



BACKGROUND

Minnesota's Conservation Improvement Program (CIP) establishes annual goals for all utilities to reduce their electricity sales by at least 1.5% every year, and requires spending at least 1.5% of their revenue on such measures. This program was put in place in 2007. The industry has changed substantially, and continued success depends on modernizing the program. Many of the things it incentivizes have now been deployed to the point of saturation. People buy energy-efficient appliances based largely on their market availability and competitiveness, making the CIP induced rebates less influential. LED lighting is increasingly not only the preferred option but the only option.

Perversely, efficient (beneficial) electrification opportunities, such as the adoption of electric vehicles, is *discouraged* by CIP, since the current program cannot be used to encourage them and EVs result in higher energy sales. The transportation sector now emits more carbon than electric power generation, and every vehicle converted to electricity results in a net reduction in emissions.

CURRENT STATUS

MREA and the MN Municipal Utilities Association (MMUA) succeeded in passing a CIP Reform bill in the Senate during the 2019 legislative session, which became a key element in the Senate energy omnibus bill. However, agreement could not be reached between this version on the House version of CIP reform, which we opposed.

Since then we have been in negotiations with the Department of Commerce and numerous other entities to develop a bill supported by a broad group of stakeholders to maximize the chance of CIP reform becoming law. These negotiations have led to a bill that is an improvement for cooperatives. The bill is known as the Energy Conservation and Optimization Act of 2020 (ECO).

The Investor Owned Utilities have also been working on this issue. An ECO bill that includes support from the IOUs and others will be moving forward this session.

MAIN COMPONENTS OF THE ECO ACT

- Emphasizes end-use total energy efficiency rather than narrowly focusing on reducing electricity use. Recognizes total energy system efficiency improvements across sectors (E.g., Transportation, Agriculture, Public, etc.).
- Specifically, the goal will remain at 1.5% annually, but a portion of this can be achieved with efficient electrification programs, such as incentivizing electric vehicles.
- Eliminates the spending requirement – focus on results – unless the efficiency goal is not met.
- Retains the exemption for small cooperatives and municipals that is in current law.

TALKING POINTS

The ECO Act of 2020 modernizes and the state's outdated Conservation and Improvement Program (CIP) to allow for more energy efficiency programs. The ECO Act of 2020 will:

- Allow co-ops more flexibility to meet their annual energy savings goals by allowing them to count electric vehicle incentives, electric storage water heaters, and air source heat pumps toward part of their goal.
- Benefit the environment, reduce greenhouse gas emissions and foster a more resilient grid.
- Encourage innovation with tomorrow's technologies.
- Reduce consumers' total energy bills and provide better tools for reducing carbon.

REQUESTED ACTION

Please sign onto and vote for the ECO Act of 2020.



BROADBAND EASEMENTS

Minnesota Rural Electric Association

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BACKGROUND

In 2014 there was a federal lawsuit in Missouri (Barfield et al. v. Sho-Me Power) in which landowners sued their electric co-op for trespass when the co-op used their existing electrical easements for commercial telecommunications purposes. The court found the co-op had a limited utility easement and awarded the plaintiffs \$130 million. The case was appealed and it eventually settled out of court.

Since then, several states have introduced legislation ensuring that existing electric co-op easements may be used for broadband purposes without co-ops having to obtain permission from each individual landowner to attach fiber to existing poles.

Indiana was the first state to pass broadband/fiber easement legislation in 2017 with its Facilitating Internet Broadband Extension (FIBRE) Act. Since then, several states have passed similar legislation including Missouri and Tennessee in 2018; and Georgia, North Carolina, Colorado and Alabama in 2019. Michigan passed broadband easement protections in March 2020, and several other neighboring states are contemplating similar legislation.

CURRENT STATUS

HF 4268/SF 4198 would help remove barriers to broadband in Minnesota. It would limit co-op exposure to liability by clarifying that co-ops may use existing co-op easements that they already have with landowners for the secondary purpose of deploying broadband.

Rep. Ecklund is the chief author of HF 4268. Sen. Draheim is the chief author of SF 4198.

TALKING POINTS

Border to border broadband is a state priority. HF 4268/SF 4198 removes hurdles to electric co-ops participating in broadband deployment by:

- Clarifying that co-ops may use existing electric co-op electrical easements for installing fiber;
- Limiting co-op exposure to liability when they make dual use of their fiber for both electricity and fiber;
- Closing the rural-urban digital divide by supporting electric co-ops as one of the most promising options for improving rural Internet access;
- Putting electric co-ops on a level playing field with other businesses that deploy broadband.

REQUESTED ACTION

Please add your name as an author and vote for HF 4268/SF 4198.



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LOAD CONTROL RECEIVERS

BACKGROUND

Electrical energy is a form of energy that cannot effectively or consistently be stored for a later time. It must be generated, distributed and consumed immediately. When the load on the system approaches the maximum generating capacity, utilities must either find additional supplies of energy, which increases costs for both the consumer and the utility, or find ways to curtail load.

Utilities can curtail load through load management programs. Radio receivers (often called load control receivers or load management receivers) allow them to reduce demand for electricity during peak usage times by remotely controlling levels of electrical load. Load management programs not only reduce the cost of electricity for businesses and homeowners, they also reduce emissions by shifting loads to times when more renewables are available.

When load control receivers are initially installed, electric co-ops file a permit and the unit is inspected. The work is done by a licensed electrician. Electric utilities replace load control receiver technology routinely as equipment becomes obsolete. Hundreds of thousands of units will need to be replaced in the next few years. A typical replacement is completed by an electrician and takes about 15 minutes. Co-ops have historically not been required to pull permits or be subject to inspections for these subsequent replacements.

Beginning in 2019, the Department of Labor and Industry (DOLI) began notifying electric co-ops that co-ops must start pulling permits and be subject to inspection each time they replace a load control receiver. This new requirement will not provide any additional safety benefit, and is estimated that it will cost electric co-ops throughout Minnesota more than \$10 million. The cost will either be passed onto consumers, or will negatively impact the viability of load management programs in the future.

CURRENT STATUS

HF 4249/SF 3962 is currently awaiting committee action in both the House and Senate. Rep. Sundin is the chief author of HF 4249. Sen. Rarick is the chief author of SF 3962.

TALKING POINTS

Load management equipment allows utilities to reduce demand for electricity during peak usage times, which reduces the cost of electricity for consumers.

HF 4249/SF 3962 allows electric cooperatives to do their part to provide load management programs that clean the grid and keep electricity affordable for consumers by:

- Removing a new requirement that electric cooperatives pay for additional costly permits and inspections on replacement load management equipment that was initially installed by a licensed electrician and inspected by a licensed inspector;
- Reducing the need for peaking power plants
- Allowing electric cooperatives to grow and improve their load management programs.

REQUESTED ACTION

Please add your name as an author and vote for HF 4249/SF 3962.