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September 17, 2024

Via Electronic Filing

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

RE: Reply Comments of Minnesota Municipal Utilities Association (MMUA) in the Matter of Impacts of the "Capacity" Definition in Minn. Stat. 216B.164 and Associated Rules on Net Metering Eligibility for Rate-Regulated Utilities

Dear Mr. Seuffert:

Minnesota Municipal Utilities Association (MMUA) submits the following reply comments in response to the Minnesota Public Utilities Commission's Notice of Comment Period dated June 4, 2024, in the above-referenced docket.

Please contact me at (763) 746-0708 if you have any questions regarding this filing. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Bill Black".

Bill Black
Government Relations Attorney

Encl. Reply Comments of Minnesota Municipal Utilities Association

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Joseph K. Sullivan	Vice-Chair
John Tuma	Commissioner
Valerie Means	Commissioner
Hwikwon Ham	Commissioner

In the Matter of Impacts of the “Capacity”
Definition in Minn. Stat. § 216B.164 and
Associated Rules on Net Metering
Eligibility for Rate-Regulated Utilities

Docket No. E-015/CI-24-200

September 17, 2024

REPLY COMMENTS OF MINNESOTA MUNICIPAL UTILITIES ASSOCIATION

Minnesota Municipal Utilities Association (MMUA) is pleased to offer the following reply comments in response to the Minnesota Public Utilities Commission’s Notice of Comment Period dated June 4, 2024, in the above-referenced docket. MMUA has represented the interests of Minnesota’s municipal electric, gas, and water utilities since 1931. Our mission is to unify, support, and serve these utilities so they can in turn improve service to their customers and communities. Since this docket relates to utilities whose rates are regulated by the Minnesota Public Utilities Commission, MMUA did not file initial comments but respectfully offers the follow perspectives on the comments of other filers for the Commission’s consideration.

“Qualifying facility” does not encompass the load it serves

In their initial comments, Xcel Energy’s makes the point that the term “qualifying facility” means an electric generator and does not include the load it serves. MMUA agrees. We agree it is also worth noting that, for calculating payment at the statute’s desirable net metering rate for electricity exported to the utility distribution system, compensable energy means the electricity supplied to the distribution system beyond what the customer used from their generating facility. These are separate concepts that, to be well understood, should not be conflated. Capacity determines a facility’s eligibility for the rate. The amount of electricity the customer exports to the utility grid, multiplied by the rate, determines the amount of compensation paid to the customer.¹

¹ Initial Comments of Xcel Energy, p. 3-4.

“Capacity” is a generator’s production capability

MMUA also agrees with the initial comments of Minnesota Rural Electric Association (MREA) in this docket and finds their experts credible and the experts’ statements invaluable.

We believe some related historical context could be helpful for the record as well.

Minnesota’s Cogeneration and Small Power Production statute provides state law additions to preferential treatment for some of the smaller non-utility power generators that meet the “qualifying facility” definition under the federal Public Utility Holding and Regulatory Act of 1978 (PURPA).²

Under PURPA and the Minnesota rules implementing the state law, a “qualifying facility” is defined as “a cogeneration or small power production facility” of certain characteristics.³ PURPA’s provisions relate mostly to larger electric generating units connected to transmission lines that supply wholesale electricity regulated by the Federal Energy Regulatory Commission. Minnesota’s state law incentivizes owners of smaller qualifying facilities that are not wholesale suppliers, but rather distributed generation facilities encouraging them to self-supply electricity “consistent with protection of the ratepayers and the public.”⁴ For the purpose of determining whether a facility is eligible for certain incentives under the state law, it distinguishes them based upon their “capacity.”

Through enactment of 2013 Minnesota Session Laws Chapter 85, the legislature added several provisions to the Cogeneration and Small Power Production statute. One of those changes was to add the definition of “capacity” that is at issue in these proceedings. It defines capacity as “the number of megawatts alternating current at the point of common coupling between a distributed generation facility and a utility’s electric system.”⁴ MMUA believes that change was adopted for a particular reason that supports MREA’s and the other utilities’ interpretation of the definition.

The addition of the capacity definition accompanied another change in the same legislation to allow the net metering rate for multiple qualifying facilities owned by one customer of a public utility. The “Aggregation of meters” provision required the total of all facilities behind multiple meters to meet the statutory size limitation for rate eligibility.⁵ It became necessary then for the legislature to clarify how to determine when the capacity limit had been met or exceeded when more than one generator is involved. The capacity limit for an individual generator was already in place.⁶ But now multiple generators would need to be counted—both behind one meter if more than one generator was present—and behind multiple meters on contiguous land owned by one customer. The statute had been in place since 1981. In the meantime, it was common practice to measure capacity by reading the manufacturer’s rated capacity imprinted on a generator nameplate. Generators are behind both the point of interconnection (POC) and the

² Minn. Stat. §216B.164.

³ Minn. Rules. Part 7835.0100, subp. 19.

⁴ 2013 Minn. Laws. Ch. 85, art. 9, sec. 2; Minn. Stat. §216B.164, subd. 2a(c).

⁵ 2013 Minn. Laws. Ch. 85, art. 9, sec. 6; Minn. Stat. §216B.164, subd. 4a(a).

⁶ 1981 Minn. Laws. Ch. 237, sec. 1.

point of common coupling (PCC). So, whether measured at the point where the generator connected to the load or where the load connected to the utility system, it was the same—the generating capacity of the generator or combined generating capacity of two or more generators. Given the need spurred by the aggregation provision, the legislature codified the industry measuring practice to clarify the method for determining “the total of all aggregated meters” which “must be subject to the size limitation in this section.”⁷ It could have codified “the sum of the number of megawatts of alternating current (AC) of all generators on a premise connected behind the customer meter.” But a slightly more accurate way to say the same thing was to state simply: “the number of megawatts of alternating current (AC) at the point of interconnection between a distributed generation facility and a utility’s electric system.”⁸ Fortunately, the language chosen accommodates inverter nameplate capacities and generators’ as inverter technology was then evolving in ways that provide greater system flexibility today.

This explains the need and purpose behind the legislature’s addition of a capacity definition in 2013. There was no new provision of law in 2013 nor has there been any other legislative update to section 216B.164 since its enactment that shifted the idea of capacity to mean something other than the amount of alternating current a facility is capable of generating. We believe this explanation comports with MREA’s comments regarding the plain meaning of the statute, the purpose of net metering, the use of inverter nameplate capacity, and long-standing industry standards.

MMUA also agrees with the initial comments of Ottertail Power and Minnesota Power that measuring production capacity at the point of interconnection would make sense if you add together the capacities of any multiple generators or inverters at multiple points of interconnection behind the point of common coupling or meter.

Thank you for the opportunity to provide these comments and for your consideration.

Sincerely,



Bill Black
Minnesota Municipal Utilities Association
Government Relations Attorney
Attorney #0353383

⁷ Minn. Stat. §216B.164, subd. 4a(a).

⁸ Minn. Stat. §216B.164, subd. 2a.(c).