

Ridderbusch Testimony – In Support of HF164 ECO

Tuesday, January 26th, 2021, 10:30am

Good morning, I am Greg Ridderbusch, President and CEO of Connexus Energy; a consumer owned cooperative utility serving about 138,000 consumer accounts, in 1000 square miles of the North Metro. Our service area includes all or portions of 7 counties, and 12 state senators and 20 representatives' districts serve constituents who are members of Connexus.

Our residential and commercial business members seek reliable, safe, affordable electricity, which has been a particularly poignant accountability during the pandemic. Our democratically elected board of directors, and progressive management, have endeavored and kept our rates flat for four consecutive years, and in 2021 we reduced rates for our business accounts by 2%. Many efforts contribute to our record, including MN state leadership advancing environmental sustainability, new resources like wind, solar, and battery storage, and rebate and related programs effected under the Conservation Improvement Program.

This morning I wholeheartedly speak in favor of HF164, ECO, the Energy Conservation & Optimization Act. This act builds upon the foundational success of Minnesota's Conservation Improvement Program, known also as CIP. You might be interested in whether Minnesotans served by Connexus continue to seek energy efficiency. Yes. Definitely. Continuing a long-term trend, in the past 5 years alone *annual* average residential use on our lines dropped from 9,200 kwh/yr to 8,900 kwh/yr. Connexus has been an active stakeholder offering CIP approved programs, in compliance or exceeding state objectives, and like all consumer owned utilities, we do not get or need performance incentives, our sole objective is serving our members; residential and business.

The leaders in this meeting will have different perspectives on current times, but few could argue with the fact that the energy mix, energy markets, grid technologies, and consumers are evolving rapidly and in good ways for society. So we support building upon legacy CIP, but importantly modernizing Minnesota's leadership with flexibility and new options envisioned under ECO. There are only so many new lightbulbs and efficient electric appliances that electric utilities can incent. And we also support being held accountable and reporting our ECO program performance benefiting consumers, rather than managing by the legacy CIP spending mandate.

ECO would increase customer choices by expanding CIP to include load management and limited efficient fuel choice options, where we can offer consumers programs that incent efficiency, save cost, and lower carbon. Electric Vehicle rates and charging solutions are a prime example. We aim to be the friendliest utility for EV owners and we were honored to be recognized last year by Recharge Minnesota as a leader in EV adoption. This bill allows us the flexibility to help EV consumers and in so doing meet some of our ECO savings requirement.

Before I conclude, let me describe a market leading example of a Connexus program that ought to be enabled under CIP, but would fit under modern ECO flexibility. Our market research determined strong member interest for *new* options to save. We created “Peak Time Rebate” (PTR). During months where demand pricing from our power supplier is extremely high, we message a day in advance to PTR subscribers and ask them to reduce use during targeted high-cost hours.

Move the time you do your laundry. Bake a cake later. Turn off 3 of the 5 TVs that are on. Anything you wish or nothing at all. Our systems calculate the difference in use between recent days and the PTR day. And we pay \$1/kwh, seven times our retail rate! Compare that to the old CIP LED light bulb rebates that are low impact, to PTR where consumers get paid for bona fide savings on that month’s bill. If you are a bit wonky, this evolving practice is called *behavioral demand response*.

No other utility in the region currently has a comparable program. Our leading saver from the 2020 season saved \$162 during the three summer months. It saves demand and energy. It reduces peak generated electricity which is commonly fossil (natural gas based). It saves grid costs. It pays the consumers. AND ... PTR does not qualify under CIP. Cooperatives across the state are known for innovation and this is but one recent example. And Connexus will share the practice and offer PTR for state programmatic review under ECO.

Let me close by thanking Representative Stephenson as bill author and this committee for an opportunity to share our support for HF164. And we are always happy to speak and share new things happening across MN co-op land.