May 8, 2025

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

Docket No. E002/CI-24-318: In the Matter of a Commission Inquiry into a Framework for Proactive Distribution Grid Upgrades and Cost Allocation for Xcel Energy

Executive Secretary Seuffert,

The Coalition for Community Solar Access ("CCSA") hereby submits its Comments to the above-referenced docket. CCSA has electronically filed this document with the Commission and is serving a copy on all persons on the official service list for this docket. A Certificate of Service is enclosed.

Respectfully submitted,

/s/ Nick Bowman
Nick Bowman
Senior Manager, Markets & Research
Coalition for Community Solar Access
(E) nick@communitysolaraccess.org
(T) 843-345-8150

STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

Katie J Sieben	Chair
Joseph K. Sullivan	Vice-Chair
Audrey C. Partridge	Commissioner
Hwikwon Ham	Commissioner
John A. Tuma	Commissioner

In the Matter of a Commission Inquiry into a Framework for Proactive Distribution Grid Upgrades and Cost Allocation for Xcel Energy	**:**	**Docket No. E002/CI-24-318**

COMMENTS OF THE COALITION FOR COMMUNITY SOLAR ACCESS

The Coalition for Community Solar Access ("CCSA") respectfully submits the following Comments in response to the Minnesota Public Utilities Commission's *Notice of Comment Period*, issued April 7, 2025, in the above-referenced docket concerning the potential establishment of a framework for proactive distribution grid upgrades in Xcel Energy's service territory.

Introduction

CCSA is a 501(c)(6) nonprofit trade organization focused on supporting the community solar industry through legislative and regulatory efforts. CCSA's mission is to empower every American energy consumer with the option to choose local, clean, and affordable community solar. CCSA works with customers, utilities, local stakeholders, and policymakers to develop and implement policies and best practices that ensure community solar programs provide a win for

all, starting with the customer. CCSA has over 120 member companies and is active in virtually all state-level community solar markets, as well as at the federal level. Throughout this process, CCSA worked closely with the Minnesota Solar Energy Industries Association and other Workgroup lead participants.

CCSA actively participated in Proactive Distribution Grid Upgrade Workgroup ("Workgroup") meetings as lead participants since the workgroup was established in November 2024 and contributed to the development of the Draft Proactive Distribution Grid Upgrade Framework ("Draft Framework") included in the Commission's *Notice of Comment Period*. We appreciate the collaborative efforts of Workgroup members and generally support the Draft Framework as an initial basis for designing a proactive distribution grid upgrade program in Xcel Energy's service territory. However, work remains to be done. The Commission should direct the Workgroup to commence a second phase, as contemplated by Staff, to continue the development of essential program design elements necessary to accomplish the intent of the Commission's *Order Accepting 2023 Integrated Distribution Plan and Modifying Reporting Requirements*[1] and effectively implement proactive distribution system grid planning.

Response to Commission Questions

Should the Commission establish a framework for Proactive Distribution Grid Upgrades for Xcel Energy?

Yes. The design of our current electric power system has its roots in the historic paradigm of delivering electricity to load centers from centralized generation units. Other states, including New York and Massachusetts, have experienced challenges in deploying distributed energy resources ("DERs") and other advanced technologies due to prohibitively expensive grid

[1] Docket No. E-002/M-23-452, *Order Accepting 2023 Integrated Distribution Plan and Modifying Reporting Requirements*, September 16, 2024.

upgrade costs triggered by interconnection requests and the associated timelines necessary to design and construct such upgrades. These jurisdictions recognized that the standard practice of upgrading the electric grid reactively in response to customer requests is inefficient because it results in:

- A piecemeal approach to modernizing grid infrastructure;
- A need to reconstruct previously completed upgrades as additional system needs become known.
- Regulatory uncertainty for distribution and interconnection customers with respect to costs and construction timelines.

In response, these jurisdictions and others such as Colorado, Maryland, New Jersey, and Illinois, have initiated investigations of proactive planning approaches for DER integration. As Minnesota seeks to modernize its electric power system to accommodate increasing levels of beneficial electrification, increasingly complex load (*e.g.*, electric vehicles, heat pumps, energy storage), advanced technologies, and DERs, it should similarly consider strategies to upgrade the grid to satisfy future electric needs and meet state clean energy mandates in the most cost-effective, timely, and equitable manner. To that end, the Draft Framework represents a first step in the right direction, but it fails to consider certain design elements critical to the development of front-of-the-meter DERs. During the Workgroup process, CCSA and other industry representatives understood that issues concerning front-of-the-meter DERs would be considered in a second phase. As such, we did not raise many essential aspects of comprehensive proactive planning in Workgroup discussions to help facilitate a more efficient Phase 1 process. These aspects include multi-beneficiary pays cost allocation, flexible interconnection, DER

demand assessment, a DER infrastructure upgrade prioritization methodology, and a robust stakeholder engagement process.

While we support certain aspects of the Draft Framework, as filed, we reserve the right to seek revisions to properly incorporate front-of-the-meter proactive planning into the Draft Framework during future Workgroup phases. A Phase 2 process is critical to developing an effective proactive grid upgrade process. An additional phase should be implemented to complete a full review of the Draft Framework to incorporate a process for identifying proactive infrastructure upgrades that enable hosting capacity for front-of-the-meter distributed generation.

Which requirements from the Draft Proactive Distribution Upgrade Framework, as outlined in Attachment A, should the Commission adopt?

CCSA supports some of the general approaches taken in the Draft Framework, as detailed below, but declines to provide its support for individual provisions until it becomes clear how proactive grid planning efforts will consider aspects specific to front-of-the-meter DERs.

Goals and Principles

The goals of proactive grid infrastructure upgrades and planning should be based upon the achievement of Minnesota's energy policy mandates, which include decarbonization and beneficial electrification, in the most efficient, expedited, and cost-effective manner possible. Those that benefit from proactive grid infrastructure upgrades, which include interconnecting customers and distribution customers alike, should be responsible for the costs associated with such upgrades.

Stakeholder Engagement & Coordination

CCSA continues to strongly encourage requirements that utilities engage and coordinate with distributed energy resource providers and other industry representatives and advocates

throughout the proactive long-term system planning process, as contemplated by the establishment of a Distributed Generation Stakeholder Engagement Group ("DGEG"). Industry representation during the planning process provides necessary additional perspectives, in addition to those from utilities, to ensure that planned proactive grid infrastructure upgrades will meaningfully contribute to state goals. The DGEG should be established during Phase 1 to formalize the group's organizational structure, functions, and processes. Laying this administrative foundation during Phase 1 would allow the DGEG to immediately start on its substantive and technical workstreams during Phase 2 without delay.

Transparent Filing and Evaluation Criteria

Proactive grid infrastructure proposals from Xcel Energy should be subject to robust and transparent filing requirements and evaluation criteria. Interested parties and the Commission should be provided with all information and underlying analyses used to develop proactive grid upgrade proposals at the outset of the proceeding to facilitate their timely resolution. Similarly, clear and robust evaluation criteria is necessary to ensure that the Commission is able to determine which proposals are best situated to achieve the overall goals of the proactive grid infrastructure upgrade program.

Robust, Project-Specific Reporting

After proactive grid infrastructure projects are approved by the Commission, Xcel Energy should be required to provide regular, on-going, and robust reporting on metrics related to their progress. This information is vital for the planning efforts of DER providers to ensure that the grid upgrades and the projects that will utilize the increased hosting capacity are aligned. This information will also be useful in improving the forecasts and estimates used in future Integrated Distribution Plans and proactive grid upgrade proposals.

Does the Draft Framework address the following topics from the Commission's September 16, 2024 Order in Docket E002/M-23-452?

a. ***How to allocate the costs of proactive upgrades.***
b. ***How to ensure any proactive upgrades are distributed in an equitable manner throughout a utility's service territory.***
c. ***If costs are socialized among ratepayers, whether portions of the upgraded capacity should be reserved for certain customer classes.***
d. ***How a proactive upgrade program would integrate with a utility's planned distribution investment programs.***
e. ***How a utility's other capacity programs and changes to distribution standards impact available hosting capacity.***
f. ***How to determine where and when there is a need for proactive upgrades using forecasted DER and load adoption.***
g. ***Whether there should be changes to any of a utility's service policy provisions such as Contributions in Aid of Construction (CIAC).***

The Draft Framework meets the requirements outlined in the Commission's Order for load and behind-the-meter DER interconnections. However, it does not meet these requirements for front-of-the-meter DER, which is essential to the proactive planning process. In order to fully meet the requirements of the Commission's Order, Phase 2 must occur as soon as possible to address the interconnection of front-of-the-meter DERs.

Should the Commission establish Phase 2 of the Proactive Distribution Grid Upgrade Proceeding as proposed in Attachment B, and if so, what should the scope and timeline be?

Yes, a second phase of the Workgroup is necessary for the purpose of refining the Draft Framework. As detailed below, proactive grid planning is an essential component for ensuring the strategic and cost-effective integration of DERs and new load. CCSA recommends that the Phase 2 Workgroup process begin as soon as possible in order for proactive grid investments to encourage front-of-the-meter DER development to be considered and incorporated into Xcel Energy's next Integrated Distribution Plan.

The current distribution planning and interconnection practices in Minnesota result in reactive grid upgrades. That is, electric power system upgrades which enable additional DER

deployment are identified by Xcel Energy based on a need to accommodate existing applications for interconnection. This reactive approach results in uncertainty with respect to the cost and timelines of upgrades, as well as the presentation of high costs to interconnecting customers and delays in interconnection while infrastructure upgrades are constructed. Simultaneously this reactive approach results in upgrades to the electric power system being driven by interconnection applications, not by strategic planning efforts.

Rather than continuing with a reactive approach to interconnection, proactive grid infrastructure upgrades are an essential step in enabling more DER deployment and meeting the state's clean energy policy mandates. Through proactive distribution system planning, utilities proactively plan and construct infrastructure to specifically enable hosting capacity for front-of-the-meter DERs (not as an indirect enablement through infrastructure built for load forecasting). Proactive grid infrastructure upgrades should be identified and constructed in advance of the submission of interconnection applications and based on the utilities' expected need to: (1) accommodate forecasted interconnecting DER, and (2) meet state clean energy mandates. Proactive grid infrastructure upgrades that enable DER hosting capacity help to mitigate many existing interconnection challenges due to regulatory certainty. When stakeholders and regulatory authorities have an active role in the development of planning analyses and transparency into the decisionmaking process behind grid upgrades, there is more certainty and predictability associated with upgrade costs and construction timelines.

A proactive planning approach would enable Minnesota to plan targeted upgrades that enable DER hosting capacity in a way that most efficiently furthers the achievement of its clean energy mandates by looking holistically at how upgrades benefit the entire state. Thereby driving DER development to locations on the grid where it will be most cost effective, expeditious, and

beneficial in Minnesota's decarbonization efforts, rather than allowing upgrades to be driven by development. Further, if paired with a multi-beneficiary pays cost sharing approach, proactive grid infrastructure upgrades provide for the sharing of interconnection costs between beneficiaries (*i.e.*, distribution and interconnecting customers) over time, which results in a more equitable and affordable interconnection process.

Topics that should be scoped into a Phase 2 Workgroup process for further resolution include DER demand assessment, DER infrastructure upgrade prioritization methodology, stakeholder engagement, proactive grid upgrade cost allocation and flexible interconnection.

- DER Demand Assessment – The utility will need to develop a DER demand assessment/forecasting tool to determine the most beneficial and strategic DG driven infrastructure upgrades to consider for proactive investment. Inputs into the DER demand assessment should be informed through stakeholder engagement.
- DER Infrastructure Upgrade Prioritization – Once the DER demand assessment provides an understanding of infrastructure upgrades necessary to meet Minnesota's clean energy mandates and strategically foster DER development, the Utility will need to determine the prioritization of infrastructure upgrades based on a number of factors including co-optimization with investments driven by load, reliability, resilience, etc, and likelihood that development will occur in a given region.
- Stakeholder Engagement – In Phase 2 we must determine the cadence, format, and operational procedures for stakeholder engagement in the DER proactive planning process. It is critical to the success of the proactive planning process that Xcel Energy conduct a comprehensive stakeholder engagement process which must include reporting to the Commission on: the stakeholder engagement process, recommendations resulting

from the engagement process, and which/how recommendations were incorporated into the Integrated Distribution Plan's associated DER investment proposals (with an explanation and rationale for not incorporating a recommendation).

- Update of existing rules to accommodate proactive planning/new circumstances – The current rules and regulations must be amended to consider the following with respect to proactive grid infrastructure upgrades for front-of-the-meter DERs:
    - Payment schedules;
    - Use of alternative payment methods (bonds and letters of credit);
    - Cost certainty/cost envelope;
    - Refundability; and
    - Use of pre-application reports and hosting capacity maps.
- Proactive Grid Upgrade Cost Allocation – Cost allocation principles are different depending on whether an infrastructure upgrade is proactive or reactive and should be investigated as part of Phase 2 to ensure an equitable allocation of costs. Importantly, as DERs are interconnected at higher penetration levels, the grid upgrade costs necessary to accommodate such resources increase in size, cost, and complexity. This leads to a situation in which required upgrades have the ability to provide significant benefits to distribution system customers at large but are too costly for interconnecting distributed generation customers to finance alone. In these circumstances, the use of a multi-beneficiary pays approach, in which all beneficiaries share in the upgrade costs associated with infrastructure that provides broad benefits or enables load capacity, can enable grid upgrades that are otherwise cost prohibitive to individual interconnection applicants. A multi-beneficiary pays approach involves the determination of a

capacity-based "common system modification cost" ($/kW) assessed on all distributed generation interconnecting customers, as well as a determination on the proportion of total upgrade costs that will be recovered from distribution customers during a given period of time. Residential and other small distributed generation facilities are typically exempt from the common system modification cost charge and instead pay a lesser fixed fee at the time of interconnection, which serves as their contribution to system upgrades.

- Flexible Interconnection – Flexible interconnection is a key functionality that should be integrated into proactive distribution system planning to both allow a bridge-to-wires options for elongated construction timelines and ensure the full utilization of infrastructure upgrades. Increased saturation of distributed generation on Xcel Energy's grid will undoubtedly cause more situations in which interconnecting customers trigger grid upgrades that carry such significant costs as to make a project no longer viable. To ensure continued deployment of distributed generation resources, the Commission should require Xcel Energy to utilize all available alternative interconnection solutions that enable projects to progress through the interconnection and development process. A flexible interconnection program in Minnesota would allow for distributed generation to interconnect with existing grid infrastructure by utilizing dynamic curtailment as an interim measure until the necessary upgrades are completed that allow for full capacity utilization.

Conclusion

CCSA appreciates the efforts of the Workgroup to develop the Draft Framework and recommend the continued development and refinement of a proactive distribution grid upgrade program in a Phase 2 process. A second phase is essential to ensuring that any adopted

framework considers and incorporates proactive planning components applicable to front-of-the-meter DERs, such as multi-beneficiary pays cost allocation and flexible interconnection. We look forward to participating in a Phase 2 Workgroup that results in a proactive distribution grid upgrade framework to enable Minnesota to achieve its state clean energy mandates in the most cost effective, expedient, and equitable manner possible.

Respectfully submitted,

/s/ Nick Bowman
Nick Bowman
Senior Manager, Markets & Research
Coalition for Community Solar Access
(E) nick@communitysolaraccess.org
(T) 843-345-8150

Dated: May 8, 2025

CERTIFICATE OF SERVICE

I, Nick Bowman, hereby certify that I have this day served a true and correct copy of the ***Comments of the Coalition for Community Solar Access*** to all persons on the attached service list by electronic filing or electronic mail.

Dated: May 8, 2025

/s/ Nick Bowman
Nick Bowman
Senior Manager, Markets & Research
Coalition for Community Solar Access