



## MREA Legislative Bulletin

Minnesota Rural Electric Association  
Lee Sundberg, Director of Government Affairs & Joel Johnson, Legislative Representative  
11640 73rd Ave N, Maple Grove, MN 55369 ♦ 763-424-1020 ♦ www.mrea.org

Providing service and leadership for electric cooperatives.

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### **House Hears Bill to Lift Coal Moratorium**

The House Environment, Energy & Natural Resources Committee on Thursday began debate on HF 72, legislation that would repeal the prohibition on the importation of new coal-based energy or the construction of a new coal plant in Minnesota. The debate will continue during next Tuesday's hearing, with a formal vote following.

During his introductory remarks, the bill's author, Rep. Michael Beard (R-Shakopee) said the legislation would provide Minnesota utilities with the flexibility necessary to meet the state's baseload energy needs in the most efficient and cost-effective way possible.

Opponents of the bill continue to try to frame the argument as referendum on renewable energy and claim that passage of the bill will be a blow to the development of wind, solar and other renewable power in the state, even though that isn't the case.

When talking to local legislators about the issue, please remind them that this isn't an anti-renewable energy bill. It's about providing affordable and reliable power that will keep the lights on when the sun doesn't shine and the wind doesn't blow. Legislators also need to be reminded that their constituents have a stake in seeing the moratorium lifted since they are, in fact, owners of coal plants located outside of Minnesota.

Eric Olsen, Great River Energy's General Counsel, testified in Thursday's hearing about the uncertainty this is causing for GRE as it tries to bring its new Spiritwood plant online. Olsen said that because of new technology, the new plant would produce about the same emissions as natural gas plants that generally are heralded as low-pollution facilities.

We expect the bill to pass out of the committee on Tuesday. If it does, it will be sent to the Commerce Committee.

Last week, Senate Energy, Utilities and Telecommunications Chair Julie Rosen (R-Fairmont) introduced a companion bill, SF 86. She's expected to schedule a hearing on the bill sometime in February.

Both bills have attracted bipartisan support, but convincing Governor Mark Dayton to sign the final legislation into law remains a challenge. Over the course of the next few months, we're going to be asking you and co-op members to contact the Governor's office and urge him to support the legislation.

### **Senate Energy Committee Pass Bill to Lift Nuclear Ban**

On Thursday, the Senate Energy, Utilities and Telecommunications Committee overwhelmingly passed SF 4, authored by Senate Majority Leader Amy Koch, which will allow the state's Public Utilities

Commission (PUC) to approve the construction of a nuclear facility during the Certificate of Need process. Current law prohibits the PUC from approving a new nuclear plant.

A similar bill, HF 9, passed out the House Environment, Energy and Natural Resources Committee on Tuesday, Jan. 11 on a 10-6 vote.

As with the lifting of the coal moratorium, the bill does have bipartisan support and is expected to pass both bodies. However, Governor Dayton has still not indicated if he will sign the legislation into law.

### **Bills Introduced to Address WAPA Allocations Issue**

Two bills (SF 113 and HF 220) were introduced this week to clarify that all power allocated to electric cooperatives from the Western Area Power Administration (WAPA) can be subtracted from their retail sales when calculating the Renewable Energy Standard.

The issue arose last year after staff at the Minnesota Office of Energy Security (OES) claimed a strict reading of the Renewable Energy Standard (RES) law prohibited East River Power Co-op from subtracting the WAPA allocations from its members' retail sales because the G&T aggregated or pooled the allocations. Minnkota Power Co-op and L & O Power Cooperative also aggregate the WAPA allocations of their members.

The case went before the Minnesota Public Utilities Commission (PUC), and last March, the PUC sided with the OES despite comments from several commissioners that the distinction made no sense.

As a result, we've worked with Sen. John Carlson (R-Bemidji) and Rep. Dave Hancock (R-Bemidji) on bills to clarify the language in the original RES legislation to allow co-ops that aggregate their WAPA allocations to again subtract those from retail sales.

So far, the response from legislators has been good. Most understand the PUC ruling contradicts the spirit of the law, which recognized that WAPA was a renewable energy, and agree the allocations shouldn't be included when the RES is calculated.

### **CIP Legislation Expected To Be Ready For Introduction Soon**

MREA has been working with representatives from a number of distribution cooperatives and G&Ts to craft language for a bill to address issues with the state's controversial Conservation Improvement Program. We plan to finalize the language this weekend and expect to begin shopping it to potential legislative authors next week.

The key issues we're focusing on include:

- Allowing cooperatives to include more system-wide savings in the 1.5 percent goal (currently, only .5 percent of the savings can come on the system side of the meter)
- Setting limits on how much a cooperative must spend on programs
- Tying the measure to load growth
- Providing more flexibility in what gets counted, including all load management programs that shift energy use away from peak demand periods
- kWh savings credits for education
- The subtraction of significant new loads from the CIP calculation
- Streamlining the reporting process to reduce the paperwork and labor required

As we've mentioned before, legislators on both sides of the aisle have been responsive to the unique challenges electric cooperatives face in trying to meet the goal and are at least willing to look at possible modifications to the program.

### **New C-BED Legislation Being Circulated**

New legislation intended to encourage construction of Community-Based Energy Development (C-BED) projects has been circulating around the Capitol.

The legislation, pushed by wind developer Dan Juhl, is similar to legislation authored by Rep. Andrew Falk (DFL-Murdock) two years ago which would have created a carve-out in the Renewable Energy Standard for small (under 5 MW), community-owned projects at a set price well above retail.

Specifically, the bill would require every public utility and G&T in the state to purchase a proportionate share (based on total energy sold) of 200 MW of wind energy from C-BED projects under 5 MW in size. The purchase price of the energy would be based on the "the net present value rate equal to the annual average of the previous year's Minnesota Hub Average Day Ahead Market Price compiled by MISO calculated over the term of the contract." In other words, it would be a rate well above the going wholesale rate for wind energy.

The bill nearly passed two years ago, but we're hoping the new legislative atmosphere at the Capitol will prevent it from gaining much traction this year.

### **Stray Voltage Hearing Expected**

We expect the House Agriculture and Rural Development Committee to hold an informational hearing on the issue of stray voltage during the next several weeks. The hearing is in response to a rising number of stray voltage complaints from around the state and is expected to include testimony from farmers, utilities and stray voltage and dairy experts.

We're working with House Agriculture Chair Rod Hamilton (R-Mountain Lake) and his committee staff to make sure the information presented is accurate and represents the latest scientific and technical research.

So far, no legislation has been introduced on the issue and it's unclear whether any will be. In any case, we'll be watching these developments closely.

### **MREA Legislative Teleconferences**

The first of our weekly Legislative Teleconferences took place today with close to 40 participants from around the state. If you couldn't make it today, we'll be holding another briefing next Friday.

During the calls, we provide participants with a briefing of what's been happening at the Capitol, including updates on our legislative priorities, and coordinate any grassroots efforts that are needed. We're also hoping to get feedback from members about any local issues that could have an impact in St. Paul.

The conference call starts at 11 a.m. To participate, call 877-810-9415. The access code is 6422870.

As always, if you have any specific questions on legislation or policy, please feel free to contact the MREA Government Affairs staff:

Lee Sundberg  
MREA Director of Government Affairs  
(Office) - 763-424-7238  
(Cell) – 763-439-2511  
[lee@mrea.org](mailto:lee@mrea.org)

Joel Johnson  
MREA Government Affairs Representative  
(Office) - 763-424-7237  
(Cell) – 763-639-1746  
[joel@mrea.org](mailto:joel@mrea.org)