

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
J. Dennis O'Brien
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Otter Tail Power Company's
Request to Amend its Standby Service Tariff

ISSUE DATE: January 27, 2014

DOCKET NO. E-017/M-13-609

In the Matter of Northern States Power
Company's Petition for Approval of Tariff
Modifications Implementing Net Metered
Facility Provisions, Standby Service
Exemptions, and Meter Aggregation Pursuant to
the 2013 Omnibus Energy Bill

DOCKET NO. E-002/M-13-642

DOCKET NO. E-001/M-13-667

DOCKET NO. E-015/M-13-770

In the Matter of Interstate Power and Light
Company's Request for Approval of Changes to
its Standby Tariff

ORDER APPROVING TARIFF
AMENDMENTS GOVERNING
STANDBY SERVICE CHARGES FOR
NET-METERED AND QUALIFYING
FACILITIES

In the Matter of Minnesota Power's Request for
Approval of Changes to its Standby Tariff

PROCEDURAL HISTORY

In 2013, the Legislature passed legislation prohibiting utilities from imposing standby charges on net-metered or other qualifying facilities of 100 kW capacity or less.¹ Prior to the legislation, Commission order had exempted facilities of 60 kW or less from standby charges.²

Between July 19 and August 29, 2013, Otter Tail Power Company,³ Northern States Power Company d/b/a Xcel Energy (Xcel),⁴ Interstate Power and Light Company,⁵ and Minnesota

¹ 2013 Minn. Laws Ch. 85, Art. 9 § 4.

² *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).

³ Docket No. E-017/M-13-609.

⁴ Docket No. E-002/M-13-642.

⁵ Docket No. E-001/M-13-667.

Power⁶ each filed requests to modify their standby service tariffs. The utilities each requested approval to modify their tariffs to reflect the statutory change. Additionally, Xcel proposed to modify its tariffs for several additional purposes.

The Minnesota Department of Commerce filed comments in response to each utility's request. The Department recommended approval of the limited requests made by Otter Tail Power, Interstate Power and Light, and Minnesota Power. The Department recommended approval of Xcel's request, with modifications, and recommended that the Commission undertake a generic proceeding to address standby rates.

Xcel's filing also prompted comments opposing certain of its proposed tariff revisions from the Alliance for Solar Choice, Environmental Law & Policy Center, Fresh Energy, Institute for Local Self Reliance, Interstate Renewable Energy Council, Inc., and Vote Solar Initiative (the "Distributed Renewables Advocates"), and from Sam's East, Inc. and Wal-Mart Stores East, LP ("Wal-Mart").

On October 31, 2013, Xcel filed Reply Comments in support of a modified version of its initial proposal, and supporting the consideration of certain identified issues in other dockets.

On December 12, 2013, the matters came before the Commission.

FINDINGS AND CONCLUSIONS

I. Background

In 2013, among other changes to statutory provisions that govern distributed electricity generation, Minn. Stat. § 216B.164 was amended to prohibit standby charges on net-metered or qualifying facilities of 100 kW or less. In response to the statutory change, Otter Tail Power, Xcel, Interstate Power and Light, and Minnesota Power each filed proposed tariff modifications.

II. Proposed Tariff Changes

Each utility's proposed tariff changes reflected the new statutory prohibition against standby charges for facilities 100 kW or less. However, Xcel's filing proposed several additional modifications that Xcel described as "intended to implement net metered facility provisions, standby service exemptions, and meter aggregation pursuant to new energy legislation passed by the 2013 Minnesota Legislature."

Among its proposed tariff modifications, Xcel proposed changing its contract for net-metered facilities to require two Xcel-owned meters. One meter would operate as a bi-directional meter to record energy provided from Xcel to the customer, and vice versa. The other would serve as a production meter to record energy generated by the net-metered facility. According to Xcel, the bi-directional meter would provide the information necessary for billing purposes. Xcel also proposed revisions to its tariffs relating to net energy billing services, meter aggregation,

⁶ Docket No. E-015/M-13-770.

distributed generation system limits, renewable energy credits/certificates (RECs), meter charges, and net excess generation payments.

Both Wal-Mart and the Distributed Renewables Advocates recommended that Xcel's proposed tariffs be further revised in light of the recent statutory changes. Wal-Mart recommended that the exemption to standby charges should be extended to net metered facilities under 1,000 kW as allowed by the statute. The Distributed Renewables Advocates recommended that Xcel's standby tariff be clarified and simplified, and that certain of the proposed changes be rejected. The Distributed Renewables Advocates argued, for example, that Xcel's proposed changes would have the effect of limiting availability of net-metering tariffs to customers only.

The Department recommended approval of the proposed tariff provisions that enact the new standby service charge limitations, and recommended that the Commission undertake a generic proceeding to "review the appropriateness and application of standby charges" and to address other issues raised by Xcel's additional proposed tariff modifications. The Department recommended that the generic proceeding be undertaken before utilities be allowed to impose standby charges on facilities over 100 kW.

The Department initially recommended that the Commission remove the requirement for two meters from Xcel's proposed net-metered facilities contract. In its reply comments, Xcel stated that the production meter would be necessary for Xcel to meet reporting requirements to the regional reliability council. At the time of the Commission meeting, the Department no longer contested the proposed two-meter requirement in the contract.

III. Commission Action

The Commission will approve the utilities' proposed tariff changes implementing the amendment to Minn. Stat. § 216B.164, subd. 3a, prohibiting standby charges for net-metered or qualifying facilities of 100 kW or less. The specific Commission-approved changes are identified in the ordering paragraphs. The Commission will also approve the proposed language for Xcel's net-metered facilities contract that relates to the requirement for production meters, to ensure the utility's compliance with the reporting requirements of its regional reliability council.

The Commission will take no action on Xcel's proposed tariff modifications relating to net energy billing services, meter aggregation, distributed generation system limits, RECs, meter charges, and net excess generation payments. The additional changes proposed by Xcel, and the comments filed in response, raise issues that need to be resolved with the input of all interested stakeholders.

The issues pertaining to RECs raised by Xcel's proposed tariff modifications at Section 10, Sheet 73.2 should be addressed in the Commission's *Inquiry into Ownership of Renewable Energy Credits used to Meet Minnesota Requirements*, Docket Number E-999/CI-13-720.

The Commission will not initiate a generic proceeding to address the remaining issues at this time, but will require the utilities to engage with the Department, discuss the need and appropriate scope for a generic proceeding, and to contact the Commission when discussions are concluded. The issues to be considered in the discussion should include, but are not limited to whether a generic proceeding is needed to address:

- the methodology for standby rates,
- the appropriateness of existing standby rates,
- when standby rates should be applied,
- whether standby rates should be structured differently depending on the type of customer, and
- the terms and conditions for applying such rates.

Non-utility stakeholders may also inform the Department of their interest in a potential generic proceeding, and identify any other possible issues for consideration. Until the Commission directs otherwise, the Commission's September 28, 2004, *Order Establishing Standards* for distributed generation tariffs remains in effect and utilities may continue to operate consistent with the order and their newly-approved tariffs.

ORDER

1. The Commission hereby approves Otter Tail Power Company's proposed changes to pages 1 and 7 of its Standby Service tariff. (Docket E-017/M-13-609).
2. The Commission hereby approves Interstate Power and Light's proposed changes to pages 30 and 30.2 of Volume 8 of its tariff and removal of the reference "and Supplementary Power" on pages 30.2, 30.3, 30.4, and 30.5. (Docket E-001/M-13-667).
3. The Commission hereby approves Minnesota Power's proposed changes to Section V, pages 61 of its tariff. (Docket E-015/M-13-770).
4. The Commission hereby approves the portions of Xcel's proposed tariff modifications which change the standby service floor from 60 to 100 kW (Section 5, Sheets 101 and 106; Section 10, Sheet 74). (Docket E-002/M-13-642). The Commission also approves the proposed tariff language that relates only to the requirement for production meters located throughout Tariff Sheet Nos. 10-163 through 10-168.
5. The Commission finds that the Commission's September 28, 2004, Order Establishing Standards in Docket No. E-999/CI-01-1023 established allowable costs to be recovered through standby charges. Utilities may operate consistent with that order until such time that the Commission orders otherwise.
6. The utilities shall, and other stakeholders may, engage in discussions with the Department on the need for a generic proceeding and the potential scope for such a proceeding. The parties shall contact the Commission once discussions have concluded.
7. The utilities shall engage in discussions with the Department and Commission staff on the appropriate procedure to incorporate statutory changes concerning meter aggregation in tariffs.
8. The utilities shall engage in discussions with the Department on the appropriate procedure for clarifying the statutory language pertaining to individual system capacity limits in Minn. Stat. § 216B.164, subd. 4c.
9. Xcel shall serve the commenters in this docket with any future filing related to third party ownership of net-metered or other qualifying facilities.

10. Xcel shall serve on the Distributed Renewables Advocates a copy of any Value of Solar tariff Xcel files with the Commission.
11. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary



This document can be made available in alternative formats (e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service.