



Minnesota Solar Energy Industries Association

We Move Minnesota Solar + Storage Forward

November 7th, 2025

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

**RE: In the Matter of Establishing Tariffs for Distribution System Cost Sharing for
Interconnection in Constrained Areas Docket No. E017/CI-24-288 Comments**

Executive Secretary Bergman,

Please find here the Initial Comments of the Minnesota Solar Energy Industries Association ("MnSEIA") hereby submits its Initial Comments to the above-referenced docket. MnSEIA files these comments as a supplement to comments jointly with the Joint Solar Coalition. This supplement reflects the views of our organization and interested members related to the treatment of small under 40kWac projects and the use of the Small DER cost share fund for DSRUP pro-rata fees.

Sincerely,

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STATE OF MINNESOTA
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The Minnesota Solar Energy Industries Association (MnSEIA) a nonprofit association that promotes and defends Minnesotan's solar and storage industry, with over 160 members, encompassing small residential installers to non-profit organizations, and front-of-meter developers. MnSEIA's supplemental comments address the treatment of small under 40kWac projects in the DSRUP framework and the use of the Small DER cost share fund for DSRUP pro-rata fees.

Small DER "Capacity Reservation"

MnSEIA's residential installers support a DSRUP framework that exempts small under 40kWac interconnections from participating in this process. We recommend adopting decision options E.8.d, H.11, and H.12, enabling small projects under 40 kWac in the priority queue to proceed with interconnection while being exempt from paying a Reactive Cost Share Contribution if hosting capacity is available through a capacity reservation at the location of an upgrade.

The goal of the statute is to "allow for the interconnection of distributed generation facilities" at congested or constrained locations on the grid. Clause 2 of the statute states that its goal is to "reduce the capital burden on owners of trigger projects seeking interconnection"¹

The DSRUP framework is intended to allow for the interconnection of DG facilities at constrained locations on the grid by reducing what was a large expense for a single project, to a smaller pro-rata fee that spreads the cost of an upgrade across many projects that will all share and benefit from it. However, for under 40kWac projects, the expense of the pro-rata fee and the administrative fees for participating in a DSRUP may still place a potentially insurmountable capital burden on owners of those small interconnection applications.

¹ Minnesota Session Laws – 2024, Regular Session, Chapter 126, Article 6, Section 53.

Faced with a pro-rata cost share fee and potentially an administrative fee, as well as costs associated with upgrading the local EPS, a small system is more likely to withdraw its application from the queue entirely. Forcing the withdrawal of small DG interconnections by requiring them to pay insurmountable interconnection costs runs contrary to the goals of this legislation to reduce cost burden, and Minnesota's clean energy goals. For these reasons, we support exempting these projects from having to participate in this process, where possible.

The statute is clear that anyone using unsubscribed capacity created by an DSRUP upgrade must pay a pro rata fee. Clause 7 of the statute prohibits "owners of distributed generation facilities from using any unsubscribed capacity at an interconnection that has undergone an upgrade without the distributed generation owners paying the distributed generation owner's pro rata cost of the upgrade."² A capacity reservation for under 40 kWac systems in the priority queue would exempt small interconnections from this process while remaining compliant with Clause 7.

In this scenario, Systems under 40 kWac in the Priority Queue could be allowed to exceed 80% of the thermal rating of existing equipment, while non-Priority Queue interconnections and Priority Queue interconnections larger than 40kWac would be limited to using no more than 80% of the thermal rating. A reactive upgrade would be triggered once the 80% limit is reached, but under 40 kWac Priority Queue interconnections would still be allowed to interconnect without paying DSRUP pro-rata fees because capacity would remain available for them. This would, in effect, exempt smaller DG interconnections from having to pay a pro rata fee and the administrative fees.

Small DER Cost Share Fund

MnSEIA's residential installers do not support a DSRUP framework that utilizes the existing Small DER cost sharing programs to costs for under 40kw projects and the expansion of those cost sharing programs as a mechanism to cover these costs. Small under 40 kW installers generally disfavor using the Small DER cost share fund to pay for cost-share fees because doing so would lead to inequitable distribution of small DER cost share funds and result in fund depletion.

² *Id.*

The purpose of the Small DER cost share fund is to socialise the cost of interconnection costs at the secondary level of the grid, including requirements for transformer upgrades, reconducting, line extensions, supplemental review fees, and other types of local upgrades necessary for small DER interconnection. If required, cost share fees for large DSRUP upgrades would be additive to these upgrade costs, creating an additional expense that could negatively impact the financial viability of interconnection.

Using Small DER cost share funds for the DSUP could result in an increase to the Small DER cost share fee, currently \$200 per interconnection. Following termination of the 25D federal Investment Tax Credit ("ITC") pursuant to the Budget Reconciliation Bill enacted July 4, 2025, small residential solar will no longer be eligible for a tax credit equivalent to 30% of the installed price as of January 1, 2026. While all sectors of the solar industry - including commercial and front-of-meter, and utility scale solar - face a tax credit step down, the under 40kW residential sector will bear the most dramatic and immediate impacts of the law and even a small fee increase could negatively impact the financial viability of interconnection.

Pro-rata cost-share fees for one or two large DSRUP upgrades could use up the majority of the small-cost-share funds to pay for large upgrades in a few locations. Residential installers want to ensure small cost share funds remain readily available for small-cost-share customers across Xcel's entire service territory who will continue to need to upgrade secondary equipment for interconnection.

Conclusion

MnSEIA appreciates the opportunity to comment on the DSRUP Framework, and the efforts of the Workgroup to develop it. We recommend the Commission establish the Framework and adopt the recommendations of the JSC, except with regard to the treatment of under 40 kWac interconnections in the priority queue, where we recommend adopting decision options E.8.d, H.11, and H.12.

s/ Sarah Whebbe

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