

HOUSE RESEARCH

Bill Summary

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Authors: Falk

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Analyst: Bob Eleff

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House File 2877 requires the Department of Commerce to contract for a study to examine and measure the benefits, costs, and risks of authorizing Minnesota cities to directly purchase wholesale electricity for their residents and to own and operate their own electric generation facilities, using the distribution system of the local utility to transmit power to city residents.

Six states have passed legislation that allows cities to employ this mechanism, known as “community choice aggregation.” Experiences in those states – the scope of authority granted, the methods by which cities may adopt such programs, how customers can opt out of the program – constitute one of the issues to be examined. Other elements of the study include the impact on the level and stability of rates, and trends in the growth of renewable energy, and conservation investments under such a program. The study must also gauge the impacts of community choice aggregation to the local utility.