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September 9, 2013

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. E015/M-13-770

Dear Dr. Haar:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Minnesota Power's Request for Approval of Changes to its Standby Tariff.

The petition was filed on August 30, 2013. The petitioner is:

David R. Moeller
Senior Attorney
Minnesota Power
30 West Superior Street
Duluth, Minnesota 55802

The Department recommends **approval**, and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ SUSAN L. PEIRCE
Rate Analyst

SLP/jl
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. E015/M-13-770

I. SUMMARY OF THE FILING

On August 30, 2013, Minnesota Power (MP or the Company) filed a petition with the Minnesota Public Utilities Commission (Commission) requesting approval to revise its Standby Service Tariff. Specifically, IPL proposes to increase the size of qualifying facilities excluded from standby service requirements to 100 kW to comply with revisions to Minn. Stat. §216B.164 made in the 2013 legislative session.

The Minnesota Department of Commerce, Division of Energy Resources (Department) offers the following comments on MP's request.

II. DEPARTMENT ANALYSIS

Minn. Stat. §216B.164 was amended, including the addition of subdivision 3a, as follows (in part):

- (b) A public utility may not impose a standby charge on a net metered or qualifying facility:
 - (1) of 100 kilowatts or less capacity; or
 - (2) of more than 100 kilowatts capacity, except in accordance with an order of the commission establishing allowable costs to be recovered through standby charges.

MP proposes to amend its Standby Service Tariff to increase the size at which it may not impose a standby charge from 60 kW to 100 kW consistent with the revisions to Minn. Stat. §216B.164. MP states that it currently has no customers taking service under the Standby Tariff.

The Department does not object to MP's proposal to increase the facility size subject to standby charges; however, the Department notes that the statute requires "an order of the Commission establishing allowable costs to be recovered through standby charges" before the utility may impose a standby charge on a net metered or qualifying facility more than 100 kW. The Commission last addressed standby charges in September 28, 2004 Order in Docket No. E999/CI-01-1023.¹ The recent amendment to the statute appears to contemplate a Commission proceeding to evaluate the appropriateness of existing standby charges. Consequently, the Department recommends that the Commission open a generic proceeding to address the statutory requirement for a Commission Order before a utility may impose standby charges on facilities over 100 kW. A generic proceeding could address the methodology for determining standby rates, the appropriateness of existing charges and how those rates are applied.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission:

- approve Minnesota Power's proposed changes to its Standby Service Tariff; and
- open a generic proceeding to review the appropriateness and application of standby charges.

/jl

¹ In the Matter of Establishing Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities under Minnesota Laws 2001, Chapter 212. Order Establishing Standards, Docket No. E999/CI-01-1023, September 28, 2004.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. E015/M-13-770

Dated this 9th day of **September, 2013**

/s/Sharon Ferguson

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