

April 5, 2022

To: Rep. Jamie Long, Chair
Rep. Chris Swedzinski, Ranking Minority Lead

From: Kent Sulem
Director of Government Relations and Senior Counsel

Re: Comments on 2022 Proposed Omnibus Climate & Energy Bill - HF 3337

Dear Representatives:

I am writing on behalf of MMUA, a voluntary membership association that includes municipally owned electric, gas, and water utilities across the State. I will focus my comments on three parts of the bill.

First, thank you for creating and funding the competitiveness account to leverage federal funds made available through the IJA. While MMUA hopes additional funds may be available to further leverage the federal funds and make Minnesota even more competitive against other states, this effort is greatly appreciated.

Second, MMUA interprets the funding for pre-weatherization efforts to build upon, and not alter a COU's low-income spending requirements under their CIP plan as set for in the ECO Act of 2021. As supplemental funds, the pre-weatherization efforts contained in this bill should help COU's ability to meet their long-term winterization goals.

Third, while our members understand and appreciate the importance of diversity, MMUA must oppose the mandated diversity reporting requirements contained in Article 10, section 5 of this bill. Most municipal utilities are simply too small to assemble the level of reporting imposed by this bill. When this issue arose prior to the pandemic, a taskforce was created to explore options related to helping all utilities achieve more diversity in terms of hiring and purchasing. Some of the take aways from that effort were: (1) large corporate entities like the IOUS tend to have departments dedicated to these issues, but it is not feasible for small utilities to have such departments; (2) there has long been a disconnect between training opportunities to obtain good paying utility jobs and people of color - limited access to training sites via public transportation was identified as one of the hurdles to overcome - nothing in the reporting requirements contained in this bill addresses these issues; (3) municipal utilities are reporting to MMUA an overall problem of being able to recruit and retain a fully staffed workforce - restrictions on pay imposed by both Minnesota's local government salary cap, and pay equity requirements, as well intentioned as they may be, are commonly cited reasons for a municipal utility having staffing problems; and (4) municipal utilities are statutorily bound to make purchases under the competitive bidding laws which limit factors other than price that can be considered when making purchases.

Fourth, MMUA has concerns regarding the intent and results of the energy storage provisions of Article 5, sections 1-2. Our members could probably accept the first provision, which appears to prohibit combining the output of the renewable source and any storage it is attached to, presumably so the owner will be entitled to a better compensation rate than if the two items were combined and the output exceeded 40 kWh. The second provision, however, grants the MPUC expanded authority over a COU to set compensation for a service that is not needed. In essence, this provision is trying to pass stored energy off as firm power when it isn't.

Thank you for consideration of these comments. Please feel free to contact me if you have any questions, My cell phone number is 612-263-0440.

