



Minnesota Department of Commerce

2023 Governor's Budget Recommendations - Energy

Grace Arnold, Commissioner

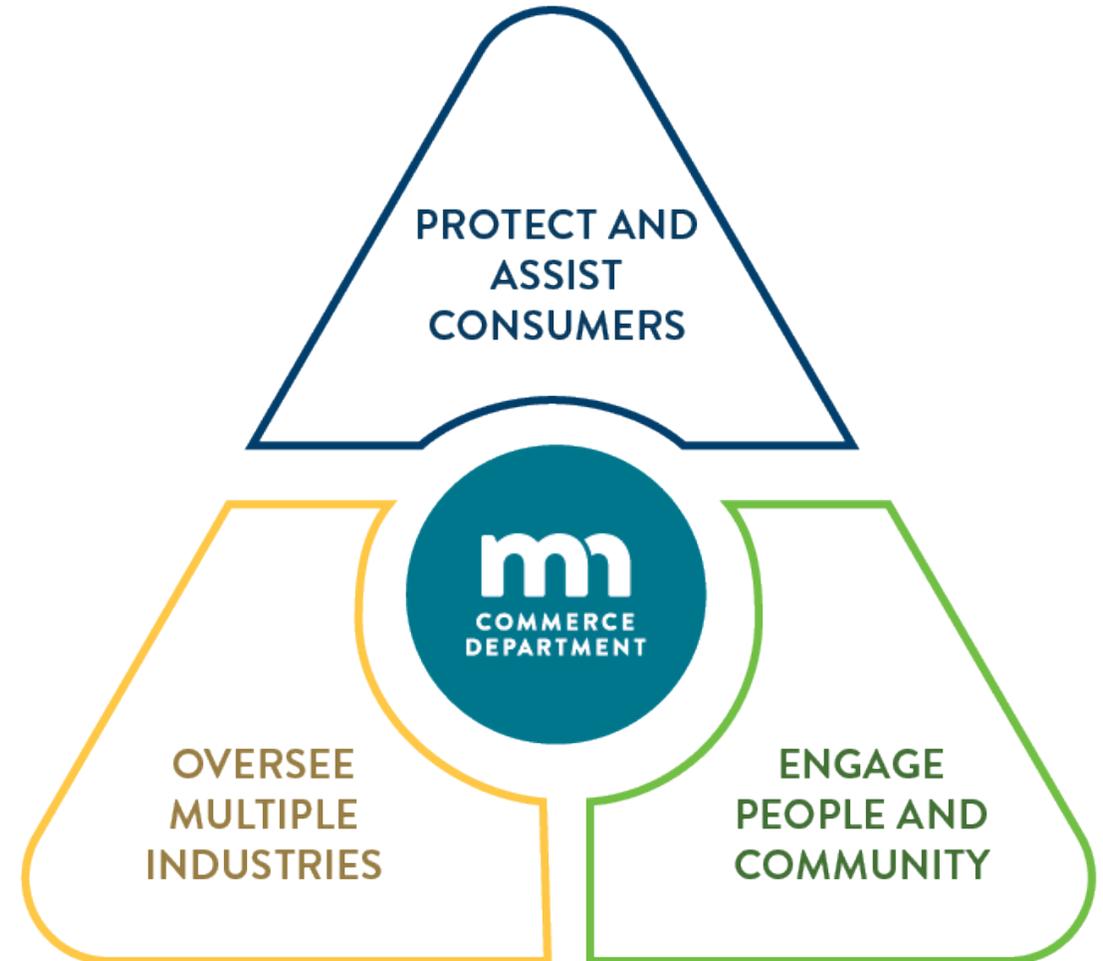
Agenda

Priorities for 2023:
Short-term goals
Long-term goals

- About the Division
- MN's Energy Resource Mix
- MN's Climate Action Framework
- 2023 Commerce Budget – Energy

Mission

- Protect and assist consumers
- Oversight: 40+ industry areas
- Engagement with all communities



Strategic Priorities

Protect the Public Interest	Protect the public interest through consumer protection, consumer education, assistance to consumers, safety, health, and financial security, and lowering inequities.
Trusted Resource	Serve as a trusted public resource for consumers and businesses by listening and learning from the Minnesotans Commerce serves, being effective stewards of public resources, advocating for Minnesota consumers and developing a policy, programmatic, and regulatory environment that meets their needs.
Reduce Economic Barriers	Reduce economic barriers within Commerce regulatory oversight and reduce disparities within those of all races, ethnicities, religions, economic statuses, gender identities, sexual orientations, (dis)abilities, and zip codes.
Climate Change Resilience	Ensure all, especially historically disadvantaged Minnesotans are resilient to Minnesota's climate and engaged in advancing efforts to mitigate climate change.
Strong, Competitive, Fair Marketplace	Ensure a strong, competitive, and fair marketplace for Minnesotans.

With You Every Day

Commerce is with you every day,
whether you are ...

... Filling up on gas

... Purchasing a home

... Working to reduce your energy use

... Rebuilding after a disaster



Division of Energy Resources

We promote clean, reliable, and affordable energy for all Minnesotans.

Energy Affordability

- Home Energy Improvements
- Energy Bill Assistance

Energy Development

- Funding & Financing
- Technical Assistance

Regulatory Analysis

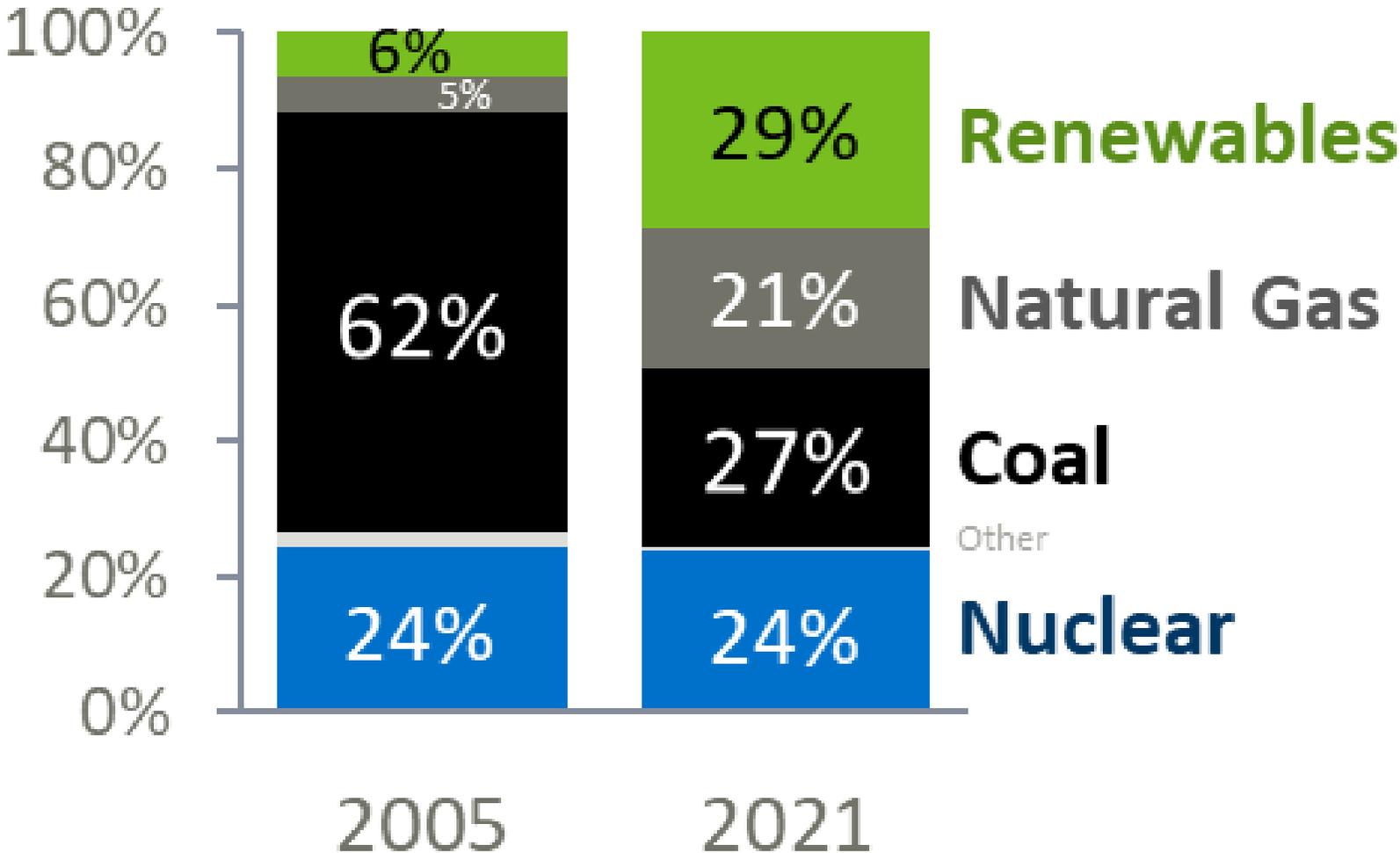
- Regulated Utilities
- Telecommunications

Energy Reliability

- System Reliability Planning
- Risk Monitoring and Response

Electricity Generated in Minnesota

Minnesota's Generation Mix Over Time



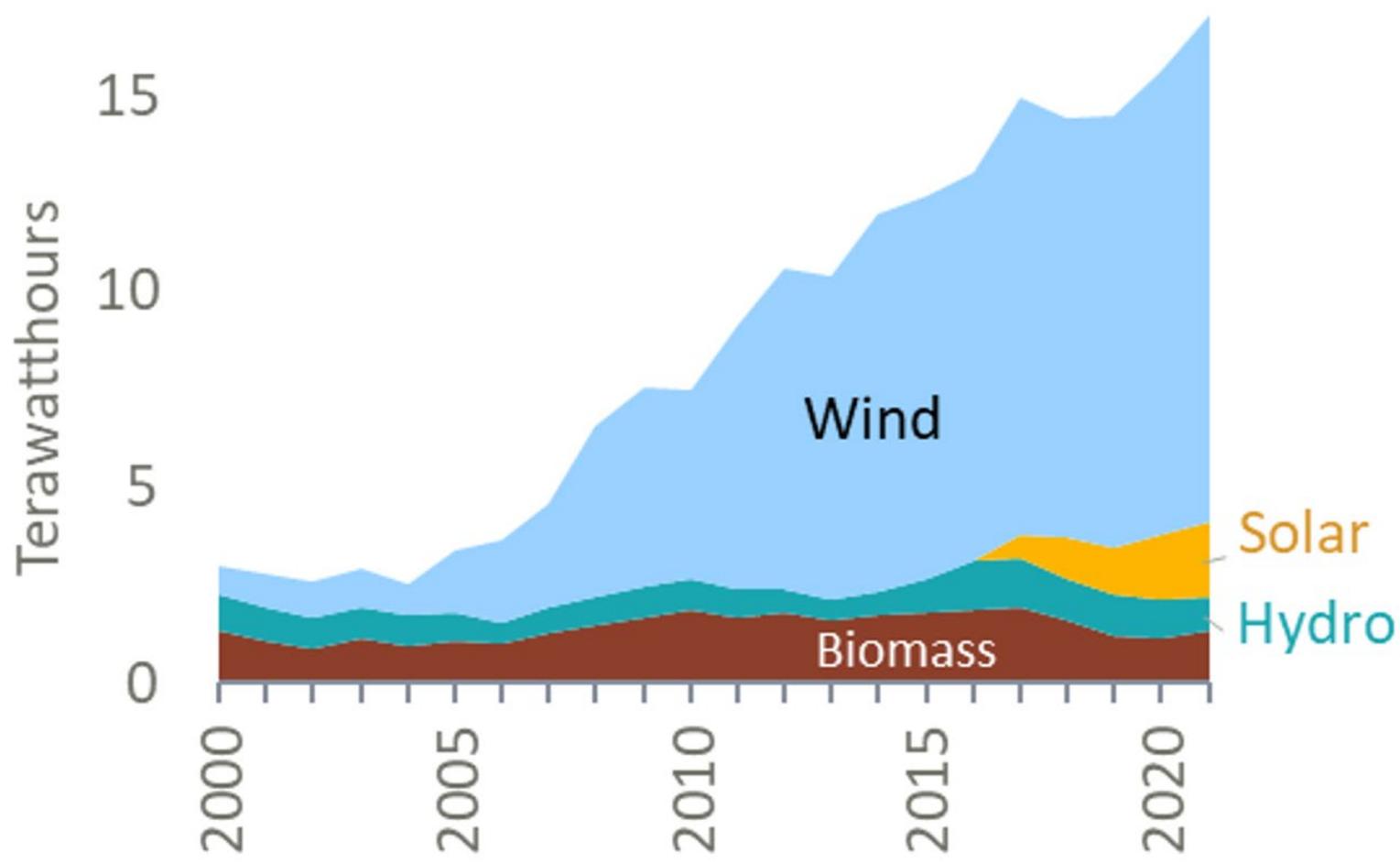
source: U.S. EIA

Minnesota's Transforming Electricity Market



MN Renewable Electricity Generation

source: U.S. EIA



Impact of MN Policy Efforts to Date



Energy Efficiency

Saved
Minnesotans
over **\$6 Billion**



MN Coal Generation

Reduced from
over 60% to
under 25%



Electric Sector CO₂ Emissions

Reduced by **46%**
from 2005
baseline



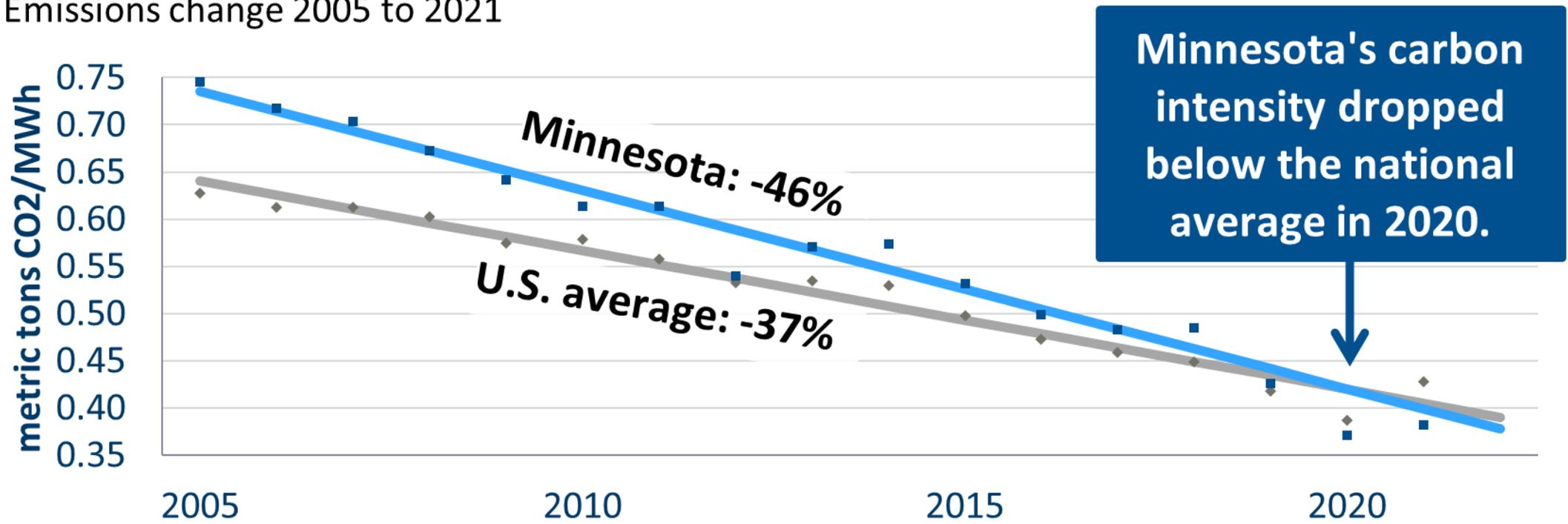
Renewable Energy

Developed nearly
6,000 MW's of
Wind & Solar

Transformation to Date – Reducing Carbon Intensity

Carbon Intensity of Electricity Generated within Minnesota

Emissions change 2005 to 2021



Source: MN Department of Commerce analysis of U.S.EIA data

Minnesota's Climate Action Framework

Governor Walz signed Climate Change Executive Order (19-37)

Clear emphasis for state agencies to work together to:

- Track effects of our changing climate
- Drive innovative policy solutions to mitigate climate change and achieve greater resilience as our climate changes

Climate Action Framework published September 2022



The climate vision for our state



Carbon-neutral

By 2050, Minnesota substantially reduces greenhouse gas (GHG) emissions and balances any GHG emissions with carbon storage, especially in our landscapes.



Resilient

Minnesota communities, businesses, and the natural environment can prepare, respond to, and recover from the impacts of climate change so all Minnesotans can thrive in the face of these challenges.

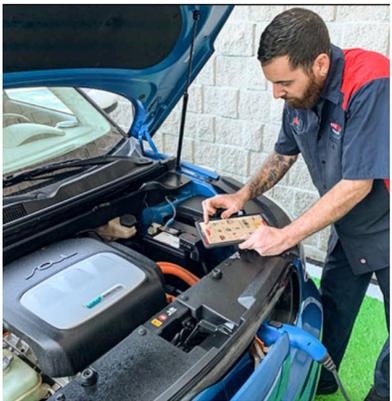


Equitable

Minnesotans acknowledge and address inequitable and inaccessible systems that contribute to some communities experiencing disproportionate climate change impacts; ensure fair distribution of the costs and benefits of action now and to future generations; and ensure meaningful participation in planning.



- Catalyze action across sectors



Framework goal areas

Organizing our work



Clean
transportation



Clean energy and
efficient buildings



Climate-smart natural
and working lands



Healthy lives and
communities



Resilient
communities



Clean
economy

2023 Minnesota Legislative Session

Commerce priorities

Proposals included in Walz-Flanagan One Minnesota 2023 Plan

- State Competitiveness Fund - \$114 million
- Pre-weatherization and workforce training program - \$24 million
- Strengthening Minnesota homes - \$32 million
- Expanding Solar for Schools - \$61.5 million
- Grid reliability - \$1 million
- Energy Resources and Planning - \$1.26 million

State Competitiveness Fund

State Competitiveness Fund proposal = \$114 million

- Leveraging federal clean energy investments
- Unlock **billions** in federal funding available via:
 - Infrastructure Investment and Jobs Act (IIJA) of 2021
 - Inflation Reduction Act of 2022
- **Critical resources to:**
 - Match federal funds
 - Provide technical assistance
 - Provide grant writing help for rural, tribal, disadvantage communities



Pre-weatherization and workforce training program

Pre-weatherization – tackling health and safety issues causing deferrals

\$23.97M FY24-25 and \$690K ongoing starting FY2026 from General Fund to pay for home repairs so they qualify for Weatherization

Includes expanding workforce through pre-weatherization training program.



Strengthening Minnesota homes

Building resilience

- \$32.4M FY24-25 and \$1.23M ongoing starting in FY2026 from General Fund.
- Grants to protect homes against extreme weather events
- Modeled after successful programs in other states
- Save Minnesotans money on homeowner insurance premiums and prevent damage from storms and extreme weather



2023 Solar for Schools proposal

- Builds on program established in the 2021 legislative session (\$16M)
- \$61.5 million FY24 (One time) from General Fund.
- Every public school in Greater MN outside of Xcel service area could add solar.
- Up to 723 schools / 187 school districts to add 40 kW system



Grid Reliability Assessment



- Removes sunset in Minn. Stat. §216B.62, subd. 3b and restores assessment amount to historic level. This will fund staffing and efforts around long-range transmission planning.
- Up to \$1M SRF (Assessment on Utilities)
- Supports resilient communities CAF goal.

Energy Regulation and Planning



\$1.26 million in FY2024 and ongoing for ERP operations to support its energy regulation and planning (ERP) function.

With additional resources, the ERP unit will be able to respond to PUC proceedings in a timelier manner with more robust expertise and better informed through public engagement to meet the current challenges of the energy industry.

- Supports resilient communities CAF goal.

Maintain Current Service Levels (Department Wide)



- \$1.056M in FY 2024 and \$2.069M in each subsequent year from the general fund
- \$20,000 in FY 2024 and \$41,000 in each subsequent year from the Petrofund
- \$27,000 in FY2024 and \$54,000 in each subsequent year from the Workers Compensation Fund

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Questions?

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