

August 18, 2021

Via Electronic Filing

Will Seuffert

Executive Secretary

Minnesota Public Utilities Commission 121 7th Place E., Suite 350

St. Paul, MN 55101

RE: Docket 16-521 / In the Matter of Updating Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities Under Minn. Stat. §216B.1611

Dear Mr. Seuffert:

The Institute for Local Self-Reliance (ILSR) appreciates the opportunity to share feedback on the cluster study discussion for distributed energy project interconnection and sincerely appreciates the efforts of all parties to identify a path forward for group studies.

This conversation, as so many related to distributed generation interconnection, is grounded in the 2001 statutory language in 216B.164, that the law should “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 public.” Community solar projects, the driver behind the discussions of interconnection streamlining and cost-sharing, continue to be a cost-effective strategy that has grown Minnesota’s solar capacity by over 800 megawatts at prices designed to match the value of the solar energy to the utility system, the customer, and society. The challenge of connecting so many projects is, in a way, a good problem to have.

Are We Looking at Capacity Constraints in the Wrong Way?

Before addressing the merits of cluster studies and the proposals from the Distributed Generation Working Group, ILSR would like to pose a question we've not seen documented from the discussions: to what extent are interconnection delays the result of Xcel needing more staff or analysis capacity to process them?

In the report from the DGWG, it notes that Xcel is concerned that "study and construction process for capacity constrained feeders/substations will take significantly longer." It also reflects that parties agreed about the "slowness of Xcel's current serial review process and the number of deep queues." IREC, MnSEIA, and Fresh Energy have also specifically requested the Commission "help uncover why Xcel's proposed timelines are so long."

This raises two key questions about interconnection on the Xcel-managed grid:

1. Has Xcel Energy invested sufficiently in the human and computing infrastructure to process distributed generation interconnection, given its popularity?
2. Does the conflict between the utility shareholder's interest in earning a rate of return on power generation capital investments and more quickly processing the interconnection of potentially competing projects help explain the long delays?

Given the ongoing frustration with timelines, including the Commission's monetary fine of the utility, it seems that Xcel may simply not have sufficient staff and resources dedicated to interconnection. This is particularly problematic given that Xcel suggests that cluster studies cannot be done in parallel with any other community solar or large distributed energy resource on the same feeder: "This will essentially lock down the feeder for the entirety of the cluster study, with significant new feeder/substation projects potentially taking years to complete."

ILSR suggests that it might be prudent to ask Xcel to hire staff or increase its capacity to analyze interconnection requests regardless of the next steps in doing cluster studies, as increasing the development of renewable energy aligns with the utility's carbon-free

commitments, the desires of stakeholders such as the City of Minneapolis, and the IPCC guidelines for a livable planet.

Cluster Studies in Capacity Constrained Areas

The report details that most participants disagreed with Xcel Energy about the value of cluster studies in grid constrained areas. ILSR strongly agrees with all non-utility participants that using cluster studies to address interconnection delays and costs is valuable for both deep queues and constrained areas.

As most parties are aware, the community solar program requires projects to be located proximate to subscribers, in the same or adjacent county. As such, two things can be simultaneously true:

1. Xcel Energy can truthfully state, as they did in the report, that “the majority of its feeders do not face capacity constraints and have ample availability to host solar;” and
2. The majority of new distributed solar development faces constrained capacity due to the requirement that community solar projects use urban-adjacent connection points to meet the legal requirement for proximity.

The evidence suggests that numerous developers are experiencing costly delays or upgrades to bring community solar projects online. The cluster study process should try to address both components that impede projects: the interconnection review delay *and* the cost of upgrades.

Thank you for the opportunity to comment and for taking up this important conversation; we appreciate that there has not been any legislative preemption of this regulatory process.

Sincerely,

/s/

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