
April 6, 2021

Representative Jamie Long
Chair, House Climate and Energy Finance and Policy Committee
517 State Office Building
St. Paul, MN 55155

RE: House Energy Omnibus Bill, HF 2110

Dear Chair Long and members of the House Climate and Energy Committee:

On behalf of Missouri River Energy Services (MRES), I want to thank you for this committee's work during this challenging legislative session. Although we may disagree on some policies, we appreciate the ongoing dialogue about how we can move together toward a clean energy future that promotes affordable and reliable energy for all Minnesotans.

The pandemic and the restrictions necessary to protect public health and to limit the spread of the virus made for a challenging committee process. Virtual meetings meant that interaction between lawmakers, stakeholders, and interested parties was very limited and in-depth discussions were almost non-existent. Given those limitations and the significant issues that this committee attempted to address, it was discouraging that many stakeholders—particularly those concerned about the impacts of legislation—were limited to two-minute testimony and that proposals that would have significant impacts on how Minnesotans receive affordable, reliable energy were not discussed in any depth. While it is understandable that limitations were necessary due to the pandemic, focusing on fewer bills in greater depth would have allowed more exploration and in-depth analysis of the truly pressing policy needs in front of the committee.

That being said, MRES appreciates the inclusion of the Energy Conservation and Optimization Act (ECO) in the bill. This is an example of complex language that was crafted and passed only after stakeholders with a variety of perspective and legislators worked together. As a result, the ECO language encompasses an agreed upon policy that advances clean energy and energy efficiency goals in a reliable and affordable manner.

MRES and its members have multiple concerns with the House Omnibus Energy bill, HF 2110, at least some of which we believe could be addressed through a more robust process in the future. We will highlight a few in this letter:

Increases to the Renewable Energy Standard. Article 2, section 11 of the Omnibus bill sets forth a 55 percent renewable energy standard (RES) by 2035. With only one hearing, lasting an hour and a half, it was impossible to discuss the implications of this dramatic escalation of the RES in such a short period of time. A few of the topic areas that should be vetted and understood before moving forward with such legislation include:

- The amount of transmission capacity that would need to be built in that short of time frame, as well as related issues of rate-payer impacts, siting and routing process streamlining, property tax reductions for transmission, the regionally planned transmission line process before the Regional Transmission Organizations (RTO), and right of way issues.
- How the Renewable Standard, or the Clean Energy Standard (CES) in Article 2, section 16 interplays with the U.S. House proposed CLEAN Future Act (HR 1512), and other proposed federal legislation. For example, the CLEAN Future Act would allow certain fossil fuel-fired generation plants to be designated as system support resources for reliability reasons. Would Minnesota utilities be able to carve those facilities out of the 55 percent RES or 100 percent CES?
- Whether the RES is necessary to address our climate goals, particularly if the state and federal government are considering clean energy standards to accomplish those same goals.

Preference for solar and wind. MRES is also concerned that the Omnibus bill creates a distinct preference for solar, wind, and battery power, rather than focusing on whatever technologies are necessary to achieve clean energy goals in a reliable and affordable manner. MRES recently completed construction of the Red Rock Hydroelectric Project and is studying a pumped storage hydroelectric project along the Missouri River in south central South Dakota. While this South Dakota potential project is still under study, preliminary estimates are that this project would exceed the 100 megawatt limit in the proposed RES. Wind, solar, and batteries should not be given a legislative preference over hydro-electric or other non-emitting resources.

As we move towards a cleaner society, any changes in the electric industry that require additional investment will impact rates. With this in mind, all legislation should be open to “all of the above” technology, so that the utilities may chose the non-emitting resources that provide the most capacity and the least cost.

Minnesota Green Bank. MRES is concerned that the Minnesota Innovation Finance Authority Task Force, AKA the “Green Bank,” set forth in Article 2, Section 4 needs further development. Although the goals for this finance authority may be worthy, the services described are largely duplicative of those already provided by existing entities including: utilities, the Public Utilities Commission, Department of Commerce, banks, credit unions, energy services personnel, non-governmental entities, wind and solar developers, Renewable Development Account, PACE programs, and others. Yet many of those voices, including consumer owned utilities, are missing from the task force and the discussion.

These are a few of our concerns with the bill. Although Minnesota faces many challenges, we urge you to not move forward with the controversial sections of the legislation without a more robust discussion of the potential impacts. Thank you for your time and consideration.

Sincerely,



Deborah Birgen
Vice-President, Legislative and Governmental Relations.