

DG RATE GROUP TARIFF MEETING
September 4, 2002

Summary

In defining certain aspects of distributed generation, the group discussed fundamental issues regarding distributed generation. While the group is looking forward to discussing the ratemaking principles, it was clear from the discussion that it will be necessary to have a common understanding about what the basic concepts are to avoid or minimize the need to sort out misunderstandings about definitions in the future. In addition, the discussion indicated some helpful issues, such as that there may be different types of certain services that a utility could provide to DG customers.

A. Services Provided by Utilities to Distributed Generators

- Prior to the meeting, Xcel provided a draft outline of a breakdown of Distributed Generation Services. This list is attached. The group focused on defining the services listed under “Supply Services” as follows:
 1. Scheduled maintenance service: Energy, or energy and capacity, supplied by the utility during scheduled maintenance of the customer’s non-utility source of electric energy supply.
 2. Unscheduled Outages: Energy, or energy and capacity, supplied by the utility during unscheduled outages of the customer’s non-utility source of electric energy supply.

(Note: In defining the scheduled and unscheduled services above as the provision of energy or energy and capacity, the group left open the option of the utility providing firm or interruptible services.)
 3. Supplemental service: The group agreed that the definitions offered to date do not adequately define supplemental service, but did not come to consensus on how to define this service. **Group members were assigned the task of bringing a definition of supplemental service to the next meeting.**
- The rate workgroup noted that the “black start” service that may at times be provided to distributed wind generation is one of the services that would need to be addressed in defining ancillary services.
- The rate workgroup noted that it will be necessary to coordinate with the technical workgroup to ensure that interconnection services are fully identified. To facilitate this coordination, **Dan Tonder (Minnesota Power) agreed to get the list of interconnection services developed to date by the technical workgroup. After reviewing this list, the rate workgroup can decide what further services**

(including those on the attached list or any other services) need to be defined by the rate workgroup.

- The group also noted that, in defining interconnection services, it will be necessary to distinguish between transmission and distribution components, largely to address FERC developments.
- It was noted in the group that distribution lines to serve only the DG customer should be classified under interconnection services, while distribution lines serving other customers in addition to the DG customer should be classified under delivery service.

B. For Next Meeting

The Group set the following agenda for the September 18th agenda:

1. Define supplemental services (it would be helpful to gain as much consensus on this issue prior to the meeting as possible).
2. Determine what interconnection services need to be defined in addition to the definitions in the technical workgroup, and decide how to develop those definitions.
3. Begin discussion of principles to be used in setting appropriate rates.

As always, we encourage parties to work together and bring as much consensus as possible to the meetings.

C. Time For Next Meeting

It has been requested that the group meet for an extra hour at the next meeting. So the time and place will be:

Wednesday, September 18, 9:30 to 12:30

Minnesota Department of Commerce (85 7th Place East, Suite 500). As before, please come to the 5th floor and we will bring you to the meeting room.

Xcel's proposed list of Distributed Generation Services

Interconnection Services

Services associated with getting the DG facility connected to the system

- Interconnection studies
 - Energy Resource
 - Network Resource
- Facility construction
 - Radial/Direct Assignment facilities
 - Network facilities

Delivery Services

Services associated with the use of the distribution and/or transmission system

- Transportation of power
- Ancillary services

Supply Services

Services associated with generator output and/or serving load

- Standby service
- Supplemental service
- Maintenance
- Surplus power purchase