



Minnesota Municipal Utilities Association

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Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: 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

Dear Commissioners:

Minnesota Municipal Utilities Association (MMUA) submits the following comments in advance of the first work group meeting in response to the Commission's February 14, 2017 Notice of Comment Period in the above-referenced docket.

MMUA represents the interests of Minnesota's municipal electric, gas, and water utilities. Our mission is to unify, support and serve as a common voice for these utilities so they can in turn improve service to their customers and communities.

For clarity, MMUA's comments are best set out separately as two types, procedural and substantive.

Procedural Comments

The authority under which the Commission undertakes the work outlined in its Notice is important as it is related to work previously done according to direction of the Minnesota Legislature and the Governor through enactment of statutory law.

Minnesota Statutes §216B.1611, subdivision 2 states, in part,

"The commission shall initiate a proceeding within 30 days of July 1, 2001, to establish, by order, generic standards for utility tariffs for the interconnection and parallel operation of distributed generation fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels of no more than ten megawatts of interconnected capacity."

Subdivision 3 states:

"Within 90 days of the issuance of an order under subdivision 2:
(1) each public utility providing electric service at retail shall file a distribute generation tariff consistent with that order, for commission approval or approval with modification; and

(2) each municipal utility and cooperative electric association shall adopt a distributed generation tariff that addresses the issues included in the commission's order."

The statute does not direct the Commission to update the standards nor does it direct the state's utilities to take any action further than those stated above which are related to the Commission's 2001 order.

Modifying the generic standards may prove beneficial to municipal utilities by informing them of better practices than they have utilized to date - or adopted in anticipation of one day receiving an interconnection request. If, however, it is the Commission's intention that the city councils and utility commissions governing municipal utilities throughout Minnesota do something other than what the Legislature currently requires of them through statute, it will be necessary to state for those councils and commissions what authority requires whatever that action may be. This is particularly important given the problems experienced by utilities in implementing standards based upon the original and current model standards. If they must go to great lengths to comply with new requirements, then those requirements should be based in substantive authority as is the current requirement.

MMUA does not have an opinion at this time as to whether that authority should be the Legislature or if the Commission is in a proper position to adopt new standards by order and require some new action by municipal and cooperative utilities similar to the Legislature's prior mandate. Those questions may need to be addressed at some point, however, if the Commission intends for some such form of action by local governments.

More importantly than the authority itself, perhaps, is the method that will be used to establish or update the adoption requirement. It is possible that better success could be achieved in implementing the new standards statewide if municipal utilities are allowed to adopt them in a different manner than the current statute directs. If new legislation is deemed to be required, MMUA might suggest different wording where the current statute states "each municipal utility and cooperative electric association shall adopt a distributed generation tariff that addresses the issues contained in the commission's order." Id.

For example, it might be more productive to require municipal utilities to adopt portions of the model standards that are appropriate to their systems or to incorporate options within the model that provide less complicated alternatives where appropriate. Another approach would be to make the new standards advisory-only with regard to municipally-owned utilities. There may be other ways of accomplishing municipal utility implementation as well, and MMUA would like to participate in those conversations as the subject of implementation arises through the Workgroup or at whatever appropriate step in the proceedings of this docket.

As these procedural comments note, it will be important at some point to establish how the Commission or the Legislature intends to have the updated standards apply to municipal utilities. We include them here because that determination could bear on efforts of the Workgroup. To

the extent that the new standards will in some as-yet undetermined ways affect municipal utilities, we appreciate the Commission's inclusion of MMUA staff as Participant and Alternate Participant and offer the following substantive comments regarding, more specifically, the challenges facing the Workgroup itself.

Substantive Comments

The Commission issued its order Establishing Workgroup and Process to Update and Improve State Interconnection Standards on January 24, 2017. The Commission's Order determined the Joint Movants' proposal would serve as the general starting point for comments for a transition of Minnesota's Distributed Generation Interconnection Process and Requirements standards to one based on the FERC Order No. 792 Small Generator Interconnection Agreement and Procedures (SGIP/SGIA).

MMUA does not disagree with the concept of updating the Minnesota Distributed Generation Interconnection Process and Requirements standard, but cautions against a "One size fits all" approach. The FERC SGIP and SGIA are not intended for the distribution utilities that MMUA represents. The FERC SGIP and SGIA include separate definitions for "Transmission System" and "Distribution System" to account for the distinct engineering and cost allocation implications of an interconnection with a Distribution System. The FERC SGIP and SGIA define "Transmission System" as "[t]he facilities owned, controlled or operated by the Transmission Provider or the Transmission Owner that are used to provide transmission service under the Tariff." Any interconnection with a Transmission System (under an Open Access Transmission Tariff, OATT) by a Small Generating Facility is subject to the FERC SGIP and SGIA.

The FERC SGIP and the SGIA also use the term "Distribution System." "Distribution System" is defined as "[t]he Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas." If a Small Generating Facility proposes to interconnect with a portion of the Distribution System subject to an OATT for the purpose of making wholesale sales, then the FERC SGIP and SGIA would apply. However, an interconnection to a portion of a Distribution System that is not already subject to an OATT would not be subject to the FERC Rule.

"Distribution" is a vague term, usually used to refer to non-networked, often lower- voltage facilities, that carry power in one direction. FERC Commission-jurisdictional facilities with these characteristics are referred to as "Distribution Systems subject to an OATT" throughout the FERC SGIP and SGIA. The use of the term "Distribution System" has nothing to do with whether the facility is under FERC jurisdiction; some "distribution" facilities are under local jurisdiction and others are "local distribution facilities" subject to state jurisdiction. The FERC SGIP and SGIA do not violate the FPA section 201(b)(1) provision which provides that FERC does not have jurisdiction over local distribution facilities "except as specifically provided. . ." This is because the FERC SGIP and SGIA apply only to interconnections to facilities that are already subject to a jurisdictional OATT at the time the interconnection request is made and that will be used for purposes of

jurisdictional wholesale sales. Because of the limited applicability of the FERC SGIP and SGIA, and because the majority of small generators interconnect with facilities that are not subject to an OATT, the FERC SGIP and SGIA do not apply to most small generator interconnections.

The Joint Movants' proposal is an acceptable starting point as long as provisions are made to account for the small size (under 40 kw) of interconnections required by statute for municipal utilities. Requiring the queues, processes and on-line screens for a small utility that may have only one application a year is wasteful and unproductive. Adding Energy Storage as an eligible technology may best be discussed in Phase II, Technical Standards, due to Phase I discussing applications and processes.

MMUA looks forward to working with the participants in developing a model standard that works for all utilities and their customers.

Sincerely,

/s/ Robert Jagusch

/s/ Bill Black

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Director of Engineering and Policy Analysis

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Director of Government Relations