

HF2986 - 0 - Virtual Power Plant Tariff and Program Established

Chief Author: **Larry Kraft**
 Committee: **Energy Finance And Policy**
 Date Completed: **4/4/2025 9:06:53 AM**
 Agency: **Public Utilities Commission**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	1	1	1	1
Total	-	1	1	1	1

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 4/4/2025 9:06:53 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	165	165	165	165
Total	-	165	165	165	165
Biennial Total			330		330
2 - Revenues, Transfers In*					
General Fund	-	165	165	165	165
Total	-	165	165	165	165
Biennial Total			330		330

Bill Description

This legislation requires a public utility (an investor-owned utility or IOU) providing electric service to include in its integrated resource plan an estimate of (1) the reduction in the public utility's winter and summer system peak attributable to implementing a virtual power plant program approved under section 216B.2429, and (2) the cost of the virtual power plant program. It requires IOUs to file a VPP program that meets specified criteria with the PUC by an unspecified date in 2026.

Under the legislation, the duties of the Commission include:

The commission may (1) approve, reject, or modify a virtual power plant tariff filed under this section, and (2) modify an approved tariff after notice and hearing.

The commission is required to (1) establish reasonable and appropriate standards to protect the interests of virtual power plant program participants; (2) establish standards and procedures governing energy data held by participants and public utilities that must be shared with aggregators in order to ensure a virtual power plant program's efficient operation; (3) develop a process to amend performance-based compensation rates to use when amending performance-based compensation rates is warranted

The commission may establish financial performance incentives for public utilities that achieve the system peak reduction targets under subdivision.

Assumptions

We estimate that we will need an additional FTE of a public utility rates analyst, to meet the additional duties of the bill. The work of this FTE will include:

- analyze and process changes to a utility's integrated distribution plan need to implement a VPP program
- New proceedings to measure peak demand and demand reductions from activities under the bill
- Modeling of VPP programs, as part of integrated resource plan modeling
- Establish standards and procedures under the bill
- Analyze the record necessary to support PUC decision on an IOUs VPP proposal

Expenditure and/or Revenue Formula

		FY26	FY27	FY28	FY29
Salary		109,683	109,683	109,683	109,683
Fringe		32,905	32,905	32,905	32,905
Other Personnel Related Costs		22,367	22,367	22,367	22,367
		164,955	164,955	164,955	164,955

Long-Term Fiscal Considerations

This cost reflected in the fiscal note will be an ongoing expense.

Local Fiscal Impact

n/a

References/Sources

n/a

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