

# THE CAPITOL LETTER

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FROM MMUA



## General session update

The Senate Energy Committee started the week by having the Energy Division of the Department of Commerce walk through its proposed budget for the next fiscal biennium. Such walk-throughs are really a formality, and they serve as the method of getting the Governor's budget proposal onto the committee's record. The bulk of the conversation centered around \$6 million in new money for which there was no text specifying how the money is to be spent if it is included in the budget bill. To some, \$6 million is a relatively small amount, both in terms of the Department's budget, and in terms of the drop-in-the-bucket it represents when compared to the State budget as a whole. So why the extra attention? Because it gave Committee Republicans a chance to point to an area of potential fraud. From their point of view, if it is not clear how the money is to be spent, how can anyone know it was spent correctly and lawfully? Fraud detection and prevention is a major issue for Republicans this year, particularly in light of the major fraud cases that occurred with the extra funds provided during the pandemic.

The House Energy Committee held a very informative overview of the Midcontinent Independent System Operator (MISO) on Tuesday. Then on Thursday, they took up HF 845, authored by Rep. Dave Baker (R-Willmar) which is the net metering reform bill MMUA is sponsoring with MREA. The bill primarily removes the financial incentive for a person to install a solar array generating far more energy than that person needs. Under the current law, when extra power is generated, the utility is forced to buy excessive amounts of surplus power at its retail rate. HF 845 would have credit for the excess power roll over month-to-month at the utility's retail rate, and then whatever surplus exists at the end of the year would be paid at the utility's avoided cost—that is, its wholesale rate. MMUA Government Relations Attorney Bill Black did a wonderful job of testifying and supporting MMUA's position in favor of the bill. Overall, three people testified in favor of the bill, and more than 20 testified in opposition to it, most of whom were solar dealers that had been recruited by a single organization or by a DFL legislator. At the end of the hearing, the bill passed out of the Committee on a party-line vote of 8-7 and was sent to the General Register (the House floor). However, because it will take 68 votes to pass it off the floor, DFL support will be needed. The primary issue remaining is determining what constitutes fair compensation for surplus generation.

**Call to action:** Despite testimony providing the requested data, several DFLers said they

had not heard numbers to convince them that surplus generation is an issue. Therefore, if your utility has customers who are compensated for large amounts of surplus generation, please e-mail that data to [bblack@mmua.org](mailto:bblack@mmua.org). The real concern for municipal utilities is that current law subsidizes the solar arrays of those who can afford to install such equipment on the backs of those who cannot afford to install their own solar. Our support for this bill is intended to level the playing field so less affluent customers are not subsidizing the solar installations of their more well-positioned neighbors.

## **Other issues**

MMUA continues to participate in discussions on how to best respond to the Department of Commerce's formal recommendation to the Minnesota Public Utilities Commission (MPUC) that would greatly restrict utilities' use of Renewable Energy Credits (RECs) to comply with the carbon-free standard. It would require any use of RECs to follow what is referred to as a "24/7 rule," meaning that any credit used to offset the use of carbon-based power has to come from qualifying energy produced *at the same time the need occurs*. This is an impossible standard to meet and conflicts with the plain language of the statute as well as the spirit of the negotiations on the 2040 carbon-free mandate. In another important docket, MMUA signed onto a joint letter to the MPUC opposing a petition from the Minnesota Solar Energy Industry Association (MnSEIA) asking the Commission to reconsider its recent order recognizing the long-held definition of the term "capacity." The letter-signing utilities all agree with the MPUC on its reading of the definition. In fact, if passed, the net metering bill described above would codify the definition in statute.

## **Links/contact**

A list of all introduced bills, copies of bills both as introduced and amended, a calendar of all scheduled hearings, and other useful information can be found at the [legislature's website](#).

Please contact Kent Sulem ([ksulem@mmua.org](mailto:ksulem@mmua.org)) or Bill Black ([bblack@mmua.org](mailto:bblack@mmua.org)) if you have any questions or suggestions regarding the *Capitol Letter* or any topic covered in any issue.