



AN ALLETE COMPANY

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April 30, 2021

VIA E-FILING

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

Re: In In the Matter of Updating the Generic Standards for the
Interconnection and Operation of Distributed Generation Facilities
Established under Minn. Stat. §216B.1611
Docket Nos. E999/CI-01-1023, E-999/CI-16-521
COMMENTS

Dear Mr. Seuffert:

Minnesota Power (or, the "Company") hereby submits, via electronic filing, its Comments in response to the Minnesota Public Utilities Commission November 13, 2020 Notice in the above-referenced Docket.

If you have any questions regarding this filing, please contact me at 218.355.3602 or avang@mnpower.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ana Vang', with a long, sweeping flourish extending to the right.

Ana Vang
Public Policy Advisor

AMV:th
Attach.

I AM
ZERO INJURY.

*Together we choose to work safely for our families, each other, and the public.
We commit to be injury-free through continuous learning and improvement.*

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

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

Docket Nos. E999/CI-16-521
E999/CI-01-1023

COMMENTS

I. INTRODUCTION

On November 13, 2020 the Minnesota Public Utilities Commission (or, “Commission”) issued a six month extension in Comments on whether the Commission should revise or replace Attachment 6 of the September 28, 2004 Order in Docket No. E999/CI-01-1023, which creates guidelines for establishing the terms of the financial relationship between an electric utility and a distributed generation customer with no more than 10 MW of capacity.

The topics open for comment include:

- Updates to the distributed generation rate guidance provided in Attachment 6 (“DG rate guidance”) that include, but are not limited to the following issues:
 - The consistency of Attachment 6 with existing statute and rules (e.g. Minn. Stat. §§ 216B.1611 and .164 and Minn. R. ch. 7835);
 - For facilities between 1 and 10 MW, guidance on ensuring adequate transparency of negotiated rates and availability or consideration of Attachment 6 credits;
 - Better alignment of avoided capacity costs with Integrated Resource Planning and other regulatory proceedings;
 - Guidance that recognizes technology, location and time-specific avoided cost considerations.
- Are any changes to the DG rate guidance warranted based on the Federal Energy Regulatory Commission’s (“FERC”) updates to Public Utilities Regulatory Policy Act (“PURPA”) rules?

- Are the calculations of DG tariff rates for DG projects between 1 and 10 MW submitted by the rate-regulated utilities appropriate and reasonable?
- Are there other issues or concerns related to this matter?

II. REQUESTED INFORMATION

Minnesota Power's (or, the "Company") responses to the topics open for comment are below.

- Updates to distributed generation rate guidance provided in Attachment 6 ("DG rate guidance") that include, but are not limited to the following issues:
 - The consistency of Attachment 6 with existing statute and rules (e.g. Minn. Stat. §§ 216B.1611 and .164 and Minn. R. ch. 7835);

Minnesota Power agrees with Xcel Energy's October 30, 2020 comments on this issue, including that Attachment 6 is inconsistent with existing statute and rules in terms of the size of resources, considerations in setting rates, methodologies for calculating avoided energy and capacity costs, terms of standby service, and if specific renewable avoided cost rates must be offered.

- For facilities between 1 and 10 MW, guidance on ensuring adequate transparency of negotiated rates and availability or consideration of Attachment 6 credits;

In its June 17, 2019 compliance filing in this docket, the Company submitted detailed descriptions of how DG tariffed rates and negotiated DG rate offerings are calculated, including how Attachment 6 is applied in those calculations for DG projects between 1 and 10 MW. The process Minnesota Power uses to develop DG tariff rates is transparent and the rate is available to interested parties.

- o Better alignment of avoided capacity costs with Integrated Resource Planning and other regulatory proceedings;

Minnesota Power agrees that in theory, avoided capacity costs and capacity need could be aligned with an Integrated Resource Plan proceeding. However, due to the increasing complexity of IRPs and number of additional regulatory proceedings, IRPs are not filed on an annual basis. (There are typically several years in between IRP proceedings.) As a result, basing a capacity need and avoided capacity costs from the Company's most recently approved IRP may not be appropriate due to out-of-date assumptions.

One of the purposes of an IRP process is to identify a capacity need and propose a plan that will meet the capacity need in both the short and long-term. The plan will include actions to procure sufficient capacity to meet short-term needs to ensure reliable energy service for customers. As a sound resource planning principle, the plan should attempt to minimize the over-procurement of capacity so that customer cost accurately reflect what is needed. That same principle applies to avoided capacity costs where payment should be based on meeting a known capacity need. It would not be in the interest of Minnesota Power customers to pay for DG capacity through an avoided capacity cost mechanism if that capacity is not needed.

- o Guidance that recognizes technology, location and time-specific avoided cost considerations.

Currently there are no considerations related to technology, location or time-specific avoided costs within the current rate. At this time, we have no further comments on this topic.

- Are any changes to the DG rate guidance warranted based on the Federal Energy Regulatory Commission's ("FERC") updates to Public Utilities Regulatory Policy Act ("PURPA") rules?

Minnesota Power agrees with Xcel Energy's October 30, 2020 comments that FERC rules apply as a matter of state statute, but that the Commission may give consideration to how it intends to implement the revised FERC rules.

Since those comments were submitted by Xcel Energy, FERC has issued Order 872-A to clarify its original update to PURPA rules.¹ The PURPA rule changes, which are subject to judicial review, do not appear to change any of the conclusions reached by Xcel Energy. In addition, utilities have begun to submit requests to FERC to lower its mandatory purchase obligations from 20 MW to 5 MW. Minnesota Power is considering submitting a similar request in 2021.

- Are the calculations of DG tariff rates for DG projects between 1 and 10 MW submitted by the rate-regulated utilities appropriate and reasonable?

The Company provided detailed calculations of DG tariff rates for DG projects between 1 and 10 MW in its June 17, 2019 compliance filing in this docket. The Company's current DG tariff rates are both reasonable and appropriate.

- Are there other issues or concerns related to this matter?

At this time, the Company does not have additional issues or concerns related to this matter.

¹ See 172 FERC ¶ 61,041 (November 19, 2020).

III. REQUESTED INFORMATION

Minnesota Power appreciates the opportunity to provide comments in this matter.

Dated: April 30, 2021

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'A. Vang', written in a cursive style.

Ana Vang
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STATE OF MINNESOTA)
) ss
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 30th day of April, 2021, she served Minnesota Power's Comments in **Docket Nos. E999/CI-01-1023 and E-999/CI-16-521** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.



Tiana Heger