



May 15, 2015

Jessica Burdette
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101

Re: Comments to the March 31, 2015 Draft Combined Heat and Power Action Plan

Dear Ms. Burdette:

Cummins appreciates the invitation to add our comments to the latest draft of the Combined Heat and Power Action Plan submitted by the Minnesota Department of Commerce. We thank you for giving us the opportunity to highlight some of the regulatory barriers that we encounter as a CHP developer in the state of Minnesota. I have included some specific comments in response to some of the Priority Issues and Action Items that were listed in the Action Plan.

Standby Rates: Cummins supports the Energy Resource Center's analysis of standby and net metering rates with the need for transparency, flexibility and economically efficient consumption. The current standby rate structure in Minnesota severely limits the deployment of CHP and DG as the rate structure is punitive towards both small and medium sized CHP projects. Utilities should consider small-scale CHP opportunities including small industrial, commercial or even residential. Although some utilities claim there is no market for CHP, lower natural gas prices and higher electricity prices from coal generating producers is opening the door to opportunities for CHP proliferation. Credit should be given to all DG for increased efficiency, including significant gains simply via reduction in distribution losses.

The utilities need to be engaged in developing thermal hosts. The state should look for opportunities for public-private partnerships and CHP seller/integrator partnerships with utilities. These different ownership mechanisms need mandates on the utility side and customer incentives such as the Made in Minnesota Solar Incentive Program, which has been very successful.

Adapting CIP for Supply-Side Investments

CHP should be considered to bridge the gap and serve as both a supply and demand side

Cummins Inc.
One American Square
Suite 1800
Indianapolis, IN 46282
Tel (317) 610-4203
Fax (317) 610-2526
cummins.com



efficiency improvement. As such, CHP should be considered in CIP to stimulate both demand and supply side investments.

Cummins appreciates the opportunity to submit our comments, and we look forward to continuing to work with the Minnesota Department of Commerce as the CHP study continues. If you have any questions or concerns, please contact me at (317) 610-4203 or lawrence.mccormack@cummins.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'L McCormack'.

Lawrence McCormack
Manager, State Government Relations