June 2, 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 Reply 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,

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STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

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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**

REPLY COMMENTS OF THE COALITION FOR COMMUNITY SOLAR ACCESS

The Coalition for Community Solar Access ("CCSA") respectfully submits the following Reply Comments in response to the Minnesota Public Utilities Commission's *Notice of Comment Period* and *Notice of Extended Reply Comment Period*, issued April 7, 2025 and May 16, 2025, respectively, in the above-referenced docket concerning the potential establishment of a framework for proactive distribution grid upgrades in Xcel Energy's service territory. CCSA provides these reply comments in response to the initial comments submitted by Alliance for Transportation Electrification, Environmental Law and Policy Center/Vote Solar/Cooperative Energy Futures, Fresh Energy, Interstate Renewable Energy Council, Minnesota Department of Commerce, Minnesota Power, Minnesota Solar Energy Industries Association,the Office of Attorney General - Residential Utilities Division, Union of Concerned Scientists, and Xcel Energy.

Introduction

As a leading voice for equitable and efficient deployment of community solar and other distributed energy resources ("DERs"), CCSA continues to advocate for a proactive planning approach that supports Minnesota's statutory clean energy goals and customer demand for distributed clean energy.

While we commend other stakeholders for engaging constructively in the workgroup process and generally supporting the establishment of a proactive upgrade framework, we respectfully offer clarifications and recommendations in response to several stated positions. These comments reaffirm our support for a more inclusive and transparent framework—one that explicitly recognizes the unique needs and benefits of front-of-the-meter ("FTM") DERs such as community solar.

Reply to Initial Comments

A. Need for Comprehensive Inclusion of Front-of-the-Meter DERs

Xcel's comments emphasize the role of proactive upgrades in accommodating anticipated load growth and small behind-the-meter ("BTM") DERs. However, this narrow focus risks neglecting a substantial segment of Minnesota's DER landscape—namely, FTM projects such as community solar gardens. Distributed FTM DERs provide a cost-effective and scalable solution to meeting future energy demand and providing benefits to the electric grid and electric ratepayers. We disagree with Fresh Energy's position on prioritizing on-site generation over off-site generation[1] and believe all types of resources will be necessary for Minnesota to achieve its clean energy goals. Proactive grid upgrades will support both DER hosting capacity and the growth of beneficial electrification technologies at customers' premises, and should therefore be funded by all groups that benefit through a multi-beneficiary cost allocation methodology.

[1] Fresh Energy at 5.

CCSA understands that omitting FTM DERs from Phase 1 was a timing consideration to meet the goal of a July 1, 2025 end date. Forecasting and planning for larger-scale DER development is not only possible but essential to the successful implementation of the Framework. To date, several states—including New York, Colorado, and Illinois—have developed tools and methodologies to incorporate FTM DERs into proactive grid planning.

We reiterate our recommendation that Phase 2 of the framework explicitly include:

- DER Demand Assessment: Xcel should develop a DER demand forecasting tool to identify the most beneficial grid upgrades driven by distributed generation. Stakeholder input must be integrated to ensure the assessment reflects industry needs and market realities.
- DER Infrastructure Upgrade Prioritization: After forecasting DER demand, Xcel should prioritize upgrades based on factors like system benefits, reliability, and the likelihood of DER deployment. Prioritization should also coordinate with investments addressing load growth to maximize value.
- Stakeholder Engagement: Phase 2 should establish the format and cadence for proactive stakeholder engagement in DER planning. Xcel should be required to report to the Commission on stakeholder feedback and explain which recommendations were adopted or rejected, and why.
- Update of Existing Rules: Regulatory updates are needed to align with proactive planning, including flexibility around payment schedules, cost certainty, use of bonds or letters of credit, and hosting capacity tools. These changes will support smoother financing and equitable cost sharing for FTM DERs.
- Proactive Grid Upgrade Cost Allocation: As DER penetration grows, associated upgrade

costs increase and cannot be borne solely by individual developers. A multi-beneficiary pays model—where DER developers pay a standardized fee and residential customers are exempt—ensures broader cost sharing for system-benefiting upgrades.

- Flexible Interconnection: To avoid project cancellations due to high upgrade costs, Xcel should implement flexible interconnection strategies like dynamic curtailment. These solutions allow DERs to interconnect using existing infrastructure until full upgrades are complete, preserving project viability.

B. Stakeholder Participation and the Distributed Generation Engagement Group

Xcel raises concerns that establishing a Distributed Generation Engagement Group ("DGEG") may overcomplicate the framework.[2] CCSA believes the opposite is true and notes that Xcel's opposition appears to be an outlier among other stakeholders that either expressed support for establishing or further exploring the structure of a DGEG in Phase 2.[3] Formalizing the DGEG early in the process is not an administrative burden—it is a vital mechanism to ensure transparency, local expertise, and market insight inform planning decisions.

The DGEG would allow distributed generation providers, community organizations, and other stakeholders to directly contribute to upgrade prioritization, demand assessment, and cost-share discussions. Without this inclusive forum, the risk of misaligned investments or inequitable outcomes grows. We urge the Commission to establish the DGEG during Phase 1, with administrative structure set in place to allow substantive work to begin in Phase 2.

C. Cost Allocation and Capacity Reservations

Xcel proposes a cost allocation approach that defers to traditional rate case proceedings and expresses opposition to what it calls "advanced cost allocation models." This position risks

[2] Xcel Energy Comments at Attachment 3, p. 2.
[3] Minnesota Department of Commerce at 12; Office of Attorney General at 9-10; Fresh Energy at 8; ELPC/VS/CEF at 7; and MnSEIA at 5-6.

perpetuating the same reactive, project-by-project upgrades that the proactive grid upgrade framework is intended to move beyond.

CCSA continues to support the inclusion of a multi-beneficiary cost allocation mechanism, whereby both interconnecting customers and the broader distribution customer base share in the costs of upgrades that provide system-wide benefits. This approach is not novel; it reflects emerging best practices nationally and recognizes that proactive upgrades often serve more than a single customer class. In particular, CCSA supports:

- A cost-sharing formula based on DER-driven capacity enablement;
- Allocation of upgrade costs proportionate to both generation and load beneficiaries; and
- Transparent, scalable, and forward-looking cost-share fees.

CCSA also cautions against overreliance on capacity reservations solely for small BTM DERs, as proposed by Xcel. While these reservations are important, they should not be implemented at the expense of equitable access for FTM DERs, especially community solar projects that serve residential and low-income customers.

D. Prudency and Cost Recovery Certainty

Xcel seeks advanced determinations of prudency for proactive upgrade investments. While we understand the Company's desire for investment certainty, we note that the draft framework already provides a rebuttable presumption of prudency when projects are pre-approved by the Commission. We believe this strikes an appropriate balance between utility assurance and ratepayer protection.

Granting blanket ex-ante prudency determinations without subsequent review could undermine accountability, especially in a new and evolving program. Any determination of prudency should remain subject to material deviations in project scope, costs, or outcomes.

Conclusion

CCSA remains fully supportive of the establishment of a Proactive Distribution Grid Upgrade Framework for Xcel Energy. However, the success of this framework will depend on its inclusivity, transparency, and adaptability. We respectfully urge the Commission to:

- Ensure the proactive upgrade framework explicitly includes and prioritizes front-of-the-meter DERs;
- Establish the Distributed Generation Engagement Group (DGEG) during Phase 1;
- Advance equitable cost allocation mechanisms tailored to the multi-beneficiary nature of proactive upgrades;
- Maintain balanced and conditional prudency provisions to protect ratepayer interests.

We thank the Commission for the opportunity to provide these reply comments and look forward to continued collaboration in Phase 2 of this important proceeding.CCSA believes a proactive distribution grid upgrade framework will enable Minnesota to achieve its state clean energy mandates in the most cost effective, expedient, and equitable manner possible.

Respectfully submitted,

/s/ Nick Bowman
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Dated: June 2, 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: June 2, 2025

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