

Legislative Briefing



*2011 REMA CEO/Board Chairs
April 14, 2011*



2011 Legislative Priorities

- **Lifting the coal moratorium**
- **Lifting the nuclear moratorium**
- **Modifying the Conservation Improvement Program**
- **Technical changes for counting of WAPA in the RES**
- **Mitigating impact of stray voltage complaints**
- **No Minnesota-imposed carbon cost**



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Legislative Priorities

• **Lifting the coal moratorium**

- Bills (HF 72, SF 86) have made it through committee process and are awaiting floor votes.
- It appears there is solid bipartisan support in both bodies.
- Big question remains – What will the Governor do?
- Gov. Dayton has met and spoken with Gov. Dalrymple several times, appears to be listening.



Legislative Priorities

• Lifting the nuclear moratorium

- SF 4 passed 81-50 in the House, 50-14 in the Senate.
- The damage at the Fukushima Daiichi nuclear plant have complicated the issue.
- Negotiations continue on the bill. Dayton administration has offered “fixes” to bill:
 - Spent fuel can’t be turned into weapons-grade plutonium
 - Plan for storing spent fuel
 - Key issue – ratepayer protection



Legislative Priorities

- **Modifying the Conservation Improvement Program (CIP)**
 - By far, the major source of complaint from distribution cooperatives
 - Legislators – and the Governor – have been hearing about it from their constituents and are asking us for suggestions



Legislative Priorities

- **Modifying the Conservation Improvement Program (CIP)**
 - Economic conditions magnifying flaws with the program
 - Paperwork and manpower becoming issues
 - Focus on making the program work, rather than simply repealing it



Legislative Priorities

- **Modifying the Conservation Improvement Program (CIP) - Proposals**
 - Setting a cap on the amount co-ops must spend on conservation programs
 - Basing the savings goal on the percentage of residential vs. C/I sales
 - Tying the program to load growth
 - Savings credits tied to education



Legislative Priorities

- **Modifying the Conservation Improvement Program (CIP) - Proposals**

- Lifting the cap on system-wide savings
- Streamlining the reporting process
- Large load exemptions
- Credit for lifecycle savings



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Legislative Priorities

- **Modifying the Conservation Improvement Program (CIP)**
 - Bill (HF 1193) introduced in the House.
 - Stakeholder process underway in the Senate.
 - There does seem to be consensus that co-ops should be treated differently under the law
 - A bill will emerge from the process.



Legislative Priorities

- **Technical change in the counting of WAPA allocations in RES**
 - Two bills introduced (SF 113, HF 220). Senate bill made it through committee.
 - Clarifies that the WAPA allocations for co-ops that aggregate or pool their allocations can subtract them from their total retail sales.
 - Became an issue after PUC ruling last spring.



Legislative Priorities

- **Mitigating impact of stray voltage complaints**

- HF 1157 has been introduced. Informational hearing expected soon.
- Requires PUC to submit proposed legislation to deal with stray voltage complaints.
- Creates a task force and details what should be included in the legislation



Legislative Priorities

• Mitigating impact of stray voltage complaints

- We have concerns with the make-up of task force – more engineering, scientific expertise needed.
- Also concerned with details of what should be looked at – particularly area of “customer concerns.”
- Some aspects are positive – setting of standards, process of diagnosing, measuring and mitigating stray voltage issues.



Legislative Priorities

- **No Minnesota-imposed carbon tax or fee**
 - Hasn't appeared on radar.
 - Threat greatly diminished with election results.
 - Revenue continues to be an issue.



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Legislative Issues

- **State continues to struggle with budget issues**
 - February forecast reduced deficit to \$5 billion, but still about 20 percent of overall budget.
 - Tax bills do not include tax increases or elimination of credits or exemptions. Round 2 will begin shortly.



Legislative Issues

• **Omnibus Energy bills**

- Bills essentially maintain the status quo
- Senate bill funds new positions at the PUC and OES to eliminate bottlenecks and uses CIP assessment for CERTs
- House bill returns petition threshold to regulate Lake Country Power to 5% level



Legislative Issues

- **HF 805 – Another C-BED bill**

- Requires utilities to make wind purchase power agreements public information
- Utilities must offer small wind power purchases to customers
- 350 MW carveout for C-BED developers.
- Bill was heard in committee. Additional hearing this year or next year is possible. No Senate companion bill.

- **HF 811/SF 1069 – Changes setbacks for certain wind projects – Goodhue County**



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Legislative Issues

- **HF 1052 - Allows certain large customers to seek CIPs exemption – Koch Refinery.**
- **SF 548/HF 850 - PUC may approve multi-year rate increase plans and aggregate rate riders.**
- **SF 817/HF 1025 - Requires rates to be based on cost of service (for rate-regulated utilities). Chamber driven legislation.**



Legislative Priorities

- **Question remains - How many reforms will Dayton Administration allow to go through**
 - Will they block needed reforms to CIP?
 - Will the coal and nuclear moratoriums remain in place?
 - What will fill the revenue gap?



Legislative Priorities

- **Grassroots Day next Wednesday, April 13**
 - Briefing at 9 a.m. in Room 300N in the State Office Building
 - Meetings with local legislators
 - Indications that next week could be an energy week in the House Environment, Energy & Natural Resources Committee



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Questions

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