

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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**In the Matter of a Commission
Inquiry into Fees Charged on
Qualifying Facilities**

May 6, 2016

**MnSEIA’S COMMENTS ON
INVESTOR OWENED
NETMETERING FEES AND
COOPERATIVE
NETMETERING FEES
CHARGED BEFORE JULY 1,
2015**

Docket No. E-002/M-13-867

INTRODUCTION

The Minnesota Solar Energy Industry Association (MnSEIA) is a membership organization of 90 different solar related companies. Our membership is made up of manufacturers, installers, developers, labor unions, energy service companies, and other ancillary service providers for the solar industry.

MnSEIA welcomes the opportunity to comment in this particular docket, and thanks the Minnesota Public Utilities Commission (the “Commission”) for the opportunity to provide insight today. Our members are indirectly impacted by net-metering fees, because it makes it more difficult to sell and install solar arrays in service territories that have them. We comment today in an effort to remove all fees that are, and that have been, inappropriately applied to our members’ customers.

Therefore, MnSEIA support’s comments advocating for fee removal, including Fresh Energy, the Minnesota Center for Environmental Advocacy, the Minnesota Solar Energy Industries Project and others, we support the comments of all anti-fee advocates. In an effort to reduce redundancy, but to ensure the removal of the illegal fees, we will strive to only provide succinct and unique commentary today.

BACKGROUND

In March 2015, Alan Miller (Alan), owner of a small wind turbine Qualifying Facility, brought a dispute resolution request against their utility, People's Energy Cooperative (PEC).¹

Later that month, the Commission opened a comment period on the issue.²

Also in May 2015, the Minnesota Legislature passed an amendment to Minn. Stat. § 216B.164, allowing cooperative and municipal utilities to charge a fee to QFs that interconnect after July 1st, 2015.³

In June 2015, the Commission determined that PEC did not meet its burden to demonstrate that its \$5.00/month fee complied with the statute and it required PEC to compensate Alan for his costs, disbursements, and reasonable attorneys' fees related to the dispute. The Commission also ordered every other utility in the state to declare whether they had a fee similar to PEC's prior to July 1, 2015.⁴

In December 2015, every utility in the state, either directly or through a representative association, stated whether they had a fee. Six different utilities, including the State's three Investor Owned Utilities (IOUs), asserted that they had some form of compensation methodology in place for generating extra revenue from small power producing customers.⁵ The other three parties were cooperative utilities.

That same month the Commission sent out a Notice of Comment Period requesting opinions on permissibility of IOU fees and Cooperative fees assessed before July 1, 2015.⁶

¹ INITIAL FILING – REQUEST FOR DISPUTE RESOLUTION, ALAN MILLER, Docket No. E-132/CG-15-255, Doc. ID. 20153-108114-01 (Mar. 12, 2015).

² NOTICE – REQUESTING RESPONSE FROM PEOPLES ENERGY COOPEARTIVE AND OPPORTUNITY TO COMMENT ON DISPUTE, PUC, Docket No. E-132/CG-15-255, Doc. ID. 20153-108217-01 (Mar. 16, 2015).

³ Chapter 1, H.F.No.3, June 13, 2015.

⁴ ORDER FINDING JURSDICITION AND RESOLVING DISPUTE IN FAVOR OF COMPLAINANT, MINNESOTA PUBLIC UTILITIES COMMISSION, Docket No. E-132/CG-15-255, Doc. ID. 20159-114134-01 at 7 (Sept. 21, 2015).

⁵ See Docket No. E999/CI-15-755.

⁶ NOTICE OF COMMENT PERIOD, PUC, Docket No. E999/CI-15-755 Doc. ID. 201512-116806-01 (Dec. 28, 2015).

In February 2016, several utilities provided follow up information on their fees and how the fees were calculated.⁷

COMMENTS

Broadly Applied The Utility Fees Discussed In This Docket Are All Impermissible, Because They Are Not Authorized Under Minn. Stat. § 216B.164's Specific Net Metering Framework.

On July 1st 2015, Minnesota statute § 216B.164 began to allow for fixed fees otherwise not accounted for in a customer's pre-existing billing arrangement.⁸ It stands to reason that similar fees, passed before this date, are not authorized under the statute. **As such, all of the cooperatives that assessed fees prior to the amendments' effective date are presumptively illegal and should be removed.** Because of this, we request that upon proving the cooperatives' fees are illegitimate, the qualifying facilities in their service territory should be entitled to the same or similar compensation he would receive under Minn. Stat. § 216B.164. This includes their costs and disbursements associated with this fee.⁹

Pursuant to the same amendment, the fees also are only authorized for Cooperative utilities. They are not specifically allowed for IOUs. This amendment clarifies that Net-metering fees for Xcel Energy, Minnesota Power, and Otter-tail are all illegal.

Our state requires that for customers with 40kW systems the utilities pay the customers for their excess energy at the Average Retail Rate, if the customer so chooses.¹⁰ All other energy that is used on-site will reduce the qualifying facilities' energy bill by spinning the meter in the opposite direction than the consumption meter does. This is traditional net metering. No other fees or charges can be assessed to the qualifying facility related to their generation, unless statutorily authorized.¹¹ If fees were allowed it would undermine the neutral "net" effect of "net-metering" and would have a preclusive effective on new small power production.

Furthermore, Minnesota statute § 216B.164 subdivision 1 states "this section shall at all times be construed in accordance with its intent to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the

⁷ See Docket No. E999/CI-15-755.

⁸ Chapter 1, H.F.No.3, June 13, 2015.

⁹ See Minn. Stat. § 216B.164, subd. 5.

¹⁰ Minn Stat. § 216B.164, subd. 3.

¹¹ See *Id.*

public.”¹² This subdivision amounts to a powerful assertion. It places the onus on the utility to illustrate that a fee that reduces small power production and cogeneration is necessary to protect rate payers and the public.

Metering fees laid out in the IOU’s filings are preclusive to small power production and renewable energy generally. If their cost was distributed among IOU ratepayers the effect on individual energy users would be *de minimis*. If, however, the metering fee is applied to the small power producer, then it will have a disproportionately preclusive effect solar installations.

For instance, if you take Xcel's \$3.15 metering charge for their A50 customers and spread it across their estimated 1,230,524 customers in Minnesota, this would have effectively no impact on any ratepayer in their service territory. A \$3.15 monthly rate, however, could be a determining factor for a residential solar customer looking to install a system. Over 25 years – the general warranty length for a system - that monthly addition will amount to approximately \$1,000. For some small systems, this could be a significant deterrent.¹³

The IOUs have bundled meter maintenance into their metering fee. In most instances the utility is not adding an additional meter, but is instead changing a standard meter for a bi-directional meter. This should have no effect on meter maintenance, meter upkeep, or meter reading prices. Because a bi-directional meter should cost the utility the same amount as a standard meter – which is already covered in the customer’s billing arrangement - when it comes to maintenance.

We do not suggest that bi-directional meters themselves should be paid for by the utility. This is outlined in Minn. Stat. § 216B.164, subd. 8 and the interconnection guidelines.¹⁴ Further we have no issue if the utility and customer agree that the bidirectional meter will be paid for in monthly installments over the course of the contract. However, in practice it doesn’t seem to work that way. All of the IOUs have metering fees that eventually overtake the meter cost at some duration in the contract. Customers should not pay more for their meter than the cost of the meter.

After the point where the fee exceeds the meter’s cost, the customer’s metering fee will be purely revenue for the utility. The customer will be receiving no benefit for the money they pay. At this point, the fees moved from being legitimate to both illegitimate and a dissuasion for small power

¹² *Id.* at subd. 1.

¹³ Of specific concern is Minnesota Power's fee. As of last year, it jumped up \$2, because of an apparent “mistake.” MP has not provided any information as to what that mistake was and why they are performing their calculations correctly now. In fact, looking at their calculation clearly shows they are still not calculating their fee correctly. Using the information Minnesota power provided in their answer to the second information request, at most their fee should be \$2.48. But their posted fee is \$0.07 higher and there is no supporting explanation for this increase.

¹⁴ Minn. Stat. § 216B.164, subd. 8.

production. **The IOUs' metering fees must be removed entirely or ended once the bi-directional meter is paid off in full.**

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Respectfully Submitted,

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