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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1174

03/04/2013 Authored by Falk

The bill was read for the first time and referred to the Committee on Energy Policy

03/12/2014 Adoption of Report: Amended and re-referred to the Committee on Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to energy; requiring the Public Utilities Commission to initiate a
1.3 proceeding culminating in an order establishing standards for utility rates
1.4 regarding the interconnection of small electric generating facilities; amending
1.5 Minnesota Statutes 2012, section 216B.1611.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2012, section 216B.1611, is amended to read:

1.8 **216B.1611 INTERCONNECTION OF ON-SITE DISTRIBUTED**
1.9 **GENERATION.**

1.10 Subdivision 1. **Purpose.** The purpose of this section is to:

1.11 (1) establish the terms and conditions that govern the interconnection and parallel
1.12 operation of on-site distributed generation resources interconnected with a public utility's
1.13 distribution system;

1.14 (2) provide cost savings and reliability benefits to customers;

1.15 (3) establish technical requirements that will promote the safe and reliable parallel
1.16 operation of on-site distributed generation resources interconnected with a public utility's
1.17 distribution system;

1.18 (4) enhance both the reliability of electric service and economic efficiency in the
1.19 production and consumption of electricity; and

1.20 (5) promote the use of distributed resources in order to provide electric system
1.21 benefits during periods of capacity constraints.

1.22 Subd. 2. **Distributed generation; generic proceeding.** (a) The commission shall
1.23 initiate a proceeding within 30 days of July 1, ~~2001~~ 2014, to establish, by order, generic
1.24 standards for utility tariffs for the interconnection and parallel operation of distributed

2.1 generation projects, including a qualified cogeneration project under section 216B.164
 2.2 that are:

2.3 (1) fueled by natural gas or a renewable fuel, or another similarly clean fuel or
 2.4 combination of fuels of;

2.5 (2) no more than ten megawatts of interconnected capacity; and

2.6 (3) interconnected with a public utility's distribution system where system voltages
 2.7 are less than 100 kilovolts.

2.8 (b) At a minimum, these the tariff standards established in paragraph (a) must:

2.9 (1) to the extent possible, be consistent with industry and other federal and state
 2.10 operational and safety standards;

2.11 (2) provide for the low-cost, safe, and standardized interconnection of facilities;

2.12 (3) take into account differing system requirements and hardware, as well as
 2.13 encourage maximum penetration of distributed generation while considering the overall
 2.14 demand load requirements of individual utilities;

2.15 (4) allow for just and reasonable terms and conditions, consistent with the cost and
 2.16 operating characteristics of the various technologies, so that a utility can reasonably be
 2.17 assured of the reliable, safe, and efficient operation of the interconnected equipment while
 2.18 expediting the evaluation of interconnection applications; and

2.19 (5) establish (i) a standard interconnection agreement that sets forth the contractual
 2.20 conditions under which a company and a customer agree that one or more facilities may
 2.21 be interconnected with the company's utility system, and (ii) a standard application for
 2.22 interconnection and parallel operation with the utility system;

2.23 (6) establish a procedure whereby, when the size of a distributed generation
 2.24 resource causes power to flow intermittently into transmission facilities operated by the
 2.25 Midcontinent Independent System Operator, a local load-serving utility may coordinate
 2.26 with the Midcontinent Independent System Operator to conduct the interconnection
 2.27 transmission system analysis and transmission system usage reservations, as needed;

2.28 (7) include payments for ancillary services and other system benefits provided by a
 2.29 distributed generation resource;

2.30 (8) reflect the savings that accrue to a public utility's distribution system resulting
 2.31 from avoided demand charges and avoided transmission and transmission infrastructure
 2.32 costs; and

2.33 (9) recognize the role played by the regional wholesale electricity market and demand
 2.34 side and storage resources as a source of standby power for a distributed energy resource.

2.35 ~~(b)~~ (c) The commission may shall develop financial incentives based on a public
 2.36 utility's performance in encouraging residential and small business customers to participate

3.1 in on-site generation interconnected with a public utility's distribution system. A public
3.2 utility's performance shall be evaluated on:

3.3 (1) steps taken by the public utility to reduce barriers to the development of
3.4 distributed generation resources, including, but not limited to, financial, technical, and
3.5 interconnection barriers; and

3.6 (2) the extent to which a public utility has effectively and thoroughly analyzed
3.7 available locations on its distribution system for siting future distributed generation
3.8 resources and provided that information to developers.

3.9 Subd. 3. **Distributed generation tariff.** Within 90 days of the issuance of an order
3.10 under subdivision 2:

3.11 (1) each public utility providing electric service at retail shall file a distributed
3.12 generation tariff consistent with that order, for commission approval or approval with
3.13 modification; and

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

3.16 Subd. 4. **Reporting requirements.** (a) Each electric utility shall maintain records
3.17 concerning applications received for interconnection and parallel operation of distributed
3.18 generation. The records must include the date each application is received, documents
3.19 generated in the course of processing each application, correspondence regarding each
3.20 application, and the final disposition of each application.

3.21 (b) Every electric utility shall file with the commissioner a distributed generation
3.22 interconnection report for the preceding calendar year that identifies:

3.23 (1) each distributed generation facility interconnected with the utility's distribution
3.24 system. ~~The report must list the;~~

3.25 (2) new distributed generation facilities interconnected with the system since the
3.26 previous year's report, any distributed generation facilities no longer interconnected with
3.27 the utility's system since the previous report, the capacity of each facility, and the feeder or
3.28 other point on the company's utility system where the facility is connected. ~~The annual~~
3.29 report must also identify;

3.30 (3) all applications for interconnection received during the previous one-year period,
3.31 and the disposition of the applications; and

3.32 (4) the most optimal locations on its distribution system for the interconnection
3.33 of future distributed generation resources, considering the technical feasibility of
3.34 accommodating a project of up to ten megawatts capacity, the system benefits that accrue
3.35 for power quality improvements from distributed generation resources and from reducing

4.1 local system demand, and the avoidance of future expenditures to expand generation
4.2 or transmission or distribution capacity.

4.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.