



## MREA Legislative Bulletin

Minnesota Rural Electric Association  
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Providing service and leadership for electric cooperatives.

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### **CIP stakeholder meeting**

On Thursday, representatives from electric cooperatives and municipal utilities met with Office of Energy Security Director Bill Grant and Jeff Haase, who supervises the state's Conservation Improvement Program (CIP), to attempt to find common ground in reforming the program.

Although we're still some distance apart on details, there did appear to be consensus on two key issues:

- First, the one-size-fits-all CIP legislation doesn't take into account differences in load profiles, business models, customer mix or economic conditions, all of which have an enormous impact on a utility's ability to meet the 1.5% savings goal;
- There should be some way to change a utility's conservation goal to address those differences.

We'll be working with the OES over the next few weeks to hopefully put together a package that works for all of the electric cooperatives in the state. We'll continue to push for limits on cost, KWH savings for education, exemption of newer large loads from the CIP calculation, life-cycle accounting for savings and more flexibility in what gets counted. Once that process is completed, legislation will be drafted and introduced in the Senate.

Legislation (HF 1193) has already been introduced in the House. That bill, authored by Rep. Mike Beard (R-Shakopee) includes a cap on spending, a reduction in the overall goal during economic downturns, greater flexibility in what gets counted and credits for education and training. We're working on language in the bill to exempt new large loads on co-op lines. There probably won't be a hearing in the House until the stakeholder process is worked through in the Senate.

### **Administration offers possible concessions on coal moratorium**

Behind-the-scenes negotiations with the Dayton Administration over the state's coal moratorium continued last week.

Although a meeting between the Governor's staff and representatives from Minnkota Power Co-op was cancelled because of Tuesday's storm, OES Director Bill Grant did indicate to representatives of the Lignite Council and utility representatives that Governor Dayton is open to ideas to at least partially address some of our concerns with the law. Two

proposals mentioned were changes to the definition of “large energy facility” and an exemption for combined heat and power plants similar to GRE’s Spiritwood Plant.

Grant, however, did say that the administration views the proposal to repeal the moratorium all together as the least attractive solution. Negotiations will continue over the next few weeks to flesh out a workable solution.

### **Chamber pushes bill to calculate cost of RES**

The Minnesota Chamber of Commerce has been circulating a draft of legislation that would require electric utilities to submit to the Public Utilities Commission and the Legislature a report on the impact the 25-by-25 Renewable Energy Standard has had on rates.

GRE, Basin, Dairyland and Minnkota have expressed concerns over the legislation, particularly over the potential burden the reporting process could have in getting their Integrated Resource Plans approved, and are working with the Chamber to address their key issues.

The legislation is expected to be introduced next week. It’s unclear, however, what will come of it. We could see a hearing scheduled on it in the coming weeks, but whether it gains any traction this session remains to be seen. We’ll keep you posted.

### **Omnibus bills headed to the floor**

The Legislature spent most of last week putting the finishing touches on their Omnibus Budget Bills prior to Friday’s deadline. For electric cooperatives, the news was good.

On the House side, the Omnibus Environment, Energy and Natural Resources Finance bill (HF 1010) essentially maintained the status quo when it comes to financing energy policy in the state. Specifically, it did not include Gov. Mark Dayton’s recommendations to add new staff at the Office of Energy Security (OES) and the Minnesota Public Utilities Commission (PUC). Those additions would have been paid for by an additional assessment to utilities.

The bill, however, did include a provision for Lake Country Power that would increase the 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.

On the Senate side, SF 987, authored by Sen. Julie Rosen (R-Fairmont) did fund the additional OES and PUC staff. The final version also included an amendment by Sen. Scott Dibble (DFL-Minneapolis) to take \$500,000 from the Conservation Improvement Program (CIP) Research and Development assessment in FY 2012 to fund Community Energy Resource Teams (CERTs).

Since 2007, the OES has had the ability to assess utilities up to \$3.6 million to identify new technologies for energy savings, improve the effectiveness of energy conservation programs or document carbon dioxide reductions from energy conservation programs. CERTs was previously funded through the Renewable Energy Development Fund (RDF), which is paid for by Xcel energy.

However, a report by the Legislative Auditor on the RDF questioned the appropriateness of the funding, leaving CERTs without a means of support. Dibble argued that CERTs were a proven tool to increase energy conservation, so the funding source was justified.

In addition to the Omnibus Energy Bills, we also kept a close eye on the two tax bills and both emerged without any significant increases on the taxes paid by utilities or elimination of tax credits or exemptions, something we were concerned about. Although it's still early in the process, we're encouraged that both the Legislature and the Governor have so far resisted going to utilities to raise revenue.

All of the omnibus bills are expected to be voted on next week.

### **Grassroots Day in St. Paul**

This is another plug for our annual Grassroots Day at the Capitol on Wednesday, April 13. The event is intended to build support for our legislative agenda at the Capitol and allow cooperative employees, directors and members to strengthen their relationships with area legislators.

Between our bills to lift the coal moratorium, efforts to reform the Conservation Improvement Program (CIP), technical changes to the way federal hydro-power is treated under the Renewable Energy Standard and possible legislation on stray voltage, we have a number of important issues in front of the legislature this year. By attending the Grassroots Day event, you can help us put a local face on those issues and drive home their importance to the electric rates of their constituents.

We're hoping most cooperatives will be able to send 2-5 people. We'd also like you to consider bringing along representatives of your key accounts to talk about the impact that rising electric rates are having on their businesses or organizations.

The day will begin with a 9 a.m. briefing on key issues and legislation in Room 300 North in the State Office building. The rest of the day will be open for meetings with local legislators. Please try not to schedule any meetings before 10 a.m.

We look forward to seeing you in St. Paul.

### **MREA Legislative Teleconferences**

Please continue to join us on our weekly Legislative Teleconferences. We'll be holding another briefing next Friday at 11 a.m.

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.

Next Friday's 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:

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