American Council for an Energy-Efficient Economy
WASHINGTON, DC

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Ellen Gavin	Commissioner
Marshall Johnson	Commissioner
Phyllis Reha	Commissioner
Gregory Scott	Commissioner

In the Matter of ALL ELECTRIC COMPANIES Establishing Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities Under MN Law, Chapter 212	Docket No.: E999/CI-01-1023 June 27, 2003

REPLY COMMENTS OF THE AMERICAN COUNCIL FOR AN ENERGY EFFICIENT ECONOMY ON THE DEPARTMENT OF COMMERCE'S FINAL REPORT ON THE DISTRIBUTED GENERATION WORKING GROUPS

The American Council for an Energy Efficient Economy (ACEEE) encourages the adoption of energy efficient technologies and practices in all sectors of the U.S. economy. We offer a unique perspective that blends engineering, business, and environmental expertise. ACEEE holds the position that clean and efficient distributed generation can be beneficial to both the electricity customer and electricity supplier, while reducing overall emissions and stress on the electricity grid.

We commend the Public Utilities Commission on their establishment and support a set of working groups to outline the interconnection policies and tariffs for individual utilities. ACEEE has found that the most effective way to design interconnection policies and tariffs is gather all the stakeholders and create a working compromise between all interested parties. The Minnesota system is a prime example of that effective policymaking, as the final reports show.

While the reports represent significant progress on the part of the stakeholders, we have specific concerns with the report matching the charter of the working groups: streamlining and standardizing the interconnection process for distributed generation. ACEEE supports many of the positions that have been put forward by the DG Coalition in this docket and hope that many of their recommendations are incorporated into the final standards. We feel that there are two issues from the energy efficiency market perspective that need to be further addressed in order for the goal of the docket to be accomplished:

1) Compensation for peak generation
2) Technical Standard should include a complete timeline for the process

Compensation for Peak Generation

One of the greatest advantages to many forms of distributed generation is the ability to support the grid during times of peak demand. Because DG units have the ability to prevent rolling blackouts and other power shutdowns, they should be compensated for that power and increased reliability. This grid support contribution by DG also delays the necessity of regulated utility companies to build new power plants to meet their constantly growing peak demand.

Technical Standard Timeline

The technical standards outlined in the report do not contain enough certainty of when a DG project can expect to complete the interconnection process. The MN standards should include clear timelines for application review, engineering review and equipment upgrades (if needed). Because of their high capital cost, the success of small DG projects depends on moving steadily forward from financing to implementation. One common barrier to installation is the intentional slowing of this process by utilities opposed to expanded non-utility generation. We understand that utilities must ensure the safety of the grid, their employees, and their customers, but we believe that market experience documented by the U.S. Department of Energy[1] has demonstrated that a reasonable timeline can be established that ensures the safety of the DG project as well as its financial viability. A successful example of such a process is described in the Texas Guide to Interconnection.[2]

We hope these comments are helpful in streamlining the interconnection process and removing barriers for distributed generation in Minnesota. Please feel free to contact us with any questions. We do look forward to working with the Minnesota PUC in the future on this and related topics.

Sincerely,

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[1] National Renewable Energy Laboratory.2000. Making Connections. NREL/SR-200-28053. Washington, DC: DOE.
[2] http://www.puc.state.tx.us/electric/projects/21965/dgmanual.pdf