



April 1, 2025

Chair Patty Acomb, Chair Chris Swedzinski
Minnesota House of Representatives Energy, Finance, and Policy Committee
Centennial Office Building
658 Cedar Street, St. Paul, MN 55155

RE: RC 25-04891 (Kraft)

Dear Chair Acomb and Chair Swedzinski,

I am writing on behalf of the Minnesota Conservative Energy Forum (MNCEF), a non-profit education and advocacy organization that promotes an “all-of-the-above” energy strategy for Minnesota. Our organization encourages policymakers to embrace innovations in clean, reliable and affordable energy based on principles such as economic growth, property rights, free markets, personal stewardship, job growth, and national security. We applaud Rep. Kraft for bringing this legislation forward for discussion and believe it represents a positive step toward Minnesota’s clean energy future.

Virtual Power Plants (VPPs) have the potential to make a significantly positive impact on our energy system while requiring substantially lower infrastructure investment than traditional generation resources. By aggregating distributed energy resources across numerous locations, for example, residential solar panels with battery storage, VPPs create a network that can respond dynamically to high grid demands, serving as backup during emergencies and reducing day-to-day strain on the grid—providing services that would otherwise require costly new peaker plants or transmission upgrades. Research from the Department of Energy found that increasing VPP capacity nationwide to 80-160GW by 2030 could reduce peak load by up to 20% and save around \$10 billion annually. From our perspective, VPP’s are one potential tool to responsibly inject market forces into the energy marketplace, stimulating more competition, innovation, cost savings and efficiency.

While MNCEF supports the overall direction of Bill 25-04891, we respectfully submit the following concerns and recommendations for your consideration:

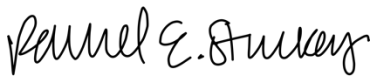
1. **Utility Competition Concerns:** The bill (Section 2, Subdivision 4b) appears to allow public utilities to serve as aggregators, effectively competing against third parties in this emerging marketplace. This creates an uneven playing field where utilities could exercise their monopoly power to disadvantage independent aggregators, which cuts against a primary benefit of establishing a robust VPP regime. We recommend amendments that ensure fair competition in the VPP market.
2. **Limited Scope of Services:** The current bill focuses primarily on peak reduction benefits (Section 2, Subdivision 6). VPPs are capable of providing numerous additional grid services and benefits beyond peak reduction. We recommend expanding the program to identify and compensate all technically feasible services and benefits that VPPs can provide.
3. **Overly Narrow DER Definition:** The definition of "distributed energy resource" in Section 2, Subdivision 2e is too restrictive, focusing only on electricity generation. A more comprehensive definition should include all distributed energy resources including energy efficiency, demand response, storage, and electric vehicles—many of which are mentioned elsewhere in the bill but not fully integrated into the DER definition.

4. **Competitive Procurement:** The bill should explicitly require utilities to competitively procure VPP services to ensure lowest costs and maximum benefits. Market-based procurement would minimize financial risk to utility ratepayers while encouraging innovation and efficiency.
5. **Data Access Barriers:** While the bill addresses data sharing (Section 2, Subdivision 5c), it lacks specificity on implementation. Data access is paramount to the success of any VPP program. We recommend that the commission initiate a proceeding to establish standardized customer usage data access and sharing processes, allowing customers to easily authorize third-party access to their information. Additionally, grid data should be made public to enable effective development and deployment of VPP opportunities.
6. **Existing Regulatory Barriers:** We strongly recommend that the legislature remove the existing prohibition on demand response aggregators. The commission has failed to adopt necessary practices or rules enabling demand response aggregators to operate in Minnesota, whether for utility programs or wholesale market participation. This regulatory gap creates barriers to entry for developers, allows utilities to exercise undue market power, and ultimately increases costs to customers.

Virtual Power Plants represent an exciting and promising innovation in our energy landscape. They offer a technology-neutral, market-based approach that harnesses the power of consumer choice and private investment to benefit the entire grid. With the appropriate refinements to this legislation, VPPs could benefit Minnesota consumers, strengthen our grid reliability, and advance our clean energy goals without sacrificing economic growth or consumer choice.

Thank you for your consideration of these recommendations. We look forward to working with Rep. Kraft and committee members to refine this important legislation.

Sincerely,



Rachel Stuckey
Executive Director
Minnesota Conservative Energy Forum