

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange  
Dan Lipschultz  
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Chair  
Commissioner  
Commissioner  
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Commissioner

In the Matter of Establishing Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities under Minnesota Laws 2001, Chapter 212

ISSUE DATE: January 24, 2017

DOCKET NO. E-999/CI-01-1023

DOCKET NO. E-999/CI-16-521

In the Matter of Updating the Generic Standards for the Interconnection and Operation of Distributed Generation Facilities Established under Minn. Stat. § 216B.1611

ORDER ESTABLISHING WORKGROUP AND PROCESS TO UPDATE AND IMPROVE STATE INTERCONNECTION STANDARDS

**PROCEDURAL HISTORY**

In 2001, the Legislature enacted Minn. Stat. § 216B.1611. This statute required the Commission to initiate a proceeding to establish generic standards for interconnection and operation of distributed generation (10 megawatts or less). Following extensive stakeholder participation, the Commission issued an Order Establishing Standards in Docket E-999/CI-01-1023 on September 28, 2004 (2004 Interconnection Standards).

The 2004 Interconnection Standards include the following sections:

- Interconnection Process (Attachment 1)
- Technical Requirements (Attachment 2)
- Application (Attachment 3)
- Engineering Data Submittal (Attachment 4)
- Interconnection Agreement (Attachment 5)
- Rates (Attachment 6)

Due to changes over the last decade in the distributed generation and interconnection arenas, two entities have recently filed applications for updates and/or changes to the 2004 Interconnection Standards.

On May 12, 2016, the Environmental Law and Policy Center, Fresh Energy, and the Interstate Renewable Energy Council, (the Joint Movants), filed a Motion to Reopen and Amend the State Interconnection Standards, and a memorandum in support of the motion.<sup>1</sup>

On May 19, 2016, Dakota Electric Association, in consultation with a group of other Minnesota utilities, filed proposed revisions to the existing 2004 Interconnection Standards.<sup>2</sup>

On June 21, 2016, the Commission issued a Notice of New Docket, Comment Period, and Technical Conference, requesting comments on how the Commission should proceed in re-examining its standards.

Initial comments were filed by 33 parties, including Dakota Electric Association, the Joint Movants, the Minnesota Department of Commerce, Division of Energy Resources (the Department), and various utilities, electric associations, and cooperatives.

On September 30, 2016, the Commission held a public meeting to accomplish the following:

- Review and discuss the comments of stakeholders and utilities to the proposed updates to the 2004 Interconnection Standards;
- Identify and discuss recommended updates that could be implemented in the near term; and
- Discuss and develop the process for addressing the remaining recommended updates.

On January 5, 2017, the Commission met to consider the matter.

## **FINDINGS AND CONCLUSIONS**

### **I. Background**

Most electricity is generated at large power plants, and then transmitted long distances to where it is needed. “Distributed generation,” in contrast, refers to the practice of generating electricity with multiple, dispersed power sources. Many benefits are attributed to distributed generation, including reducing the demand on long-distance transmission lines, enhancing reliability, and increasing customer choice. To further enable the use of distributed generation, the Legislature enacted § 216B.1611.

### **II. Positions of the Parties**

#### **A. Joint Movants**

The Joint Movants filed a motion to reopen and amend Minnesota’s 2004 Interconnection Standards. The filing proposed new procedures and a new interconnection agreement modeled in part on the Federal Energy Regulatory Commission’s (FERC’s) 2006 Small Generator Interconnection Procedures and Agreement (SGIP and SGIA). The Joint Movants proposed that

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<sup>1</sup> E-999/CI-01-1023.

<sup>2</sup> In the Matter of a Commission Inquiry into Standby Service Tariffs, Docket No. E-999/CI-15-115.

their filing replace the interconnection process and agreement of the Commission's 2004 Interconnection Standards.

The Joint Movants proposed to use the FERC SGIP and SGIA as a baseline, and update that document to reflect their research into regional and national best practices and standards. The Joint Movants proposed that the Commission adopt their modified versions of the FERC SGIP and SGIA as the Minnesota Interconnection Process and Agreement (MIP and MIA).

### **B. Dakota Electric Association**

Dakota Electric Association proposed revisions to the Commission's 2004 Interconnection Standards, in association with other Minnesota utilities. The proposal recommended certain changes to Minnesota's existing 2004 Interconnection Standards, including, but not limited to, the following sections: process (Attachment 1), requirements (Attachment 2), and Agreement (Attachment 5).

At the Commission meeting, Dakota Electric Association recommended that the Commission proceed via a multi-stage process—first incrementally updating the 2004 Interconnection procedures now in place, next using the FERC SGIP and SGIA to develop a new interconnection standard for use in Minnesota, and then updating the technical standards.

### **C. Department**

The Department recommended that the Commission use a working group process to revise the 2004 Interconnection Standards. The Department also stated that it had no objections to starting the process with either of the proposals, but that because the SGIP is a national standard, its use as a baseline could result in more consistency between jurisdictions. In written comments, the Department stated that it would be willing to convene and lead the working group established to revise the current interconnection process. However, at the meeting, the Department voiced resource constraints, and stated that it preferred that the Commission convene and lead the work group.

## **III. Commission Action**

The Minnesota's 2004 Interconnection Standards, while still useful, have become outdated due to continued maturation of distributed generation technologies, evolving national standards, increasing numbers of interconnection requests, and experience gained. The record before the Commission in this proceeding is not yet sufficient to support an order updating the 2004 Interconnection Standards. As was done in 2001, the Commission believes that the most expeditious means to build on the comments filed so far is to organize a work group of knowledgeable and interested participants in a collaborative setting.

At the Commission meeting, most parties commenting stated that in lieu of first working to simply update the 2004 Interconnection Standards, they would prefer to move immediately to update the standards consistent with the FERC SGIP and SGIA and would prefer to include a work group process. Within the work group, participants could discuss the procedural issues, identify their differences in how to best approach the topics raised, articulate the areas of agreement, and perhaps narrow the differences of opinion expressed. The Commission agrees with this approach, and will establish the Distributed Generation Work Group to begin the process of establishing new Minnesota Interconnection Standards.

The Commission views establishment of a Distributed Generation Work Group as an important first step, and will delegate authority to the Executive Secretary to issue Notice(s), set schedules, and designate comment periods. The Commission will request that the Executive Secretary, in cooperation with the Department of Commerce, convene a work group of appropriate size and composition to develop the record more fully. The Executive Secretary may select a facilitator.

The Commission will transition the Minnesota Interconnection Process to one based on the FERC SGIP and SGIA. It is anticipated that the Commission will consider the record and comments within 18 months of this order to replace Attachments 1, 3, 4, and 5 to its September 28, 2004 Order. The Commission also directs the Executive Secretary to use the Joint Movants' May 12, 2016 filing, generally, as the starting point for comments.

In the longer-term (nine to twenty-two months), the Commission will request the Executive Secretary to set schedules and take comments on updating the Minnesota interconnection technical standards (Attachment 2). It is anticipated that the Commission will consider the record and comments within 24 months of this Order to replace Attachment 2. This stage of work would incorporate newly revised national technical standards, and other issues identified as areas in need of updating.

This schedule seeks to balance the need to update and improve Minnesota's current interconnection standards with the new challenges that more widespread distributed generation presents.

Finally, the Commission designates Commissioner Matthew Schuerger as lead commissioner of this matter pursuant to Minn. Stat. § 216A.03, subd. 9, with authority to help develop the record necessary for resolution of the issues, and to develop recommendations to the Commission in this docket.

### **ORDER**

1. The Commission hereby delegates authority to the Executive Secretary to issue Notice(s), set schedules, and designate comment periods for the scope outlined in paragraphs 2 – 3 below. The Executive Secretary will, in cooperation with the Department of Commerce, convene a work group of appropriate size and composition, and may select a facilitator, to develop the record more fully.
2. The Commission will transition the Minnesota Interconnection Process to one based on the FERC SGIP and SGIA. The Executive Secretary will set schedules and take comments. It is anticipated that the Commission will consider the record and comments within 18 months of this order, to replace Attachments 1, 3, 4, and 5 to its 2004 Interconnection Standards in this Docket. The Executive Secretary will use the Joint Movants' May 12, 2016 filing, generally, as the starting point for comments.
3. In the longer-term (nine to twenty-two months), the Executive Secretary will set schedules and take comments on updating the Minnesota interconnection technical standards. It is anticipated that the Commission will consider the record and comments within 24 months of this Order, to replace Attachment 2 to the Commission's 2004 Interconnection Standards. This stage of work would incorporate newly revised national technical standards, and other issues identified as areas in need of updating.

4. The Commission hereby designates Commissioner Matthew Schuerger as lead commissioner pursuant to Minn. Stat. § 216A.03, subd. 9, with authority to help develop the record necessary for resolution of the issues, and to develop recommendations to the Commission in this docket.
5. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf  
Executive Secretary



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