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February 4, 2015

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

**Re: Proposed Amendments to Rules Governing Cogeneration and Small Power Production, *Minnesota Rules*, Chapter 7835; Including Repeal of Minn. R. parts 7835.2300; 7835.2500; 7835.2700; 7835.2900; 7835.4800; 7835.4900; 7835.5000; 7835.5100; 7835.5200; 7835.5300; 7835.5400; 7835.5500; 7835.5600; 7835.5700; and 7835.5800.
PUC Docket No. E-999/R-13-729**

Comments of Otter Tail Power Company

Dear Mr. Wolf:

Otter Tail Power Company (“Otter Tail”) respectfully submits this letter as its Comments in response to the December 18, 2014 notice (“Notice”) of the Minnesota Public Utilities Commission (“Commission”) in the above-referenced docket.

Our comments seek a balance between closure on the rules and comprehensive and meaningful rules¹. On one hand, having near-term closure on the rules allows for implementation for all stakeholders, yet on the other hand, less than meaningful rules that are finalized too soon can cause distortion of understanding in its application as well as compliance with these rules. Otter Tail urges the Commission to also seek the appropriate balance between closure and inclusion of meaningful rules for the public good.

¹ Otter Tail is cognizant of Xcel’s E002/M-14-1057

Otter Tail's Recommendations

Otter Tail's comments focus on two important factors within this rule-making process: defining the term "capacity" and addressing production meters.

- Incorporate various contexts for defining capacity², per Attachment 1
- Address the requirement for production meters in the Commission's interconnection standards³.

Discussion

The term "capacity" is used in multiple contexts throughout chapter 7835. Otter Tail believes that a clear definition of the term capacity within in its proper context will provide both transparency and clarity throughout Minn. Stat. § 216B.164. In these comments, Otter Tail summarizes the various uses of the term capacity and provides specific recommendations for the definition of capacity within those contexts.

The concern over the definition of capacity is not unique to Otter Tail. At the final Advisory Committee Meeting, a number of Minnesota electric utility providers⁴ delivered a joint set of issues/concerns for the participants. Capacity, and its various contexts, was identified as one of the key issues/concerns.

The term "capacity" impacts a variety of important functions of distributed generation for all stakeholders. For example, the term capacity is used:

1. As the foundation for measuring facility output capability.
2. For defining compensation amounts between parties.
3. For determining qualification levels of facilities.
4. In the context of sizing equipment.
5. In relation to the safety aspects of sizing equipment and protection devices.

Having a clear understanding the term within each context will help remove ambiguity amongst the parties and enhance compliance with applicable statutes and associated rules. These various contexts of capacity were also described in the Commission Staff's October 30, 2014 Briefing Papers.

² There may be other context definitions for capacity not included in Attachment 1

³ In the Matter of Establishing Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities under Minnesota Laws 2001, Chapter 212, Docket No. E-999/CI-01-1023, Order Establishing Standards (September 28, 2004).

⁴On August 18, 2014, the following utilities contributed general comments to the Advisory Committee Members: Connexus Energy, Dakota Electric Association, Great River Energy, Minnesota Municipal Utilities Association, Minnesota Power, Minnesota Rural Electric Association, Otter Tail Power Company, Steele-Waseca Electric Cooperative, and Xcel Energy.

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Because of its importance, Otter Tail recommends changes to the proposed rule amendments for the term capacity (e.g. Chapter 7835.01 subp.4) to include more clearly defined, context based definitions⁵ as listed in Attachment 1. This attachment originated from the aforementioned joint set of electric utility provider issues/concerns.

And finally, production meters should be addressed in the Commission's interconnection standards, as suggested in the Commission Staff's October 30, 2014 Briefing Papers. Production meters provide benefits to the delivery system, customers, and to the state. These benefits include actual versus net measurements of production for delivery system design (i.e. reliability and safety) as well as meeting required state production reporting.

Otter Tail appreciated the contributions of those involved in the Advisory Committee process as well as the opportunity to provide these comments.

Otter Tail has electronically filed this document with the Commission and has served a copy on all persons on the attached service list. A Certificate of Service is also enclosed.

Please contact me by phone at (218) 739-8595 or by email at dprazak@otpc.com if you have any questions.

Sincerely,

/s/ DAVID G. PRAZAK
David G. Prazak
Supervisor Pricing & Tariff Administration

wao
Enclosures
By electronic filing
c: Service List

⁵ Otter Tail is willing to work with other stakeholders to find an appropriate place in the Amended Rules.

Attachment 1

Various Contexts for Defining Capacity

Definitions of Capacity

Due to the multiple ways the term capacity is utilized within Minnesota's Chapter Rules 7835 with regards to electricity, it seems beneficial to define capacity explicitly for the situation the section of Chapter Rules is addressing. The following is a recommendation from the utilities of different capacity definitions and the situation the definition would be used in.

Capacity – Generic definition

Capacity – is the maximum average energy which is produced or is designed to be produced over standard 15-minute intervals.

For determining generation system size – used for: qualifying for Net Energy Billing; qualifying for rates; technical standard thresholds; metering requirement thresholds.

Capacity of Generation System – means the maximum capability to produce electrical energy and is quantified as the greater of either the manufacturer's nameplate continuous kilowatts (kW) rating or the maximum measured kilowatts (kW) alternating current (AC) produced by the generation during standard 15-minute intervals.

For determining when standby charges may be applicable

Capacity for Standby – quantified by the nameplate rating stated in kilowatts (kW) alternating current (AC) for continuous output of the generation system.

For reporting to the DOC-DER for Compliance

Capacity of DG's Surplus Production – quantified by the maximum number of kilowatts alternating current (AC) produced and measured at the point of common coupling during standard 15-minute intervals.

CERTIFICATE OF SERVICE

**Re: Proposed Amendments to Rules Governing Cogeneration and Small Power Production, Minnesota Rules, Chapter 7835; Including Repeal of Minn. R. parts 7835.2300;7835.2500; 7835.2700; 7835.2900; 7835.4800; 7835.4900; 7835.5000; 7835.5100; 7835.5200; 7835.5300; 7835.5400; 7835.5500; 7835.5600; 7835.5700; and 7835.5800.
PUC Docket No. E-999/R-13-729**

I, Wendi A. Olson, hereby certify that I have this day served a copy of the following, or a summary thereof, on Mr. Daniel P. Wolf and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by first class mail.

Comments of Otter Tail Power Company

Dated this **4th** day of **February 2015**

/s/ WENDIA. OLSON

Wendi A. Olson
Regulatory Filing Coordinator
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