



## MREA Legislative Bulletin

Minnesota Rural Electric Association

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Providing service and leadership for electric cooperatives.

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

MREA's annual Grassroots Day at the Capitol will be held 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.

We have a number of critical bills in front of the legislature this year and April's event is a great opportunity to put a local face on those issues and drive home their importance to your legislators' home districts.

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 briefing on key issues and legislation, tentatively set for at 9 a.m. Each cooperative will be responsible for scheduling their own meetings with local legislators, so please do not schedule any meetings before 10 a.m.

We'll be providing more details in the coming week. We look forward to seeing you in St. Paul.

### **Coal Moratorium bills heard in House and Senate**

The two bills that would lift the state's moratorium on the construction of new coal plants in Minnesota or the importation of electricity from new coal plants located in other states continued their progress through the House and Senate.

On Wednesday, March 2, the House Commerce and Regulatory Committee heard testimony on HF 72, authored by Rep. Michael Beard (R-Shakopee). Eric Olson, Great River Energy's Vice President and General Counsel, testified on behalf of the bill, along with Dr. Michael Jones, the Vice President of Research and Development for the Lignite Energy Council.

During the hearing, an amendment was offered by Rep. Joe Atkins (DFL-Inver Grove Heights) to delay lifting the moratorium until 2014 or until the U.S. Congress passes carbon legislation, whichever comes later. It appeared, however, that as least part of reason for offering the amendment was that it allowed Atkins to show a 3 ½ - minute video of clips of former Governor Tim Pawlenty talking about his support for green energy policies and our need to move away from fossil fuels.

Atkins's amendment was defeated on a voice vote. The bill was then laid over until Tuesday's committee hearing when the committee will vote on it. We expect the bill to pass. If it does, it will then head to House floor for a vote sometime later this session.

The Senate version of the bill, SF 86, was heard the following day in the Senate Energy, Utilities and Telecommunications Committee. That bill is authored by Sen. Julie Rosen (R-Fairmont), who is the committee chair.

In addition to Olson and Jones, Jeff Nielsen, the General Manager of United Farmer's Co-op in Winthrop and Carl Cummins of the Construction Trades Union testified on behalf of the bill. Nielson, who was at the Capitol for Cooperative Network's annual Legislative Day, did a very nice job explaining the impact that rising electric rates are having on businesses in the state and urged committee members to restore balance to the state's energy policy.

More testimony, mostly from opponents, is scheduled for Tuesday's committee meeting, along with a vote. We expect the bill to pass with broad bipartisan support. It will then head to the Senate floor.

As expected, opponents of the bill continued to try to paint the lifting of the moratorium as a step backward for renewable energy. Again, in talking with legislators, remind them that this bill will in fact help utilities better integrate renewable energy into their portfolios and provide the state with adequate baseload energy for when the wind doesn't blow and the sun doesn't shine.

#### **CIP Bill being drafted in the House; Senate will hold stakeholder process**

Language for a bill to modify the state's Conservation Improvement Program is currently being drafted in the House and we expect a bill to be introduced sometime in the next two weeks. The bill will be authored by Rep. Beard.

On the Senate side, the first meeting of a stakeholder group to address the key issues with CIPs has been tentatively scheduled for Tuesday, March 15, following the regular meeting of the Senate Energy, Utilities and Telecommunications Committee.

We're still waiting to see the make-up of the stakeholders group, but we're hopeful that the process will result in legislation that not only addresses the key concerns electric cooperatives are having with CIP, but also will garner the support of Governor Mark Dayton.

#### **Budget debate takes center stage**

On Monday, the Department of Revenue released the February budget forecast, the review of the state's expected revenues and expenditures that the House and Senate will use as the basis for their budget proposals. The forecast showed an improvement in the state's financial outlook and lowered the expected deficit from \$6.2 billion to \$5 billion.

House and Senate Committees will now spend most of the next three weeks cobbling together budgets for state agencies and commissions. Both Houses have set a deadline of March 25 for the passage of the omnibus finance or budget bills in their respective committees. Deadlines for policy bills are April 29 (for passage from a committee in at least one body) and May 6 (passage in the other body).

From a practical perspective, what that means is that policy issues like CIP, the WAPA/federal hydropower allocations, stray voltage, etc., will be pushed into the background at least for the next few weeks.

### **New bill introductions**

A number of energy/utility related bills surfaced last week. Sen. John Howe (R-Red Wing) has begun circulating a draft of a bill to lift the personal property tax exemption for pollution control equipment and lift the class rate from 2 percent to 3 percent.

This issue isn't new – either at the Capitol or with Sen. Howe. Prior to being elected to the Senate in November, Howe served as mayor of Red Wing and targeted the exemption as a way to get more property tax in Red Wing from Xcel Energy Prairie Island nuclear plant.

Howe hasn't formally introduced the bill yet, but we've already begun working with other utilities to prevent the bill from gaining any traction. Just as a reminder, utilities are the only types of businesses in the state required to pay personal property tax on their capital equipment.

Other introductions of note:

SF 548 (Benson) and HF 850 (Beard) – This bill would expand the Public Utilities Commission's ability to approve multi-year rate plans.

HF 812 (Kelly) – The legislation would set a cap for Community-Based Energy Development (C-BED) projects at 25MW.

HF 811 (Kelly) – It would establish wind turbine setbacks of at least a ½-mile from nonparticipating properties.

HF 805 (P. Anderson) – This bill would require utilities to file the details of their Power Purchase Agreements (PPAs) with the PUC, including price, duration and other terms and conditions that can affect price. The PUC would then be required to make those details public.

### **MREA Legislative Teleconferences**

Please continue to join us on our weekly Legislative Teleconferences. We'll be holding another briefing 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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