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Sent by E-mail

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Re: Written Testimony in Opposition to SF 1142 and HF 845 – Net Energy Metering Provisions Modification

Dear Members of the Energy Committee,

I am writing on behalf of Wolf River Electric to express our strong opposition to SF 1142 AND HF 845, which proposes modifications to Minnesota's net energy metering (NEM) policies. This bill seeks to redefine key terms, adjust compensation structures, and update interconnection standards—changes that we believe will adversely affect the smallest power generators, namely homeowners and small businesses investing in solar energy to offset their own consumption. Such modifications contradict Minnesota's clean energy objectives, undermine existing regulatory protections, and could unjustly shift financial burdens onto local energy producers.

Minnesota has established ambitious clean energy targets, aiming for 100% carbon-free electricity by 2040 and a net-zero economy by 2050. The Department of Commerce has highlighted that transitioning to clean energy is expected to reduce consumer costs over time, as solar energy involves an upfront investment without ongoing fuel costs. Altering the current NEM structure, as proposed in SF 1142 AND HF 845, could deter solar adoption, hindering progress toward these goals.

A prevalent argument suggests that net metering imposes additional costs on non-solar customers. However, this perspective often overlooks the broader benefits of distributed solar energy. Rooftop solar installations represent local energy generation and can reduce peak demand, lower transmission expenses, and delay the necessity for costly infrastructure upgrades—advantages that benefit all ratepayers. While concerns about cost distribution exist, studies have shown that, in certain contexts, net metering does not necessarily lead to increased costs for non-solar customers. The impact varies based on energy supply and generation mix, regional policies, and program designs.

Minnesota currently imports approximately 10% of its electricity from other states and Canada. Strengthening local energy resilience is crucial, and policies that discourage local energy

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generation, such as those proposed in SF 1142 AND HF 845, may exacerbate reliance on external power sources. Supporting distributed generation enhances grid stability and promotes energy independence.

The Minnesota Public Utilities Commission (PUC) has previously disallowed over \$1.7 billion in proposed rate increases, indicating that utilities may overstate their cost burdens. SF 1142 AND HF 845 could enable cooperatives and municipal utilities to purchase excess solar energy at reduced rates while reselling it at full retail prices, potentially discouraging solar adoption and limiting consumer energy autonomy. Given existing policies that manage grid cost recovery, the changes proposed in SF 1142 AND HF 845 appear unnecessary and could disproportionately impact individual homeowners looking to invest in solar.

Rather than implementing the modifications outlined in SF 1142 AND HF 845, we recommend conducting a comprehensive "cost of service" study to assess the actual financial impact of average retail rate net metering. Such an evaluation would provide a transparent basis for any future policy adjustments and ensure that decisions are data-driven.

In conclusion, SF 1142 AND HF 845 presents challenges to the advancement of distributed solar energy in Minnesota by the smallest energy generators, such as homeowners and small businesses. We urge the committee to reject this bill and instead support initiatives that encourage solar energy adoption among all local economy sectors and socio-economic classes, ensure fair compensation for local energy producers, and strengthen Minnesota's energy independence.

Thank you for your attention to this matter. Wolf River Electric stands with Minnesota consumers and renewable energy advocates in strong opposition to SF 1142 AND HF 845.

LTL LED, LLC dba Wolf River Electric

Vladimir Marchenko