



414 Nicollet Mall
Minneapolis, MN 55401

February 4, 2015

—Via Electronic Filing—

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

RE: COMMENTS
AMENDMENTS TO RULES GOVERNING COGENERATION AND SMALL POWER
PRODUCTION
DOCKET NO. E999/R-13-729

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission the enclosed Comments in response to the Commission's December 29, 2014 Statement of Need and Reasonableness, and Notice of Intent to Adopt Rules.

Please contact Holly Hinman at holly.r.hinman@xcelenergy.com or (612) 330-5941 if you have any questions regarding this filing.

Sincerely,

/s/

PAUL LEHMAN
MANAGER, COMPLIANCE AND FILINGS

Enclosure
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

| | |
|-------------------------|--------------|
| Beverly Jones Heydinger | Chair |
| Nancy Lange | Commissioner |
| Dan Lipschultz | Commissioner |
| John Tuma | Commissioner |
| Betsy Wergin | Commissioner |

IN THE MATTER OF POSSIBLE
AMENDMENTS TO RULES GOVERNING
COGENERATION AND SMALL POWER
PRODUCTION, *MINNESOTA RULES*
CHAPTER 7835

DOCKET NO. E999/R-13-729

COMMENTS

COMMENTS

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission these Comments in response to the Commission's December 29, 2014 Statement of Need and Reasonableness and Notice of Intent to Adopt Rules.

A. Background

The Company has observed with interest the Commission's proposed rules to align with the 2013 Omnibus Energy Bill, which amended Minn. Stat. 216B.164 governing cogeneration and small power production. The proposed rules are intended to implement the provisions of the bill which expanded net metering to a higher capacity threshold, and exempt the application of standby charges in certain circumstances, among other changes.

This rulemaking follows the Company's filing of proposed tariff changes to implement the new state policies on cogeneration and small power production.¹ After an exchange of comments and a hearing, the Commission determined that the proposed tariff modifications relating to net energy billing services, meter aggregation, distributed generation system limits, Renewable Energy Credits (REC), meter charges, and net excess generation payments "raise issues that need to be resolved with the

¹ See Docket No. E002/M-13-642, *Petition for Approval of Tariff Modifications Implementing Net Metered Facility Provisions, Standby Service Exemptions, and Meter Aggregation Pursuant to the 2013 Omnibus Energy Bill*, July 31, 2013.

input of all interested stakeholders” and declined to take action on most of the Company’s requested tariff changes.² The Commission addressed ownership of RECs generated from distributed generation systems in its July 22, 2014, order.³ The Company then participated in the Commission’s advisory committee, which met in 2014. The Commission issued its proposed rules attached to the Staff Briefing Papers on October 14, 2014, which are included in the Notice issued in this matter on December 29, 2014. We appreciate the thoughtful approach all parties have brought to this discussion.

We note that we have been approached by a couple of customers in the interim requesting a net metering interconnection for a system sized greater than 40 kW. We highlight in these Comments a few of the issues we have encountered as we work to accommodate these customers’ requests.

We worked directly with one customer, a commercial customer named Tarning Seeds, to create a contract solution for the customer’s request as we have no current tariff which governs the service for the larger generator. We developed a contract using the Commission’s draft rules as a guide and filed it for Commission approval.⁴ At the time of this filing, the Commission has issued a revised Notice of a Comment Period on the Company’s filing. We believe the ultimate disposition of this contract request may be instructive to the Company on a going forward basis for similarly situated customers, in the absence of final rules and approved tariff revisions.

We appreciate the opportunity to provide written comments on the Commission’s Statement of Need and Reasonableness and its proposed rules. We ask that the Commission consider these Comments in their deliberation on this matter.

B. Comments on the Proposed Rules

We offer comments and clarifying notes on the Commission’s proposed rules, including the application of our Section 10 tariff, bill crediting procedure, and REC treatment.

² See Docket No. E-002/M-13-642, Order of the Commission, January 27, 2015.

³ See Docket No. E-999/CI-13-720, *In the Matter of a Commission Inquiry into Ownership of Renewable Energy Credits used to Meet Minnesota Requirements*.

⁴ See Docket No. E002/M-14-1057, *Petition for Approval of an Amendment to the Electric Service Agreement with Tarning Seeds*, December 22, 2014.

1. *Section 10 Interconnection Tariff*

The Company interprets the proposed rules and proposed uniform statewide contract (proposed rule 7835.9910) as requiring customers seeking interconnection with the Company under the revised rules for systems 40 kW and above to sign the Company's Interconnection Agreement, as found in Section 10 of the Company's Electric Rate Book. This is consistent with how the Company has presented its proposed contract in the *Terning Seeds* docket referenced above.

2. *Bill Credits*

The Company interprets the proposed rules implementing the on-bill compensation for customers with net metered facilities for facilities with at least 40 kW capacity, but less than 1,000 kW capacity, in proposed rules 7835.4013, 7835.4014, and 7835.4015, as applying a dollar amount based on kWh output. Based on substantially similar wording, this is consistent with the preexisting rules for facilities under 40 kW capacity as set forth in current rules 7835.3300, 7835.3400, and 7835.3500. The dollar value is applied per month and kWh credit inputs are not "banked" over time. The Company interprets the proposed rules to implement meter aggregation in the same manner: compensation will be in the form of a dollar amount based on kWh output, and kWh quantities are not "banked" over time.

3. *RECs*

The Company believes the Commission's proposed rule part addressing REC ownership should be broadened to reflect circumstances where the disposition of RECs is determined by Commission order, in addition to private contract. This change would be consistent with the July 22, 2014 Order in Docket No. E999/CI-13-720. By including Commission order in its sources of authority, the Commission can avoid the submission of rule variances or individual contracts to transfer RECs where Commission order has already provided for REC ownership. The Company suggests possible language as follows:

7835.5950 RENEWABLE ENERGY CREDIT; OWNERSHIP.

Generators own all RECs unless: (1) other ownership is expressly provided for by a contract between the generator and a utility; (2) state law specifies a different outcome; or (3) specific Commission orders or rules specify a different outcome.

CONCLUSION

We appreciate the opportunity to provide written comments on the Commission's Statement of Need and Reasonableness and its proposed rules. The Company requests that the Commission considers these Comments when it deliberates on this matter.

Dated: February 4, 2015

Northern States Power Company

CERTIFICATE OF SERVICE

I, Tiffany Hughes, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

Docket No. E999/R-13-729

Dated this 4th day of February 2015

/s/

Tiffany Hughes
Records Analyst

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|---------------|--|--------------------------------------|--|--------------------|-------------------|------------------------|
| Julia | Anderson | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134 | Electronic Service | Yes | OFF_SL_13-729_Official |
| Kenneth | Baker | N/A | Wal-Mart Stores, Inc. | 2001 SE 10th St. Bentonville, AR 72716-5530 | Paper Service | No | OFF_SL_13-729_Official |
| Sharon | Ferguson | sharon.ferguson@state.mn.us | Department of Commerce | 85 7th Place E Ste 500 Saint Paul, MN 551012198 | Electronic Service | No | OFF_SL_13-729_Official |
| Michael | Greiveldinger | michaelgreiveldinger@alliantenergy.com | Interstate Power and Light Company | 4902 N. Biltmore Lane Madison, WI 53718 | Electronic Service | No | OFF_SL_13-729_Official |
| Lori | Hoyum | lhoyum@mnpower.com | Minnesota Power | 30 West Superior Street Duluth, MN 55802 | Electronic Service | No | OFF_SL_13-729_Official |
| Joel | Johnson | N/A | Minnesota Rural Electric Association | 11640 73rd Ave N Maple Grove, MN 55369 | Paper Service | No | OFF_SL_13-729_Official |
| Jennifer | Kefer | N/A | Alliance for Industrial Efficiency | David Gardiner & Associates, LLC 2609 11th St N Arlington, VA 22201-2825 | Paper Service | No | OFF_SL_13-729_Official |
| Paul J. | Lehman | paul.lehman@xcelenergy.com | Xcel Energy | 414 Nicollect Mall Minneapolis, MN 554011993 | Electronic Service | No | OFF_SL_13-729_Official |
| John | Lindell | agorud.ecf@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130 | Electronic Service | Yes | OFF_SL_13-729_Official |
| Samuel | Mason | smason@beltramelectric.com | Beltrami Electric Cooperative, Inc. | 4111 Technology Dr. NW PO Box 488 Bemidji, MN 56619-0488 | Electronic Service | No | OFF_SL_13-729_Official |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|-------------|-----------|------------------------------|-------------------------------------|--|--------------------|-------------------|------------------------|
| David G. | Prazak | dprazak@otpc.com | Otter Tail Power Company | P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496 | Electronic Service | No | OFF_SL_13-729_Official |
| Erin | Ruccolo | N/A | Fresh Energy | 408 St. Peter Street, St. Paul, MN 55102 | Paper Service | No | OFF_SL_13-729_Official |
| Richard | Savelkoul | rsavelkoul@martinsquires.com | Martin & Squires, P.A. | 332 Minnesota Street Ste W2750 St. Paul, MN 55101 | Electronic Service | No | OFF_SL_13-729_Official |
| Patricia F. | Sharkey | N/A | Midwest Cogeneration Association | P.O. Box 87374 Carol Stream, IL 60188 | Paper Service | No | OFF_SL_13-729_Official |
| Daniel | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | Suite 350 121 7th Place East St. Paul, MN 551022147 | Electronic Service | Yes | OFF_SL_13-729_Official |