

July 15, 2003

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

**RE: Response by the Minnesota Department of Commerce to the July 1, 2003  
Notice regarding Distributed Generation Technical Issues  
Docket No. E999/CI-01-1023**

Dear Dr. Haar:

Attached please find the response of the Energy Division of the Department of Commerce to the July 1, 2003 Notice of the Minnesota Public Utilities Commission regarding the Commission's investigation to establish generic standards on technical issues concerning interconnections and operations of Distributed Generation Facilities.

The Department is available to answer any questions the Commission may have.

Sincerely,

KATE O'CONNELL  
Supervisor, Electric Planning and Advocacy

KO/jl  
Attachment



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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

RESPONSE OF THE ENERGY DIVISION OF THE  
MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. E999/CI-01-1023

**I. BACKGROUND**

On July 1, 2003 the Commission issued a Notice of Additional Round of Comments in this docket.<sup>1</sup> The Commission's Notice requested an additional round of comments to be focused on the Technical Requirements document with respect to the IEEE 1547 Standard for Interconnecting Distributed Resources with Electric Power Systems, Draft 11, "and with respect to whether contractual requirements should be removed from the document."

The Department discusses this procedural issue below.

**II. DISCUSSION OF IEEE STANDARDS**

The Department takes this opportunity to discuss the general issue of how to incorporate developments of the IEEE, federal agencies or other organizations related to distributed generation. The Department notes that, when this matter was before the Commission on April 25 2002, there was discussion at that time about how to incorporate developments by the IEEE, or by the Federal Energy Regulatory Commission (FERC), both of which were involved in developing standards for distributed generation interconnections. At that time, the Commission balanced the competing goals of meeting the intent of Minnesota law to promote distributed generation in a reasonably timely manner and ensuring that the standards developed in Minnesota were consistent with the results of efforts by the IEEE and FERC. The Commission decided that, rather than waiting for the final results of IEEE's ongoing efforts to develop standards, the workgroups would begin developing proposals for Minnesota standards.

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<sup>1</sup> The Department refers to its June 27, 2003 reply comments for the background that lead to the technical and rate workgroups established by the Commission to meet the requirements of Minnesota Statute 216B.1611.

The Commission directed the workgroups to complete the tasks set out in the Commission's June 19, 2002 Order in a relatively short time frame, with periodic updates and final reports sent to the Commission. Members of both workgroups worked diligently and spent many hours meeting, developing drafts and notes, and addressing the complexity of the tasks and the desire to implement standards as soon as possible that would apply to all Minnesota utilities.

In developing technical standards, the Technical Workgroup used information, available at that time, from Wisconsin, Texas, California, New York, FERC and the then-existing IEEE draft. The above states, like Minnesota, have decided to go ahead with state standards for interconnecting distributed generation rather than waiting for regional or national standards to be developed. The Department notes that many issues were discussed in both workgroups and agreement was reached in numerous areas, which was significant given the divergent interests of the parties.

The intent of the standards documents recommended by the workgroup and the Department was to provide both the technical guidelines, procedures and standard agreement necessary to allow distributed generation to interconnect to all electric utilities in a more streamlined manner. The Commission's charge was clear about the tasks to be completed. The contractual requirements contained in the documents reflect the essential mechanisms that enable distributed generation developers and Minnesota electric utilities to proceed with compliance interconnections in the timeframe set out for this process. Certainly there will be ongoing changes at the national level, and there will be necessary adjustments over time to accommodate, but it is appropriate under legislative dictates for Minnesota to move forward with the recommendations of the stakeholder work group as filed by the Department.

As such, given the efforts of the members of the workgroups, and given the desire to move forward with a set of uniform standards, the Department recommends that the Commission adopt, as a starting point, the recommendations in the Department's February 3, 2003 Final Report, along with those in comments filed on May 22, 2003, June 27, 2003 and July 11, 2003. Adoption of these standards would help ensure more uniform standards for utilities addressing interconnections of distributed generation in Minnesota. From that point, if changes are needed for any of a number of reasons, such as if clear regional or national standards are developed with which the Minnesota standards would be in conflict, Minnesota's standards should be changed by revising the tariffs of Minnesota's utilities. However, to allow for functional use and practice with the standards, the Department recommends that the standards be in place for two years to allow IEEE and other relevant entities to develop and refine standards that may lead to changes in Minnesota standards. It would also allow for experience at the state level with Minnesota's standards.

To help assess whether such technical changes may be needed in the future, the Department expects to recommend in its comments regarding individual utility filings that the Commission require utilities to report on various issues regarding interconnections. The Department notes that Minnesota Statute §216B.1611, subd. 4 requires utilities to maintain records concerning applications for interconnection, and to report to the Commissioner specific items listed in the law:

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

(b) Every electric utility shall file with the commissioner a distributed generation interconnection report for the preceding calendar year that identifies each distributed generation facility interconnected with the utility's distribution system. The report must list the new distributed generation facilities interconnected with the system since the previous year's report, any distributed generation facilities no longer interconnected with the utility's system since the previous report, the capacity of each facility, and the feeder or other point on the company's utility system where the facility is connected. The annual report must also identify all applications for interconnection received during the previous one-year period, and the disposition of the application.

In light of the issues raised in this proceeding, the Department intends to recommend that the Commission require utilities to report to the Commission on data such as the numbers and sizes of distributed generators that are interconnected to the utility's system, the length of time the interconnections took, the utility's cost involved in the interconnections and ongoing operation and maintenance, the amount charged by the utility to the distributed generator for various services, the amounts paid to the distributed generator, any difficulties in the interconnections, and any efficiencies gained in interconnections or operations. The Department may suggest other reporting requirements subsequent to reviewing each utility's tariff filing to be filed subsequent to the Commission's decisions in this general docket.

## **II. RECOMMENDATIONS**

The Department recommends that the Commission adopt, as a starting point, the recommendations in the Department's February 3, 2003 Final Report, along with those in

comments filed on May 22, 2003, June 27, 2003 and July 11, 2003. The Department recommends that these standards be in place for at least two years to allow for experience at the state level with these standards. Going forward, if changes are needed due to issues that are learned under operation of the tariffs, Minnesota's standards should be changed by revising the tariffs of Minnesota's utilities. To assess the need to change the tariffs in the future, the Department intends to recommend specific reporting requirements in the tariff filings to be made subsequent to the Commission's decisions in this general docket.

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