



2011 REMA Member Services Conference

Minnesota Rural Electric Association

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2011 Legislative Session

- 2010 elections turned Minnesota's legislative dynamic upside-down
- Governor Mark Dayton – First DFL Governor in two decades
- Republican Majority in State Senate first in four decades
- Republicans also control House





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





How did we do?

- Exemption for GRE's Spiritwood plant
- Minor reform to CIP – process moving forward
- WAPA/federal hydropower will be treated the same for all co-ops – even those that aggregate
- Lake Country Power petition level for rate regulation vote returned to 5%
- No adverse stray voltage legislation





How did we do?

- Compromise bill to allow 1500 MW of new coal-based energy passed both bodies
 - Governor vetoed the bill despite strong bipartisan support
- Both bodies passed bills to lift nuclear ban
 - Fukushima nuclear disaster effectively killed chances of bill becoming law
- Additional utility taxes or elimination of tax credits or exemptions haven't been an issue – at least not yet





Coal moratorium

- Spiritwood exemption included in Omnibus Energy Policy Bill (SF 1197) on last weekend of session
 - Allows GRE to import energy from the new combined heat and power plant without offsets
 - Expected to save GRE members up to \$20 million a year
- Attempts to lift coal moratorium took two tracks
 - Repeal of provision in 2007 NextGen Act
 - Compromise bill to allow 1500 MW





Nuclear moratorium

- Bills passed in both House and Senate
 - Senate vote – 50-14
 - House vote – 81-50
- Japanese tsunami, earthquake and subsequent meltdown effectively killed the bill for this year
- Could be taken up next year, though chances remain slim





Modifying CIP

- Language included in Omnibus Energy Policy Bill will allow the DER to approve CIP plans of less than 1% for cooperatives and munis
 - DER Director Bill Grant promised his department would be flexible with cooperatives
- Process will continue in interim
- Interest in additional reforms





Modifying CIP

- We will continue to push for lowering the statutory goal from 1.5% to 1%
- Other possible reforms include:
 - Tying the program to load growth
 - Savings credits tied to education
 - Lifting the cap on system-wide savings
 - Streamlining the reporting process
 - Large load exemptions
 - Credit for lifecycle savings





WAPA Clarification

- Technical change in the counting of WAPA allocations in RES
 - 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.





Lake Country Power provision

- Lake Country Power sought to repeal the state law that allows just 1% of their members to force a vote on whether the cooperative should be rate-regulated by the PUC
- Originally included in Environment, Energy & Natural Resources Finance Bill (HF 1010).
- Switched to SF 1197
- Returns petition threshold to regulate Lake Country Power to 5%





Stray Voltage Legislation

- HF 1157 was introduced and informational hearing held on the issue
 - Bill would have required PUC to submit proposed legislation to deal with stray voltage issue
 - Created a task force and detailed what should be included in the legislation
- Issue could come up again next year, though this year's debate helped frame the issue better for us





Other new laws

- SF 1115 – Provision to allow only the Minnesota Department of Agriculture, not the MPCA, to regulate the use of herbicides (tree trimming)
- SF 301 – Creates a gross misdemeanor charge for the assault on a utility employee





Bills that did not pass

- Net Metering – rate based on wholesale rate, rather than the average retail energy rate (HF 1513/SF 1231)
- HF 805 - Another C-BED bill
 - Require utilities to file with the PUC terms and conditions of all power purchase agreements – directed at wind
 - Require utilities to offer consumers Minnesota-only under 25 MW CBED power and charge a cost-only rate
 - Require CAPX utilities to collectively purchase at least 350 MW of the green pricing C-BED wind energy within 75 miles of the new St. Cloud to Moorhead HVTL





Bills that did not pass

- Solar energy standard of 10% by 2030 - purchased at legislated rates
- Repeal of the 2007 laws on the renewable energy standard and the CIPs 1.5% kwh saving goal, and reestablish the renewable energy objective and the CIPs spending goal
- Three tax measures:
 - Upfront sales tax exemption for capital equipment
 - Increase Class 3 utility real and personal property to a class rate of 3 percent
 - Phase out the pollution control exemption





Political challenges

- Legislature rethinking aspects of RES, CIP and other energy-related legislation
- State needs to come to grips with its baseload energy needs
- We need to make clean energy more abundant and affordable – not make existing sources of energy more expensive
- Conservation make sense – under the right conditions – but “one size fits all” approach doesn’t work for co-ops





Political challenges

- Push to expand that the state's net metering law
- Taxes -- or more specifically tax exemptions and credits
- Transmission – construction and upgrades





Political challenges

- What you can do to help
 - Continue to communicate and engage your members
 - Talk to your legislators
 - Reliability, safety, affordability and environmental stewardship all need to remain in balance
 - Keep doing what you're doing





Political challenges

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