative structures, including third-party-owned assets, customer-owned resources, and VPP models. Without such a comparison, the Commission lacks a factual basis to determine whether the proposed model represents the most cost-effective and efficient means of meeting system needs. A utility-managed approach should not be presumed to be superior in the absence of evidence. A side-by-side evaluation would allow the Commission to assess tradeoffs across ownership models, risk allocation, cost of capital, operational performance, and customer impacts, and ensure that Phase 2 implementation is grounded in demonstrable

value rather than structural preference. As Xcel has noted, Phase 2 is a learning phase. Taking only one approach will not provide much learning.

To ensure this evaluation leads to actionable outcomes, the Commission should also establish a definitive timeline and formal requirements for the solicitation of third-party-owned front-of-the-meter assets within the program. Competitive procurement is essential to testing whether non-utility ownership models can meet the Company's stated reliability and capacity objectives at lower cost to ratepayers. In addition, the Commission should direct Xcel to evaluate and incorporate a broader suite of ownership and commercial arrangements – such as build-own-transfer or build-transfer structures – that leverage competitive market expertise while still allowing the utility to assume ownership where appropriate. These models are widely used in other jurisdictions to balance utility oversight with the cost discipline and innovation that competitive developers bring, and their consideration here would expand the solution set available to the Commission.

To fully evaluate any comparison, the importance of providing grid and siting data cannot be understated. The JSP recommend that all grid, hosting capacity, and siting data used by Xcel for project identification and selection be made available to market participants, under a Non-Disclosure Agreement where appropriate. Transparent access to this information is a prerequisite for a competitive and non-discriminatory deployment environment and is particularly important if third-party and hybrid ownership models are to be meaningfully evaluated. Developers must be able to make the same well-informed decisions as Xcel. Absent data transparency, alternative models cannot realistically compete, and the Commission's ability to compare outcomes across structures is undermined.

In comments in another docket, the Interstate Renewable Energy Council (IREC) recognized the importance of providing this data, stating:

It is now clear that this data [distribution grid data] is essential not only for the deployment of distributed generation, but also for the deployment of the infrastructure needed to electrify transportation and buildings. This data is not important just to identify the appropriate locations for this infrastructure, but also to understand how to best manage those resources. By having access to data about system constraints and load profiles, the Commission has the ability to enable smart charging, demand response, the scheduling of generation and other types of flexible interconnection, all with an eye to increasing reliability and reducing the need for distribution upgrade costs.<sup>22</sup>

The data expert hired by Commerce agreed with IREC, stating, "Leaving this data solely in the hands of a monopoly provider is not in the interest of customers, or the state, particularly in regard to ambitious

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<sup>22</sup> Interstate Renewable Energy Council, *In the Matter of a Commission Investigation on Grid and Customer Security Issues Related to Public Display or Access to Electric Distribution Grid Data*, Dkt. 20-800, LETTER SUPPORTING DECISION OPTIONS, p. 1 (April 17, 2023).

renewable energy and electrification goals.”<sup>23</sup> Requiring data sharing will not only improve procurement outcomes, but also strengthen Commission oversight by ensuring that project selection decisions are testable, reproducible, and aligned with clearly articulated system needs.

### **VIII. Xcel’s Reply Comments Raise Several Concerns that Should be Addressed.**

In addition to the points raised throughout these Supplemental Comments, the JSP also wishes to address several statements made by the Company that appear to be inaccurate, or lacking proper context. Additionally, the JSP wishes to highlight our agreement with two statements made by the Office of Attorney General (OAG), in their December 10, 2025 comments in response to the Company’s October 3rd, 2025 Request for Approval of Capacity\*Connect proposal.

OAG expressed serious concerns with the cost of the C\*C proposal. Specifically, they wrote, “[a]lthough Xcel suggests that C\*C is uniquely innovative, it may simply be a uniquely expensive way to accomplish the same thing other states have accomplished for less ratepayer money.”<sup>24</sup> They continued, “[w]hile cost-effective decarbonization is essential, Xcel’s proposed budget for C\*C raises the concern that C\*C may not be cost-effective and Xcel may not properly contain costs.”<sup>25</sup>

After a careful review of the Company’s January 9, 2026 Reply Comments, the JSP were disappointed to see that the Company did not appear to address these concerns of cost, aside from saying that their “CBA should not be seen as a ceiling... [because] there are qualitative benefits” from their proposal.<sup>26</sup> In future phases of this proceeding, JSP is optimistic that the Company will explain or elaborate ways in which they propose to improve their 0.96 CBA, which as it stands—even if all cost factors break in the Company’s favor—is likely to cost ratepayers more than it benefits them.

#### **Benefits of DERs**

In the opening pages of their reply comments, the Company wrote, “historically DER programs have only provided benefits to direct participants and recipients of incentives”<sup>27</sup> This is factually inaccurate for several reasons.

First, traditional DERs, such as solar and storage, typically discharge back to the grid through net energy metering. The utility company receives these electrons from solar or storage, and then sells them

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<sup>23</sup> Minn. Dept. of Commerce, *In the Matter of a Commission Investigation on Grid and Customer Security Issues Related to Public Display or Access to Electric Distribution Grid Data*, Dkt. 20-800, LETTER OF SYNAPSE ENERGY ECONOMICS ON STAFF BRIEFING PAPERS RELATED TO GRID AND CUSTOMER SECURITY ISSUES RELATED TO PUBLIC DISPLAY OR ACCESS TO ELECTRIC DISTRIBUTION DATA, p. 1 (April 18, 2023).

<sup>24</sup> Office of Attorney General Comments, *In re Northern States Power Co., d/b/a/ Xcel Energy, Petition for Approval of Capacity\*Connect, a Distributed Capacity Procurement (DCP) Program*, Docket 25-378, p. 7

<sup>25</sup> Office of Attorney General Comments, *In re Northern States Power Co., d/b/a/ Xcel Energy, Petition for Approval of Capacity\*Connect, a Distributed Capacity Procurement (DCP) Program*, Docket 25-378, p. 1

<sup>26</sup> Xcel, REPLY COMMENTS, Dkt. 28-378, p. 14

<sup>27</sup> Xcel, REPLY COMMENTS, Dkt. 28-378, p. 4

back to the neighboring communities despite doing little to facilitate the generation of these electrons. Additionally, according to the Energy Information Agency, as of 2024, more than 5 million residential solar customers generated 53–55 GW of the United States’ total solar capacity.<sup>28</sup> These electrons are then used either by the end customer or by people in the neighboring communities. The fact that many utilities have chosen not to quantify these benefits does not mean that they do not exist.

Second, in a growing number of markets (including here in Minnesota), utilities have created Time of Use (TOU) rates, where the price of power changes depending on the time of day. In these cases, stored solar energy is discharged back to the grid during peak times of demand, when the grid needs it most, and when it is most valuable.

Third, a growing number of communities are beginning to embrace VPPs, made up of smart appliances like thermostats, hot water heaters, solar, and storage. This includes the AVPP program in Colorado, which the Company discussed at length in their reply comments. One of the elements of the AVPP program is, as the Company writes, “aggregators will control and utilize to provide demand reductions or energy injection during a limited number of events called by the Company.” Both demand reduction or grid injection involve benefitting the broader grid from assets that are privately installed.

It is confusing, therefore, for the Company to dismiss the benefits of DERs as simply “private benefits” when they themselves explain one of the most important benefits of the AVPP program in Colorado: reduction of strain on the grid to keep the lights on for everyone, not just a handful of customers. Along these lines, it is unfortunate that C\*C “is not a customer resilience program”<sup>29</sup> and that in the event of grid-wide outages, these batteries will not be utilized by anyone because “they will not have a direct connection to customer sites.”<sup>30</sup> A traditional DER, such as solar paired with storage, as installed by the private market, can do both. Batteries can participate in VPP programs, and also help island off a customer’s building in the event of an outage, providing critical backup power when it is needed most.

Finally, the Company argues that their “foremost obligation is to ensure safe, reliable, affordable service for all customers, not to optimize outcomes for individuals or for-profit entities.”<sup>31</sup> The JSP would be remiss if we failed to remind the Commission and those reading these comments that both Xcel and Sparkfund are for profit entities, and Xcel Energy has a current market capitalization of nearly \$45 billion and earned nearly \$2 billion in profit in 2024.<sup>32</sup>

## CONCLUSION

The JSP applaud the C\*C proposal from Xcel and appreciate thoughtful substantive comments filed by many stakeholders regarding the details of the program, as well as the leadership of Commerce in developing consensus recommendations. The JSP are grateful for the opportunity to provide these

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<sup>28</sup> Energy Information Agency, *STEO Between the Lines: Small-scale solar accounts for about one-third of U.S. solar power*; September 12, 2023

<sup>29</sup> Xcel, REPLY COMMENTS, Dkt. 28-378, p. 29

<sup>30</sup> Xcel, REPLY COMMENTS, Dkt. 28-378, p. 21

<sup>31</sup> Xcel, REPLY COMMENTS, Dkt. 28-378, p. 13

<sup>32</sup> Xcel, Xcel Energy 2024 Year End Earnings Report, February 6, 2025

supplemental comments and recommended decision options. Minnesota is at an important inflection point in shaping how distributed energy resources, storage, and emerging virtual power plant models are integrated into the grid. The decisions made in this proceeding will set precedent not only for C\*C, but for the broader role that DERs will play in delivering reliability, affordability, and consumer value across the state and the nation.

As detailed throughout these comments and our Initial Comments, the JSP believe that Xcel's proposal—while conceptually aligned with Minnesota's clean energy objectives—requires significant modification to ensure that it is cost-effective, market-aligned, and structured in a way that encourages innovation rather than dampening it. Competitive procurement, meaningful opportunities for third-party ownership and development, and open-architecture DERMS design are foundational principles of successful distributed storage programs nationwide. These elements reduce risk to ratepayers, enhance system benefits, and rely on the proven strengths of Minnesota's experienced developers. Incorporating these principles into Phase 2 of C\*C is essential for ensuring that the program delivers on its promises.

The most significant modification, however, is to proceed in a measured and thoughtful manner. Only expending significant ratepayer resources after the information obtained from the previous phase has been obtained and analyzed. Proceeding without the knowledge and experience gained from rigorous analysis of various uses of DERs risks wasting time and ratepayer resources. Rather than moving forward, it is taking two steps back.

Finally, the JSP reiterate our commitment to continued collaboration with the Commission, the Department of Commerce, the Attorney General, Xcel Energy, Sparkfund and all stakeholders. We appreciate the constructive discussions to date and stand ready to assist in developing a program framework that aligns Minnesota's reliability goals, cost-effectiveness requirements, and clean energy ambitions. With the right design choices, Minnesota can deploy DERs at scale in a way that strengthens the grid, protects customers, and supports an innovative, competitive, and equitable clean energy marketplace.

### **JOINT SOLAR PARTIES RECOMMENDATIONS**

In conclusion, the JSP recommend the Commission approve:

**Recommendation 1** – Direct Xcel to implement a diversified siting and operational strategy by testing the following three distinct archetypes to validate the full range of potential system benefits.

**Recommendation 1.1** Economic Arbitrage: Xcel shall site a portion of C\*C assets in locations selected to maximize energy market arbitrage value based on nodal Locational Marginal Pricing (LMP). This archetype must prioritize locations with the greatest spread between off-peak charging and on-peak discharging prices.

**Recommendation 1.2** Reliability and T&D Deferral: Xcel shall site a portion of C\*C assets to function as Non-Wires Alternatives (NWAs) to address documented distribution reliability issues or to defer specific, budgeted infrastructure investments. Siting in this

archetype should prioritize historically under-invested areas to align with equity goals, improving service quality and ensuring grid modernization benefits reach vulnerable ratepayers.

**Recommendation 1.3** DER Congestion, Hosting Capacity, and the DSRUP Pathway: Xcel shall site a portion of C\*C assets on feeders with high penetration of DERs experiencing grid congestion issues, specifically those characterized by low Day-time Minimum Load (DML). To ensure these assets directly support the expansion of hosting capacity and the fulfillment of the Company's Distributed Solar Energy Standard (DSES) obligations, they shall be implemented according to the following framework:

- C\*C assets focused on hosting capacity and DML shall be classified both as Flexible Interconnection assets and integrated into the Distribution System Reactive Upgrade Process (DSRUP). As such, these assets will be paid for by developers as a DSRUP asset.
- Assets must utilize the Grid DERMS platform to actively manage and absorb excess solar generation during peak hours. This approach is designed to increase hosting capacity and defer costly traditional infrastructure upgrades.
- The Commission shall evaluate the implementation of this archetype within Docket No. E002,015,017/CI-24-288, which shall request comments on:
  - The technical feasibility of integrating C\*C assets as Reactive Cost Share Distribution Upgrades within DSRUP.
  - The willingness to accept curtailment if the MISO capacity need does not fully align with the DSRUP capacity need.
  - The implementation of Xcel's adjusted revenue requirement (ARR) split between C\*C and DSRUP capacity needs.

**Recommendation 3** – Require Xcel to provide information on mechanisms to ensure transparency and accountability in the sole-source selection of Sparkfund, including market-rate justification for costs.

**Recommendation 4** – For C\*C assets that increase hosting capacity, authorize an expedited interconnection process for C\*C assets that maintains functional compliance with MN DIP technical safety and grid protection standards.

**Recommendation 4.1.** For C\*C assets that maximize energy market arbitrage value, or function as NWAs, authorize C\*C projects to be exempt from the MN DIP if the C\*C interconnection utilizes generation-hosting capacity reserved by Xcel's Technical Planning Standard (TPS). Direct Xcel to prioritize the siting of assets at distribution nodes with high generation-hosting capacity to minimize deployment delays and avoid triggering significant system upgrades.

**Recommendation 4.2.** Direct Xcel to ensure that all utility assets that use the TPS reserved capacity or bypass MN DIP for expedited interconnection do not displace or negatively impact DER applicants already in the existing queue. If Xcel chooses not to use the TPS-reserved capacity for C\*C assets that decrease generation-hosting capacity, those C\*C assets must proceed through the MN DIP.

**Recommendation 4.3.** Require Xcel to document interconnection studies and distribution upgrades for each site in quarterly reports to ensure safety and reliability,

even if bypassing the full MN DIP administrative process or utilizing the TPS reserved capacity.

**Recommendation 5** – Require Xcel to develop DERMS with an open architecture capable of integrating with third-party aggregators.

**Recommendation 7** – Direct Xcel to collaborate with stakeholders to develop and file a proposal for a complementary market-driven behind-the-meter Virtual Power Plant (VPP) by July 1, 2027.

**Recommendation 7.1.** The filing must include target residential class customers across the utility territory, enable participation by customer owners, third-party operators and aggregators, and include a community-owned model targeting low-income households.

**Recommendation 7.2.** The community-owned model should evaluate the aggregation of multiple DERs, and supported by a financially-feasible tariff designed to deliver reliable financial benefits to low-income participants.

**Recommendation 7.3.** The proposal should include a tariff designed to provide fair compensation for the services provided by behind-the-meter assets.

**Recommendation 8** – Refine equity approach to track specific, quantifiable metrics such as the percentage of subcontracting dollars awarded to MWBE and evidence of active consultation with host communities—to include residents not receiving host payments—in EJ areas regarding site aesthetics and safety.

**Recommendation 9** – Require Xcel to file a DCP Phase 2 Evaluation Plan within 180 days of Commission Order, including a methodology for quantifying avoided T&D costs and asset accreditation with MISO.

**Recommendation 10** – Require quarterly program status reports covering deployment status, budget expenditures, archetype performance (with M&V data), Grid DERMS efficacy, interconnection studies, labor standards compliance, and equity progress.

The JSP support Recommendations 2 and 11, with proposed modifications (in *underlined italics*):

**Recommendation 2:** Require a Phase 2 “Distribution Value Identification & Avoided Distribution Cost Workplan” (with deliverables, deadlines, and reporting). The Commission should require Xcel to develop, file, and execute a Distribution Value Identification & Avoided Distribution Cost Workplan as a core component of Phase 2 implementation. The Workplan should be 180 days after Commission Order. It must establish a Minnesota specific, transparent method to quantify *avoided generation, transmission, and distribution values* ~~both systemwide and locational avoided distribution system costs~~ for distribution-connected storage and aggregated DER, and apply that method to Phase 2 siting, operations, and benefit-cost evaluation.

- A. Project-level distribution need statement and study scope for each Phase 2 asset (feeder/substation context; constraints addressed; operational objective(s); relevant planning horizon).
- B. Feeder- and substation-level power-flow modeling across the system, including—for feeders with identified grid needs—at least a “wires-only” case and a “DER-inclusive” case, to identify constraints, quantify impacts, and test dispatch requirements and operating envelopes.
- C. Minnesota-specific marginal distribution cost methodology that translates distribution planning drivers (capacity, reliability, voltage, losses, hosting capacity, etc.) into

- avoided-cost metrics suitable for benefit/cost analysis (e.g., \$/kW-year and other appropriate units), with clear assumptions, data sources, and ranges/uncertainty bounds.
- D. Ex-ante distribution value forecasts identifying candidate deferrals/avoidances and expected distribution benefits, plus a corresponding ex post measurement and verification plan to evaluate realized distribution outcomes and explain variance.
  - E. Discussion of how Xcel plans to integrate Recommendation 2 A through D into the complementary behind-the-meter Virtual Power Plant program developed under Recommendation 7.
  - F. The Workplan must also describe how the avoided cost values will be used to evaluate bids in a competitive RFP process.

**Recommendation 11.** Direct Commerce Xcel to conduct an Independent, Comprehensive Third-Party Evaluation that includes information relevant to that evaluation after 20 MW of capacity is operational or after 2 years, whichever occurs first.

- A. A detailed discussion of how Grid DERMS dispatch decisions reflect tradeoffs between bulk system and distribution system benefits.
- B. A detailed discussion of how Xcel's DERMS investments to date are capable of integrating with third-party aggregators (Recommendation 5), and any associated challenges and next steps
- C. An analysis documenting which concurrent benefit streams were realized and the alignment between MISO dispatch requirements and distribution system value.
- D. A detailed discussion of the challenges and barriers faced when siting DCP assets in Phase II.
- E. The cost and benefits of each use case in Recommendation 1, with a comparative analysis for each use.

Finally, the JSP request that the Commission consider one additional Recommendation.

**Joint Solar Parties Recommendation 1.** Require Xcel to conduct a quantitative economic evaluation comparing the proposed utility-managed model against alternative structures, including third-party-owned assets, customer-owned resources, and Virtual Power Plant (VPP) models.

- 1.1** Establish a definitive timeline and formal requirements for the solicitation of third-party-owned front-of-the-meter assets within the program.
- 1.2.** Direct Xcel to evaluate and incorporate a broader suite of ownership and commercial arrangements, such as "build-own-transfer" or "build-transfer" structures, to leverage competitive market expertise.
- 1.3** Require that all grid and siting data utilized by Xcel for project selection be made available to foster a transparent and competitive deployment environment.

Respectfully Submitted,

*/s/ Sarah Whebbe, Esq.*

Senior Policy & Regulatory Affairs Associate  
MnSEIA

(P) 651-470-0347

(E) [swhebbe@mnseia.org](mailto:swhebbe@mnseia.org)

*/s/ Nick Bowman*

Senior Manager, Markets & Research  
CCSA

(P) 843-345-8150

(E) [nick@communitysolaraccess.org](mailto:nick@communitysolaraccess.org)

*/s/ Andrew Linhares, Esq.*

Senior Manager, Central Region  
SEIA

(P) 314-471-9973

(E) [alinhares@seia.org](mailto:alinhares@seia.org)