

September 2, 2020

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-20-606

Dear Mr. Seuffert:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department), in the following matter:

Meter Services Pricing Associated with Distributed Generation

The Petition was filed on July 17, 2020 by:

Holly R. Hinman
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** Xcel's petition, as corrected on August 20, 2020. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ CHRISTOPHER T. DAVIS
Analyst Coordinator

CTD/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. E002/M-20-606

I. INTRODUCTION

Currently, Northern States Power Company d/b/a Xcel Energy (Xcel or the Company) has the following monthly metering charges for Excess Generation—Average Retail Utility Energy Service:¹

- \$3.15 per month for a customer with single-phase meter and a production meter;
- \$6.40 per month for a customer with three-phase meter and a production meter;
- \$1.68 per month for a single-phase meter, and *no* production meter; and
- \$2.58 per month for a three-phase meter, and *no* production meter.

On July 17, 2020 Xcel, submitted a petition requesting approval of meter services pricing associated with distributed generation. In its petition, Xcel stated that it proposed to modify the existing metering charges, for three primary purposes:

- Providing consistency with the Minnesota Public Utilities Commission's (Commission) implementation of the Minnesota Distributed Energy Resources (DER) Interconnection Process (MN DIP), which provides customers an up-front payment option for metering charges in certain circumstances;
- Refreshing current rates to reflect changes in metering technology in use, namely the increasing penetration of larger sized distributed generation systems and the corresponding metering technology requirements to accommodate larger systems; and
- Consolidating meter service pricing to enable customers to review the menu of metering service charges that correspond to specific DER configurations.

Further, Xcel stated that the Company based its proposed) meter pricing on current costs for distributed energy resource (DER) meters and ancillary services modified to reflect bundled services or an upfront cost option.

On August 20, 2020, after review and discussion with the Minnesota Department of Commerce, Division of Energy Resources (Department) the Company determined that it had inadvertently left out the annual maintenance cost for 250kW to 10MW Three Phase Production meters. In its August 20, 2020 Errata, Xcel incorporated the correction into Xcel Attachment A (Metering Pricing Work Papers), Xcel Attachment B (Comparison to Current Rates) and Xcel Attachment C (Tariffs) of its Petition and provided them in the errata. The affected tariff sheets are:

- Section No. 10, Sheet No. 81 (3RD Revision); and
- Section No. 10, Sheet No. 81.1 (Original).

¹ Formerly known as Net Energy Billing Service.

II. COMMISSION NOTICE OF COMMENT PERIOD

On August 3, 2020 the Commission issued a *Notice of Comment Period* and included the following topics for comment:

- Are the various proposed meter services prices associated with different system sizes and services reasonable under Minn. Stat. §216B.03?
- Are the tariff changes consistent with the statewide interconnection standards; including the Minnesota Distributed Energy Resource Interconnection Process and Agreement (MN DIP/DIA) and the Technical Interconnection and Interoperability Requirements (TIIR)?
- Are the meter arrangements outlined in the proposed tariff changes consistent with Xcel Energy's Technical Specifications Manual, Section 11 on Metering Requirements¹?
- Are the proposed tariff changes and existing customer contracts clear on the impact to existing customers if the tariff changes are approved?
- Are there other issues or concerns related to this matter?

III. DEPARTMENT ANALYSIS

The Department reviewed Xcel's petition, as corrected in its August 20, 2020 Errata, using the Commission's recommended topics.

A. REASONABLE PRICING

Minnesota Statutes 216B.03 states:

Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable, and consistent in application to a class of consumers. To the maximum reasonable extent, the commission shall set rates to encourage energy conservation and renewable energy use and to further the goals of sections [216B.164](#), [216B.241](#), and [216C.05](#). Any doubt as to reasonableness should be resolved in favor of the consumer. For rate-making purposes a public utility may treat two or more municipalities served by it as a single class wherever the populations are comparable in size or the conditions of service are similar.

One of the key means of ensuring that rates are just and reasonable is for rates to be based on costs incurred. Currently, Xcel's four DER metering rates vary only depending on whether the customer's service is single or three-phase and whether the customer has a production meter. However, especially due to the Company's community solar garden (CSG) program, Xcel has experienced large

growth in the penetration of larger-sized DER than what was installed prior to the CSG program. Xcel concluded that it is no longer reasonable for Xcel to charge customers with larger DER installations and greater communication needs the same lower rate that the Company charges customers with smaller installations.

Xcel Errata Attachment A (included as Department Attachment A) illustrated how Xcel calculated monthly charges based on whether the specific metering costs (Column A) were bundled into the monthly charges (Column H) or were pre-paid upfront by the customer (Column G). The Department's review of Errata Attachment A shows that the meter costs can vary according to whether:

- the customer has single- or three-phase service;
- the quality of the production meter, and
- and whether the DER is 250 kW or larger.

In addition, the mobile network service charge² and the annual maintenance monthly charge vary according whether the DER system is 250 kW or greater. Finally, the customer account and assistance charges vary depending on customer class³.

As part of its review of Xcel's costs, the Department obtained an Excel workbook from the Company that included the material costs for Column A (Upfront Metering Costs). After reviewing the cost components of Column A, the Department concludes that Xcel's proposed rates reasonably reflect the material costs incurred by Xcel.

The Department concludes that Xcel's proposed meter services prices associated with different system sizes and services are reasonable.

B. CONSISTENCY WITH STATEWIDE INTERCONNECTION STANDARDS

As DER-related rates are proposed and modified in Minnesota it is important to ensure that the rates abide by up-to-date standards. Maintaining the standards has several benefits, including simplifying the determination of engineering requirements for utilities throughout the state and helping to minimize disputes between utilities and customers.

² Annual maintenance is included for distributed generation facilities connecting to 600V or higher distribution facilities to ensure the meter is operating properly

³ The distributed generation customers served under these metering rates cause incremental calls and questions to Xcel. The Company applies the average cost per customer to the DER portion of their bill. This method is consistent with what was approved for Xcel's current DG customer charges.

1. *Minnesota DER Interconnection Process and Agreement (MN DIP/DIA)*

On August 13, 2018, the Commission issued its *Order Establishing Updated Interconnection Process and Standard Interconnection Agreement*, approving a distributed energy resource interconnection process (MN DIP) and a standard agreement (MN DIA).⁴

a.) *MN DIP*

Provision 5.4 of the approved MN DIP states:

5.4 Interconnection Metering^[5]

Any metering requirements necessitated by the use of the DER shall be installed at the Interconnection Customer's expense. The Interconnection Customer is responsible for replacement meter costs not covered in the Interconnection Customer's general customer charge. The Area EPS Operator may charge Interconnection Customers an ongoing metering-related charge for an estimate of ongoing metering-related costs specifically demonstrated and approved in tariff regardless of the choice of meter payment. The Area EPS Operator shall offer the Interconnection Customer the following payment options:

5.4.1 Pay upfront the cost of metering requirements for the DER. Any maintenance or replacement costs may be billed separately to the Interconnection Customer after these costs are incurred.

5.4.2 Pay a tariffed monthly charge for the actual, DER-related meter and metering-related costs. If no tariffed monthly charge is an exact match, then the closest applicable tariffed monthly charge shall apply; unless metering requirements are so different that individual case basis pricing should apply.

The Department concludes that the Company's proposed meter and metering service pricing for DER customers is consistent with these two MN DIP-specified pay options, as discussed below.

⁴ *In the Matter of Updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established Under Minn. Stat. § 216B.1611*, Docket No. E-999/CI-16-521 (the Interconnection Standards Docket).

⁵ "Area EPS" is defined as an electric power system (EPS) that serves Local EPS's. Note. Typically, an Area EPS has primary access to public rights-of-way, priority crossing of property boundaries, etc. 3) "Area EPS Operator" is the entity who operates the Area EPS.

i. Upfront Pricing

Xcel's proposed upfront pricing includes two components: the upfront cost of the meter and the on-going monthly ancillary metering costs. To price this option, the Company relied on current metering costs that are required for each of the various DER system sizes. For its monthly ancillary metering costs, the Company used the same methodology used to develop its currently tariffed "No production meter" pricing (Section 9, Rate Code A50-56). This component is largely comprised of meter reading and billing system expenses.

ii. Bundled Pricing

Xcel's proposed monthly bundled metering service option consists of two components: the revenue requirement of the current meter costs that are required for each of the various system sizes and the same cost elements that are included in the currently tariffed "No Production Meter" pricing.

b.) MN DIA

Section 10 of Xcel's electric rate book includes the MN DIA, starting at page 10-250. The Department reviewed the proposed tariff changes in the context of the MN DIA, and concludes that the tariff changes are not in violation of the MN DIA.

2. Technical Interconnection and Interoperability Requirements (TIIR)⁶

C. XCEL'S TECHNICAL SPECIFICATIONS MANUAL (TSM)

Xcel's TSM can be accessed at this link: <https://www.xcelenergy.com/staticfiles/xeresponsive/Working%20With%20Us/How%20to%20Interconnect/MN-Technical%20Specifications%20Manual.pdf>.

Xcel's TSM sections on metering begin at PDF page 34 (section 10.8), page 45 (section 11), page 48 (section 12) of this link. However, these sections do not directly address the meter billing issues raised in the Company's Petition. However, Section 9.1 of Xcel's TSM (at PDF page 29) states:

For all DER 250 kW or greater, remote monitoring of the DER production is required. Remote monitoring is typically established with equipment internal to a main service meter or production meter. Monthly charges will be billed to the Interconnection Customer for remote monitoring.

Xcel's petition proposed that customers with 250 kW and larger DER installations pay a \$25 monthly mobile network service charge. Consequently, the Department concludes that Xcel's proposal is consistent with this section of Xcel's TSM.

⁶ https://mn.gov/puc/assets/TIIR%20w%20CORRECTED%20Interim%20Implementation%20Guidance_tcm14-431321.pdf

Further, Section 11 of the TSM states:

Many metering requirements are also driven by the Rate Schedule being applied for. Area EPS Operator's Section 9 and 10 Tariffs shall be referenced when designing the DER installation.

Xcel's petition frequently mentions Sections 9 and 10 and thus is consistent with Section 11 of Xcel's TSM.

D. CLARITY TO CUSTOMERS

The Commission's *Notice of Comment Period* provided the following topic for comment:

Are the proposed tariff changes and existing customer contracts clear on the impact to existing customers if the tariff changes are approved?

Xcel included three helpful tables in its proposed tariff changes. Table 10-81 includes the rates for Bundled Meter Pricing--upfront and ancillary meter charges are included in the monthly charges. Table 10.81.1 includes the rates for Upfront Meter Pricing—upfront charges are assessed and then monthly ancillary metering charges not reflected in the upfront pricing are assessed. Table 10.81.2 includes the rates for Meter Pricing Where No Production Meter is installed—upfront and ancillary metering charges are included. These tables clearly set forth the rates applied to the various system sizes and customer rate classes.

IV. CONCLUSION AND RECOMMENDATIONS

The Department recommends that the Commission approve Xcel's proposed DER metering charges with the corrections presented in its August 20, 2020 Errata.

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