



MREA Legislative Bulletin

Minnesota Rural Electric Association

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Providing service and leadership for electric cooperatives.

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House, Senate assemble Omnibus Energy Policy Bills

It was a busy week at the Capitol as the House and Senate both assembled their respective Omnibus Energy Policy bills.

The House bill (HF 1025) offered a number of significant changes to energy policy in Minnesota, including a number of modifications to the state's Conservation Improvement Program (CIP) proposed by electric cooperatives, a clarification in the way federal hydropower is counted when calculating the Renewable Energy Standard, and, somewhat surprisingly, a change in the way net metering rates are determined.

The Senate bill (SF 1197) took a more modest approach, including a minor change to CIP along with a number of bills pushed by the new Division of Energy Resources and the Public Utilities Commission.

We were particularly pleased with the inclusion of our proposed changes to CIP in the House bill. The changes were based on HF 1193, which was authored by Rep. Mike Beard (R-Shakopee). The changes include a cap on spending, exemptions for large loads, savings credits for education, a lifting of the cap on supply-side savings, a streamlined reporting process and an ability to count more load management savings. There remains significant opposition to many of these changes, but we're hopeful that as many as possible will be included in the final conference committee bill. Please take the time to thank Rep. Beard for his advocacy on this issue.

HF 220, which clarifies that federal hydropower allocated to electric cooperatives through the Western Area Power Administration (WAPA) can be subtracted from retail sales when calculating the RES even when the allocations are aggregated at the G&T level, was also included in the omnibus bill.

One surprise inclusion was HF 1513, authored by Rep. Paul Torkelson (R-Nelson Township). The bill was introduced only a couple of weeks ago and got its first hearing on Wednesday. It was included in the final omnibus bill the next morning. The bill is intended to change the way net-metering rates are determined, basing them on the average wholesale rate rather than the average retail rate. Jim Haler, the Member Services Manager for South Central, testified on behalf of the bill. The final language in the bill is still being worked on.

Other measures of note in the House bill include:

- a measure to allow more larger commercial and industrial loads to be exempt from CIP;
- another that would require utilities to provide an analysis of the impact that efforts to meet the 25 percent by 2025 Renewable Energy Standard (RES) are having on rates;

- an exemption for large wind generators and other single generating facilities from filing a transmission project report if the transmission line serves only one customer;
- a merger of the Energy Reliability and the Intervention Office and the Energy Reliability Administrator Office, within the Department of Commerce.

The final vote on the bill was 11-5. The bill was sent to the House Ways and Means Committee.

The Senate Omnibus Energy Policy Bill passed out of the Senate Energy, Utilities and Telecommunications Committee later in the day on a voice vote and was sent to the Senate floor.

Authored by Sen. Julie Rosen (R-Fairmont), it included the merger of the two offices within the Department of Commerce, the requirements to analyze the impact the RES is having on rates, the transmission plan waiver and a couple of more technical bills offered by the PUC or DER.

Its only CIP provision was a measure that will allow the Department of Energy Resources to approve a CIP plan from an electric cooperative or municipal utility that includes consumer-side savings of less than 1 percent. The decision would be based on a number of factors, including customer class makeup, load growth and the potential for savings in the system.

Once the bills pass off their respective floors, they will be sent to a conference committee to work out the differences. We'll be contacting you as soon as the conference committee members are selected for help in getting as many of the House provisions included in the final bill as we can.

Effort to lift restrictions on new coal-based power continues

Talks between the Dayton Administration and North Dakota Governor Jack Dalrymple continued over the Easter break and we continue to be hopeful that a workable agreement to ease the state's restrictions on new sources of coal-based energy can be reached. The two are expected to talk again soon.

Stray Voltage hearing scheduled for May 11

The House Agriculture and Rural Development Policy and Finance Committee have scheduled an informational hearing on HF 1157 on May 11 at 10:15 a.m. in the Basement Hearing Room in the State Office Building in St. Paul.

The bill, authored by Rep. Bruce Anderson (R-Buffalo Township), would require the PUC to create a Stray Voltage Advisory Task Force to establish rules regarding stray voltage and how utilities deal with stray voltage complaints.

The bill requires the PUC to include representation on the task force from a number of different groups, including the Minnesota Milk Producers Association, Minnesota Livestock Producers, the Minnesota Farmers Union, the U. of M. Extension Service, utilities, the PUC, the OES, electrical engineers and farmers who have made stray voltage complaints.

In addition to establishing the task force, the legislation would also require the PUC to come back with legislation to establish standards that utilities would have to follow while investigating and remediating stray voltage complaints.

The hearing will be informational only. A number of farmers and parties involved in stray voltage complaints will be testifying. MREA will also be providing information and arranging testifiers for the hearing to make sure legislators hear the full story on the issue.

Bill to increase wind setbacks defeated in House Ag Committee

HF 811, which would have increased the size of wind setback in areas with a density of more than three-and-a-half homes per mile, was defeated Wednesday in the House Agriculture and Rural Development Policy and Finance Committee on an 8-8 vote.

The hearing attracted a standing-room-only crowd, with a large group of wind opponents testifying that the standard setback requirements impact neighbors who don't receive any benefit from the projects. The bill, authored by Rep. Tim Kelly (R-Red Wing), would push the setback in denser parts of the state to a half-mile from land that isn't participating in the wind project.

Omnibus Energy Finance Bill heard in conference committee

The conference committee ironing out the differences between the House and Senate versions of the Omnibus Environment, Energy and Natural Resources Finance Bill (HF 1010) met for the first time on Friday. The bill authorizes funding for the Department of Energy Resources (formerly the OES) and Public Utilities Commission (PUC).

The energy provisions in the bill are, for the most part, non-controversial. The key differences are funding for additional staff at both the DER and the PUC and a shift in funding for the Community Energy Resource Teams (CERTS), both of which are included in the Senate version, but not in the House.

The House version did include a provision for Lake Country Power that would increase the petition threshold that would have to be met to force a membership-wide election over whether the cooperative would become rate regulated. Currently, if just one percent of Lake Country Power's members sign a petition, an election is required. Every other cooperative in the state requires 5 percent of the membership to sign.

The amendment, authored by Rep. David Dill (DFL-Crane Lake), repeals the law that lowered the threshold for Lake Country Power and returns to the standard to 5 percent. So far, all of the Senate members of conference committee that we've talked indicated they would support the provision, so we're hopeful the provision will make it into the conference committee report.

MREA Legislative Teleconferences

We'll be continuing our weekly Legislative Teleconferences next Friday, May 6 at 11 a.m. with an update on what took place at the Capitol during the week.

To participate, call 877-810-9415. The access code is 6422870.

In the meantime, please let us know if you have any questions or concerns:

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