



Minnesota Solar Energy Industries Association

We Move Minnesota Solar + Storage Forward

September 12, 2024

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

**Re: In the Matter of the Interconnection Ombudsperson Surcharge
Docket No. E002/M-24-248**

Executive Secretary Seuffert,

Please find here the Initial Comments of the Minnesota Solar Energy Industries Association on the topic of the Interconnection Ombudsperson Surcharge. These comments reflect the views of our organization and interested members related to the issue raised, and the topics open for discussion, in the Minnesota Public Utilities Commission's Notice of Comment Period issued on August 2, 2024, with an extension filed August 13, 2024, in the above-referenced docket.

Sincerely,

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**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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John Tuma	Commissioner

**In the Matter of the Interconnection
Ombudsperson Surcharge**

INITIAL COMMENTS of MnSEIA

September 12, 2024

Docket No. E002/M-24-248

INTRODUCTION

The Minnesota Solar Energy Industries Association (“MnSEIA”) is a nonprofit trade association that represents Minnesota’s solar and storage industry. With over 170 members, ranging from rooftop installers to non-profit organizations, manufacturers, cooperative utilities, and many others, our diverse force of members employ over 5,000 Minnesotans. MnSEIA submits these Initial Comments in response to the comment period opened by the Minnesota Public Utilities Commission (“Commission”) in the docket cited above on August 2, 2024, and extended on August 13, 2024.

During the 2024 Minnesota legislative session, MnSEIA, our members, and other advocates sought legislation to help address the extreme backlog of distributed solar energy projects stuck in interconnection queues—some with estimated times in excess of 15 years¹. In 2023 Minnesota had more than 4000 active applications for DER in the interconnection queue, resulting in over 1000 mW of solar resources being stalled in development.² Thus, MnSEIA’s

¹ See Exhibit A: Xcel Energy DER Interconnection Program Team. Status Update. 2022. “DER Application On-Hold Status Case/No Capacity Available at NOF061,” December 6, 2022.

² MN PUC. 2024. *MN Utility Reported DER through 12/31/2023*.

https://mn.gov/puc/assets/PUBLIC%20MN%20Utility%20Report%20through%2012-31-2023%20%28released%209-10-2024%29%20%281%29_tcm14-643879.xlsx.

legislative advocacy agenda included numerous policy provisions to address interconnection issues, and fund necessary upgrades to Minnesota’s electric distribution system to deploy more clean energy faster—benefitting all Minnesotans and helping the state reach its 100% carbon free by 2040 goals as directed by the legislature in 2023.³

The industry knew that outside of funding grid upgrades through a cost sharing program in which all developers contribute, a team of interconnection experts would also help facilitate disputes, disagreements, misunderstandings, and any other issues arising from and throughout the interconnection process. Similar roles have been used in other jurisdictions to expedite interconnection processes.⁴

MnSEIA appreciates the Minnesota Legislature’s understanding of this issue and its desire to address it through the creation of the Ombudsperson position at the Commission. The industry is also happy to work with the Commission on implementing the necessary surcharge to fund this role, and the opening and continuation of this docket to evaluate it. Our comments focus on ensuring that accurate data is collected to track the time and resources spent by this position, so that resources for the Ombudsperson are properly allocated in years to come. Additionally, we will discuss potential areas of focus for this position, and a vision for the larger role the Ombudsperson could serve in the interconnection ecosystem of the State of Minnesota.

BACKGROUND

On May 24, 2024, Governor Walz signed into law SF 4942, the annual Omnibus Agriculture, Commerce, Energy, Utilities, Environment, and Climate appropriations bill for

³ Minn. Stat. § 216B.1691, subd. 2(g)

⁴ *Interconnection*. NYSERDA - New York State. Accessed September 9, 2024. <https://www.nyserd.ny.gov/All-Programs/NY-Sun/Contractors/Resources-for-Contractors/Interconnection>, *Interconnection Dispute Resolution Guidance* | Mass.Gov. <https://www.mass.gov/info-details/interconnection-dispute-resolution-guidance>.

2024. Article 6 Section 54 required the Commission to establish an Interconnection Ombudsperson position in the Consumer Affairs Office at the Commission (“Ombudsperson”) to “**assist applicants seeking to interconnect distributed generation projects** to utility distribution systems under the generic statewide standards developed by the commission under section 53.”⁵

This position is to be funded by a \$50 surcharge collected by Xcel Energy, Minnesota Power, and Otter Tail Power (the “utilities”) on all interconnection applications by the owner of a distributed generation facility in Minnesota⁶. The legislation also established an annual cadence for the Commission to review the collection of this surcharge, to ensure that the position is fully funded and that account reserves do not exceed 10% of the amount needed for funding the Ombudsperson position.

On August 2, 2024, the Commission issued a Notice of Comment Period, listing the following topics open for comment:

Issue: What actions should the Commission take to establish procedures on funding provisions for the interconnection ombudsperson position?

Topic(s) Open for Comment:

- Utility comment should include tariff language on the ombudsperson fee and a narrative explanation of how the utility is collecting, tracking, and remitting fees to the Commission consistent with the legislation.

⁵ Minnesota Law 2024, Ch. 127, Art. 42, Sec. 54 (2024 Legislation).

⁶ *Notice of Comment Period*, State of Minnesota Public Utilities Commission, Dkt. 24-248 (August 2nd, 2024), 2. Emphasis added

- What process should the Commission establish to report and track surcharges collected by public utilities and remitted to the Commission, and adjust the surcharge as needed?

- Should the Commission establish an annual cadence to review the ombudsperson surcharge and adjust the surcharge as needed?

- Are there other issues or concerns related to this matter?

The deadline for utility comments was August 12, 2024, with Initial Comments due on September 12, 2024, and Reply Comments due on October 3, 2024. Otter Tail Power Company and Xcel Energy submitted comments on August 12. Minnesota Power asked for an extension until August 16. This extension was granted by the Commission and Minnesota Power’s comments were then submitted on August 15. The Minnesota Department of Commerce (“Department”)’s comments were submitted on September 9.

COMMENTS

MnSEIA appreciates the opportunity to weigh in on this topic. Our comments focus on ensuring the role of the Ombudsperson is clearly defined and established, and that the Commission ensures that the surcharge funding structure is properly responsive to the demands of and time spent by the Ombudsperson position.

What process should the Commission establish to report and track surcharges collected by public utilities and remitted to the Commission, and adjust the surcharge as needed?

Xcel Energy submitted a proposed redline to add the \$50 interconnection fee to their

Section No. 10, Original Sheet No. 81.5, “Exceptions to MN DIP” tariff⁷. Minnesota Power

⁷ *Utility Comments In the Matter of the Interconnection Ombudsperson Surcharge*, Xcel Energy, Docket 24-248 (August 12, 2024), 2.

requested to add the surcharge to the interconnection fees outlined in section 1.5.1 of the MN DIP⁸. Otter Tail Power Company stated in their initial comments that they are collecting the interconnection fee in their application portal, tracking funds on an internal spreadsheet, and will remit those funds to the Commission on a monthly basis⁹. We would request, for the sake of both the Commission and stakeholders, a unified fee collection structure across all three utilities that provides flexibility so that necessary changes can be made in the future without unduly burdening the Commission, stakeholders or utilities.. Whatever the Commission deems appropriate, as long as it is the same for each utility and flexible, will help ensure ease of implementation and effective communication between utilities and stakeholders. We hope and expect that the addition of the Interconnection Ombudsperson Position will improve the process of interconnection in Minnesota, instead of delaying it. Therefore, we request that the Commission mandate a flexible, unified process across all three utilities.

Should the Commission establish an annual cadence to review the ombudsperson surcharge and adjust the surcharge as needed?

Yes, an annual cadence for review and adjustment of the surcharge would be appropriate. A comprehensive review will be especially critical in the first year the surcharge is implemented, and, going forward, regular review will be necessary to ensure that the funding mechanisms for this position are flexible as the Ombudsperson role itself needs to be. A record of how the Ombudsperson is spending their time will allow for greater transparency and responsiveness, both in terms of funding and the role itself.

⁸ *In the Matter of the Interconnection Ombudsperson Surcharge Utility Comments*, Minnesota Power, Docket 24-248 (August 15, 2024), 1.

⁹ *In the Matter of the Interconnection Ombudsperson Surcharge*, Otter Tail Power Company, Docket 24-248 (August 12, 2024), 2-3.

We would recommend the Commission instruct the Ombudsperson to, at the end of each year, file a tracking sheet in this docket. This sheet should track the time spent on each type of issue, by quarter-hour increments, or whatever other time increment or information that the Commission believes provides sufficient transparency regarding what the Ombudsperson spends their time on. The Ombudsperson should track the time spent across a set of categories, including but not limited to the following: Application Processing, Facilities Upgrade Costs, Administrative Tasks, Engineering Disputes – with complaints by type – and a General or “Other Issues”. Additionally, the Ombudsperson should include a breakdown of their time spent involving assorted parties – utilities, installers, customers, and other relevant entities, as well as response time from each party.

Finally, the Ombudsperson themselves, as part of this report should suggest changes to their own tracking procedures. This is to more accurately report and reflect the nature of their work, as well as ensuring the Ombudsperson can flexibly respond to the changing needs of the position as it becomes more firmly established. The Commission can then use this information to review and adjust the surcharge as needed.

For example, if the Ombudsperson were to track that the majority of their time is spent helping mid-scale developers rather than rooftop installers or customers, the Commission may want to adjust the fee to be greater for mid-scale interconnection applications proportional to the time spent on each different sector issue. This may be a fairer way to socialize the cost of this role across developers and installers that reflects the Ombudsperson’s actual work and time allotment.

Are there other issues or concerns related to this matter?

Yes. It would be prudent to establish avenues and procedures for the ways in which the Ombudsperson will mediate interconnection disputes and stakeholder processes. Specifically, we find that it would be useful for the ombudsperson to lead working groups, such as the recent stakeholder meetings on the definition of capacity in the context of distributed generation and reliability¹⁰. When such a group is convened, in pursuit of an effective outcome for all stakeholders, the presence of a neutral interconnection expert such as the Ombudsperson would be a great asset. This would also offer greater transparency and communication between stakeholders, Commission staff, and the public if so organized.

In addition to leading issue-specific meetings, we would propose a regular meeting – potentially a quarterly working group – for interconnection stakeholders, including installers, utilities, and other relevant parties, led by the Ombudsperson. Regular meetings would offer greater opportunity for communication and coordination, and the ability to better resolve potential interconnection disputes before they metastasize. These kinds of meetings would offer the opportunity for greater transparency, communication, and trust between parties, as well as the potential to head off interconnection issues before they require hearing by the Commission itself.

¹⁰ *ORDER INITIATING PROCEEDING INTO THE DEFINITION OF CAPACITY*, State of Minnesota Public Utilities Commission, Docket No. E-111/M-18-711 Docket No. 999/CI-16-521 (May 22, 2024), 4-5.

CONCLUSION

The establishment of the ombudsperson position represents an opportunity to deepen, strengthen, and expedite the regulatory process on interconnection disputes of all kinds. Therefore, we request that the Commission take all possible effort to ensure that this position and the surcharge that funds it remain adaptable to needs and lessons discovered in the future, both in terms of duties and financing.

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