

# DG RATE GROUP TARIFF MEETING

September 18, 2002

## Summary

### **A. Definitions of Utility Services:**

To define the utility services provided to consumers in a more expeditious manner, the group agreed that parties would have two weeks, until October 2, 2002 to provide any comment on the draft definitions in the document "Menu of Interconnection Services from Utility to Customer" that has been provided to participants (and is available to participants at <http://www.newrules.org/dgtariff/>.)

### **B. Scope of DG Work Group**

The issue was raised whether this group is discussing sales of power from distributed generators to the wholesale market in general (i.e. selling power to entities other than the electric utility of which they are a customer.) The Department clarified that the scope of the work group, as indicated in the Commission's June 19, 2002 Order, is focused on two aspects of distributed generation: utilities providing interconnection and backup service to DG customers, and utilities buying power services from DG customers.

### **C. Overall Principle in Setting Rates for Services Provided by DG Customers to Utilities**

The group agreed on the following overall principle to be used in discussions for setting rates for the power purchased from DG customers:

Rates should reflect the value of the distributed generation to the utility, including any reasonable credits for emissions or for costs avoided on the generation, transmission and/or distribution system.

The group also agree that "promoting DG" means removing barriers rather than requiring other customers to subsidize DG.

### **D. Services Provided by Distributed Generators to Utilities**

The group began to discuss circumstances under which credits could be applied to DG customers. This discussion indicated that it would be helpful to have a menu of services that DG customers provide to utilities. John Jaffray agreed to provide a draft of these services by October 2. It is expected that the next meeting will focus on discussing which credits would be reasonable under various circumstances.

**E. Principles in Setting Rates for Services Provided by Utilities to DG Customers**

The Utilities provided a draft of principles to be used in setting rates for services provided by utilities to DG customers. Any participant who wishes to comment on this draft is asked to do so by October 2.

**F. Summary of Comments Requested**

Participants are asked to provide comments as indicated below:

<b>Item</b>	<b>Date</b>	<b>Requested of</b>
Comments on draft menu of utility services	October 2	All participants who wish to respond
Comments on draft principles for setting rates utilities charge for service	October 2	All participants who wish to respond
Draft menu of services provided by DG to utilities	October 2	John Jaffray

In addition, John Bailey will send a request for information about rates charged by each utility for services that may be used by DG customers. Utilities have agreed to respond to this request.

**G. Next Meeting**

The Group set the next meeting for:

**Wednesday, October 9, 9:30 to 12:30**

Minnesota Department of Commerce (85 7<sup>th</sup> Place East, Suite 500)

At that time, it is expected that the group will discuss any changes to definitions (unless these issues are settled before the meeting), principles for setting rates for services utilities provide to DG customers, the menu of services that DG customers provide to utilities, and any other relevant issues.

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