

February 11, 2021

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

Dear Chair Long:

On behalf of Missouri River Energy Services (MRES), I wish to express our perspective of House File 10 (HF 10), the Clean Energy First bill and the DE1 amendment.

As you may know, MRES is a municipal power agency that provides wholesale power to 61 municipal electric utilities; 25 of which are located in Western Minnesota (MN). MRES, like other utilities in the nation, is moving towards net zero carbon operation. MRES has considerable investments in renewable resources, including ownership and contract rights to wind projects in Iowa, North Dakota, and MN. MRES also developed a one-megawatt (MW) solar project in South Dakota (SD). In addition, MRES completed construction of the Red Rock Hydroelectric Project in the fall of 2020, which will provide 36 MW of hydro-electric power, a renewable resource that is dispatchable to support intermittent resources and the transmission grid. MRES also has a contract for 32 MW of non-carbon dioxide emitting energy from the Point Beach Nuclear Plant in Wisconsin.

Looking to the future, MRES has a Federal Energy Regulatory Commission-issued preliminary permit to study a pumped storage hydroelectric project along the Missouri River in south central SD. If the completed study were to lead to a new project, the resulting pumped storage project would pump water into an upper reservoir from a lower reservoir using solar and wind generation. Then, during times when the sun isn't shining or the wind isn't blowing, the pumped storage project will use the water in the upper reservoir to operate several hydroelectric generation units. While still under study, preliminary estimates are that this definitely would be over 100 MW in size.

HF 10 directs the Public Utilities Commission to put clean energy first in consideration of utility Integrated Resource Plans (IRP). The IRP process is a difficult one, in which the state of MN has set parameters for planning and attempting to predict future resource needs. It is often a balance of state policy, reliability, affordability, resource adequacy, and market risk. While there are aspects of HF 10 that MRES appreciates, there are some concerns that MRES hopes can be addressed as this bill moves forward.

First, Section 7 of the bill as originally introduced seeks to change the definition of renewable energy to match that of 216B.1691, the renewable energy standard. The renewable energy standard limits hydro-electric power to 100 MW of capacity. This decision to limit the definition

of renewables is concerning—especially as it pertains to the size of hydro-electric power. It appears that in the DE1 amendment the definition of hydro no longer has a size limitation. We support such an approach.

As stated above, MRES is exploring the opportunity to build a hydro-electric facility in SD, which would be over the 100 MW limit provided in 216B.1691. As the country moves to add more intermittent generation to the transmission grid and to reduce emissions in other sectors of the economy through electrification, we will need more dispatchable resources to meet demand, provide ancillary services, support the transmission grid, and to keep electricity affordable and reliable. Without affordability and reliability, it becomes more difficult to get customer buy-in to electrify other sectors of the economy. The proposed pumped storage project will enable substantial amounts of new renewable generation to be interconnected to the system and provide reliable, around-the-clock renewable generation to the citizens of MN. While MRES has not completed the necessary studies it is estimated that this pumped storage project would allow it to add significant amounts of intermittent renewable power including 2,400 MW of wind generation and 2,100 MW of solar generation.

Second, section 10 of the bill provides that it is the policy of the state to meet electric demand in MN through a combination of clean energy resources—but the section specifically singles out wind, solar, and battery storage. This appears to push the IRP process towards certain technologies over others. The very next section of the bill clearly states a preference for clean resources—regardless of the type in the IRP process. This should be the key focus of the IRP process, to focus on the cleanest, most affordable, and most reliable combination of energy resources that will enhance the grid, sustain the MN economy, offer clean resources that will electrify and decarbonize other sectors of the economy.

Third, Section 14 of the bill requires transmission planning in advance of generation retirement. This section requires that if a utility seeks to retire any nonrenewable resource in the next 15 years, that utility must submit its plans to upgrade any transmission or other grid capabilities needed to support the retirement of that resource. MRES owns approximately 16 percent of a coal-fired plant located in Wyoming. MRES is one of several co-owners and is not the operator of the facility. It would require a unanimous vote of all of the owners to close the facility; so it would not be up to MRES alone to close the facility and to make plans for retirement of the plant or any on-site modification. More importantly, the plant has three generation units—two dedicated to the Western interconnect, and one to the Eastern interconnect. Any transmission planning or upgrades would be regionally located and not in the Midcontinent Independent System Operator, Inc. It would not directly impact the state of MN. MRES would ask that this section be narrowed to focus on transmission or grid upgrades that directly impact the state of MN.

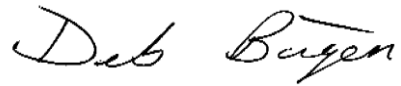
Section 12 of the bill, asks the Commission to focus on local job creation. MRES, like many other utilities, has resources out of state. While this is an admirable goal, MRES would request that this reporting be limited to projects built within MN. It becomes an onerous process to detail hiring processes for out-of-state projects.

Finally, HF 10 appears to include nuclear power as a “clean” resource. MRES concurs in this approach. As the country looks to the electric industry to assist in reducing emissions in other

sectors of the economy, we will need to look at using all the “tools in the toolbox” to keep reliability high and to support the transmission grid. The electric utility industry is unique in that we are required by law to meet all customer demand. Further, under the law of physics, supply must meet demand 24/7.

We look forward to working with the Chair and this committee as HF 10 moves forward. Thank you for your work on moving MN to a clean energy and carbon free future.

Sincerely,

A handwritten signature in cursive script that reads "Deb Birgen". The signature is written in black ink and is positioned below the word "Sincerely,".

Deb Birgen