



CITY OF LE SUEUR  
REQUEST FOR COUNCIL ACTION

TO: Mayor and City Council

FROM: Foster Transburg, Public Services Director

SUBJECT: Resolution R2026-013: Approve the Updated 2026 Cogeneration and Small Power Production Tariff

DATE: For the City Council Meeting of Monday, February 23<sup>rd</sup>, 2026

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**PURPOSE**

Consider approval of the updated 2026 Cogeneration and Small Power Production Tariff and Resolution R2026-013.

**SUMMARY**

City Council adopted the 2026 Cogeneration and Small Power Production Tariff via Resolution R2026-007 on January 26, 2026. Working with MMPA, staff have updated Schedule 2 of the Tariff to include a chart displaying the avoidable cost rate table, highlighted in yellow. These avoidable costs represent the costs the utility “avoids” paying to its wholesale provider by instead purchasing electricity from cogeneration (solar) customers.

All other items in the Tariff remain unchanged from the January 26<sup>th</sup> version.

**ACTION REQUESTED**

Staff recommends approval of Resolution R2026-013 as presented.

Alternate Actions:

- No action / Denial: Updates to tariff will not be approved unless otherwise advised by City Council.
- Modification of Recommendation: This is always an option for City Council.

CITY OF LE SUEUR, MINNESOTA  
CITY COUNCIL RESOLUTION **R2026-013**

APPROVING THE UPDATED COGENERATION AND SMALL POWER PRODUCTION  
TARIFF FOR THE CITY OF LE SUEUR ELECTRIC UTILITY

WHEREAS, the Rules Governing Cogeneration and Small Power Production Facilities with the City of Le Sueur Electric Utility and Minnesota Statutes Section 216B.164 require the utility to file a Cogeneration and Small Power Production Tariff (the “Tariff”) with the City of Le Sueur annually; and

WHEREAS, the statute and rules cited above require the information contained in Schedules 1, 2 and 3 described within; and

WHEREAS, these filings shall be maintained at the City of Le Sueur Electric Utility office and shall be made available for public inspection during normal business hours;

WHEREAS, the City Council adopted the 2026 Tariff on January 26, 2026 via Resolution R2026-007; and

WHEREAS, the Tariff is proposed to be updated with the addition of an avoidable cost table in Schedule 2 within the Tariff.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL THAT:

1. The City of Le Sueur approves the updated Cogeneration and Small Power Production Tariff for transactions following the date of adoption stated below.

PASSED by the City Council of the City of Le Sueur on this 23<sup>rd</sup> day of February 2026.

ATTEST

\_\_\_\_\_  
Shawn Kirby, Mayor

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Lindsey Dhaene, City Clerk

VOTE: \_\_\_HUNTINGTON \_\_\_KIRBY \_\_\_SCHLUETER  
\_\_\_SULLIVAN \_\_\_NELSON \_\_\_SMITH \_\_\_WILLIAMS

# 2026

## COGENERATION AND SMALL POWER PRODUCTION TARIFF

### **TARIFF**

Pursuant to its Rules Governing the Interconnection of Cogeneration and Small Power Production Facilities, City of Le Sueur Electric (“Utility”) establishes and/or updates its Cogeneration and Small Power Production Tariff (“Tariff”) for billing and sales transactions following the date of Tariff approval as follows.

The Tariff shall consist of the following three schedules.

### **SCHEDULE 1.**

Calculation of average retail utility energy rates for each utility customer class.

### **SCHEDULE 2.**

Rates at which Utility purchases energy and capacity from the wholesale supplier from which purchases may first be avoided.

### **SCHEDULE 3.**

Utility's adopted interconnection process, or “distributed generation tariff” adopted in compliance with Minnesota Statutes Section 216B.1611, subd. 3(2), including standard contract forms to be used with customers interconnecting qualifying facilities as well as general technical interconnection and interoperability requirements.

## SCHEDULE 1- AVERAGE RETAIL UTILITY ENERGY RATES

**Average Retail Utility Energy Rates:** Available to any Qualifying Facility of less than 40 kW capacity that does not select either Roll Over Credits, Simultaneous Purchase and Sale Billing or Time of Day rates.

Utility shall bill Qualifying Facilities for any excess of energy supplied by Utility above energy supplied by the Qualifying Facility during each billing period according to Utility's applicable rate schedule. Utility shall pay the customer for the energy generated by the Qualifying Facility that exceeds that supplied by Utility during a billing period at the "average retail utility energy rate." "Average retail utility energy rate" means, for any class of utility customer, the quotient of the total annual class revenue from sales of electricity minus the annual revenue resulting from fixed charges, divided by the annual class kilowatt-hour sales. Data from the most recent 12-month period available shall be used in the computation.

"Average retail utility energy rates" are as follows:

### RESIDENTIAL

<b>AVERAGE RETAIL ENERGY RATE (Jun-Sep)</b>	<b>\$0.135</b>
<b>AVERAGE RETAIL ENERGY RATE (Oct-May)</b>	<b>\$0.122</b>

### GENERAL COMMERCIAL

<b>AVERAGE RETAIL ENERGY RATE (Jun-Sep)</b>	<b>\$0.137</b>
<b>AVERAGE RETAIL ENERGY RATE (Oct-May)</b>	<b>\$0.124</b>

### LARGE GENERAL

<b>AVERAGE RETAIL ENERGY RATE (all months)</b>	<b>\$0.064</b>
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### SMALL INDUSTRIAL

<b>AVERAGE RETAIL ENERGY RATE (all months)</b>	<b>\$0.064</b>
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### LARGE INDUSTRIAL

<b>AVERAGE RETAIL ENERGY RATE On-peak</b>	<b>\$0.069</b>
<b>AVERAGE RETAIL ENERGY RATE Weekend/Holiday On-peak</b>	<b>\$0.064</b>
<b>AVERAGE RETAIL ENERGY RATE Off-peak</b>	<b>\$0.047</b>

### SMALL RURAL

<b>AVERAGE RETAIL ENERGY RATE (Jun-Sep)</b>	<b>\$0.157</b>
<b>AVERAGE RETAIL ENERGY RATE (Oct-May)</b>	<b>\$0.144</b>

### LARGE RURAL

<b>AVERAGE RETAIL ENERGY RATE (all months)</b>	<b>\$0.060</b>
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## SCHEDULE 2- WHOLESALE SUPPLY RATES

**Wholesale Supply Rates:** A “non-generating utility” must list the rates at which it purchases energy and capacity. If the utility has more than one wholesale supplier, the rates listed are of that supplier from which purchases may first be avoided.

Utility purchases energy and capacity from Minnesota Municipal Power Agency. In 2025, the average energy rate paid by Utility was \$0.06634 per kilowatt-hour. The average capacity rate paid by Utility was \$0.02078 per kilowatt-hour.

These rates are used to calculate Utility’s “avoided costs” for purposes of calculating compensation to customers whose Qualifying Facilities are not eligible for compensation at Utility’s average retail utility energy rate or who elect compensation at another rate.

### Minnesota Municipal Power Agency Avoidable Cost Rate Calculation 2026 Rate Table

	<b>Energy (\$/kWh)</b>	<b>Capacity (\$/kWh)</b>	<b>REC (\$/kWh)</b>
<b>Summer Months (June-Sept)</b>			
On Peak	0.0614	0	0
Off Peak	0.0338	0	0
All Hours	0.0469	0	0
<b>Winter Months (Oct-May)</b>			
On Peak	0.0482	0	0
Off Peak	0.0342	0	0
All Hours	0.0407	0	0
<b>Annual (January-December)</b>	0.0428	0	0

### **SCHEDULE 3- INTERCONNECTION PROCESS**

**Interconnection Process:** In order to provide for coordinated interconnection of customer-owned distributed energy resources and comply with Minnesota Statutes Section 216B.1611, subd. 3(2), Utility has adopted the “Minnesota Municipal Interconnection Process (M-MIP) 2022” as recognized by the Minnesota Municipal Utilities Association Board of Directors at its February 9, 2022, meeting and made publicly available at [mmua.org](http://mmua.org).

General technical requirements may be found in the [Minnesota Technical Interconnection and Interoperability Requirements \(TIIR\)](#) as adopted by the Minnesota Public Utilities Commission on January 22, 2020 as part of DOCKET NO. E-999/CI-16-521.

For utility-specific safety standards, required operating procedures for interconnected operations, and the functions to be performed by any control and protective apparatus, please contact Utility for its Technical Specifications Manual (TSM).