



---- Via Electronic Filing ----

10/30/2020

Will Sueffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

**RE: Comments of the Minnesota Rural Electric Association
In the Matter of Updating Generic Standards for Utility
Tariffs for Interconnection and Operations of Distributed
Generation Facilities Under Minn. Stat. § 216B.1611**

**DOCKET NO.: E999/CI-16-521;
E999/CI-01-1023**

Date: 10/30/2020

Dear Mr. Sueffert:

The Minnesota Rural Electric Association (MREA) respectfully submits the attached comments in response to the request for comments from the Minnesota Public Utilities Commission (Commission) issued by the Commission in the above-referenced docket.

MREA represents the interests of the state's 45 electric distribution cooperatives and the six generation and transmission cooperatives that supply them with power. Our member cooperatives are not-for-profit electric utility businesses that are locally owned and governed by the member-consumers they serve.

The Minnesota Rural Electric Association appreciates the opportunity to submit comments in this matter on behalf of the member-owned electric cooperatives across Minnesota.

Sincerely,

/s/ Joyce Peppin

Joyce Peppin
Director of Government Affairs and General Counsel
Minnesota Rural Electric Association

State of Minnesota
before the
Minnesota Public Utilities Commission

Katie Sieben
Valerie Means
Matt Schuerger
Joe Sullivan
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

Comments of the Minnesota Rural Electric Association In the
Matter of Establishing Generic Standards for Utility Tariffs for
Interconnection and Operations of Distributed Generation
Facilities Under Minn. Stat. § 216B.1611

DOCKET NO.: E999/CI-16-521

Minnesota Rural Electric
Association Comments

INTRODUCTION

The Minnesota Rural Electric Association (MREA) represents Minnesota's 45 distribution and six generation and transmission cooperatives. MREA files these brief comments in response to the request of the Public Utilities Commission (Commission) notice of comment period, dated August 28, 2020.

The issue presented in the Commission's August 28, 2020 notice is whether the Commission should revise or replace Attachment 6 of the September 28, 2004 Order in Docket No. E999/01-1023, which creates guidelines for establishing the terms of the financial relationship between an electric utility and a distributed generation customer with no more than 10 MW of capacity.

MREA provides the following brief responsive comments.

DISCUSSION

As codified in Minnesota Statutes, section 216B.1611, the Minnesota Legislature directed the Commission to establish "generic standards for utility tariffs" regarding "parallel operation of distributed generation fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels of no more than ten megawatts of interconnected capacity."¹ The Commission did just that when it issued its Generic DG Order, including Attachment 6, in 2004. This same statute requires public utilities (i.e., investor-owned utilities)² to file distributed generation (DG) tariffs consistent with those generic standards. Those tariffs are, in turn, subject to Commission approval or modification.³

The same statute mandating the Commission's Generic DG Order treats municipal and cooperative utilities differently from their investor-owned counterparts. While the statute directs public utilities to adopt tariffs **consistent with** the Commission's Generic Order, it requires each municipal and cooperative utility to adopt distributed generation tariffs "that **address the issues** in the Commission's Order."⁴ Moreover, the statute mandating these tariffs does not require

¹ See Minn. Stat. § 216B.1611, subd. 2(a).

² The definition of "public utility" in Minn. Stat. § 216B.02 excludes cooperative and municipal utilities.

³ Minn. Stat. § 216B.1611, subd. 3(1).

⁴ Minn. Stat. § 216B.1611, subd. 3(2).

municipal or cooperative utilities to file them with the Commission and those tariffs are not subject to Commission review or approval. Instead, each cooperative utility files its DG tariff with its respective board of directors.

Although the avoided cost rates of cooperative utilities closely track Attachment 6 of the Commission's Generic DG Order, the applicable statute makes clear that the DG tariffs of cooperative utilities are to be determined locally by member-owners under the state's local democracy model. Thus, each cooperative utility must adopt tariffs that address issues in the Commission's 2004 Order, but cooperatives are not required to adopt any specific terms that might be set forth in Attachment 6. Accordingly, any revisions to Attachment 6 should remain generic and make clear that cooperatives and municipal utilities need only address the issues outlined in the guidelines and are not required to adopt any specific terms that might be set forth in the Attachment.

As to whether the Commission should revise or replace Attachment 6, MREA does not believe there is compelling need to make any changes to the rate guidance provided in Attachment 6. Those rate principles were adopted by the Commission after an exhaustive three-year process that consumed enormous public and private resources. Accordingly, the Commission should not pursue changes to those principles unless there is a compelling basis for concluding that the current principles are inadequate or unworkable.

The Commission has given substantial attention to distributed generation in recent years. For example, as the Commission's notice points out, the Commission recently updated its statewide interconnection standards on August 13, 2018 and April 19, 2019. In addition, the Commission established a distribution planning process, becoming one of only a few states to do so. Meanwhile, distributed generation in Minnesota has grown dramatically from approximately 103 MW in 2010 to over 1000 MW in 2019. MREA expects this trend to continue as technology advances, and economics and public policy considerations continue to drive Minnesota's ongoing clean energy transition. Minnesota's cooperative utilities will continue to innovate and undertake initiatives that help the state continue down this clean-energy path with more renewable generation, conservation, load management and beneficial electrification.

The Legislature's intent behind requiring the Commission's Generic DG Order was to establish parameters for interconnection that would balance the needs of utilities and their ratepayers with the needs of small generators. The Commission's current guidelines have achieved that balance. The current rate guidelines provide a fair method for compensating DG developers without overburdening ratepayers through uneconomic cross subsidies that would unreasonably and unfairly burden ratepayers, especially lower income consumers.

The Commission's current avoided cost rate parameters in Attachment 6 still comport with the Commission's legislative mandate and are consistent with industry practice. Distributed energy in Minnesota has grown exponentially over the past 10 years as the state now continues to progress rapidly from fossil fuel generation to cleaner, mainly renewable, resources. The Commission has updated the state's interconnection standards and distinguished itself by establishing one of the nation's few distribution-planning processes. Therefore, there is no compelling need to devote the substantial time and resources that would be required to revise or replace Attachment 6 – especially given all the other pressing priorities currently confronting the Commission, the Department, utilities and others.

MREA appreciates this opportunity to provide comments on behalf of the member-owned electric cooperatives across Minnesota.

CERTIFICATE OF SERVICE

I, Joyce Peppin, 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 Maple Grove, Minnesota.

Minnesota Rural Electric Association

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Association In the Matter of Establishing
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