



Legislative Energy Commission

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Energy Future Framework Update

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Background

Minnesota Statute 3.8852:

“(a) The Legislative Energy Commission, in consultation with the commissioner of commerce and other state agencies, shall develop a framework for the state of Minnesota to transition to a renewable energy economy that ends Minnesota’s contribution to greenhouse gases from burning fossil fuels within the next few decades. The framework and strategy should aim to make Minnesota the first state in the nation to use only renewable energy.

“(b) In developing the framework for this transition, the commission must consult with stakeholders, including, but not limited to, representatives from cooperative, municipal, and investor-owned utilities, natural resources and environmental advocacy groups, labor and industry, and technical and scientific experts to examine the challenges and opportunities involved to develop a strategy and timeline to protect the environment and create jobs. ...”

A **study scoping report**, delivered in January 2014, outlines recommendations for how to approach such a large and complex question. It was conducted by Rocky Mountain Institute on behalf of the Dept. of Commerce and is available at <http://bit.ly/OV86ZE>. The report was presented to the LEC on Feb. 12, 2014.

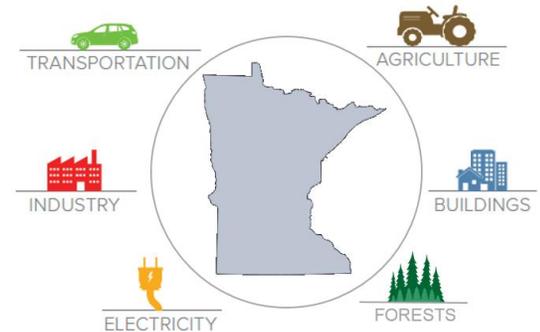
LEC staff has reached out to many **Minnesota stakeholders** and convened an initial **core team** to advise on the Framework. Core team members include the below list. The team will be expanded as the project continues, and groups representing interests in agriculture, rural cooperatives, thermal energy and others have expressed their commitment to participate in the effort.

- Chamber of Commerce
- Cummins Power Generation
- Department of Commerce
- Department of Transportation
- Environmental Quality Board
- Fresh Energy
- Pollution Control Agency
- Xcel Energy

The framework should address **key issues** such as:

- Impending choices. For example, both Minnesota nuclear plants will retire in the 2030s unless relicensed, and half of the state’s coal plants will be at least 40 years old in 2017.
- Challenges with imported fuels, including transport challenges (for example, coal and propane), and the \$18 billion spent each year on fossil fuels from outside the state.
- Environmental impacts of energy production, transportation, and use.
- Economic opportunities from energy development.
- Ensuring energy remain reliable and affordable through any transitions.

In cooperation with the above groups, LEC staff has developed an outline to meet the statutory obligations with the following two opportunities, the first of which is already underway.



US Department of Energy award (underway)

The Dept. of Commerce applied and has been selected for a US DOE grant to facilitate stakeholder and interagency activities related to the future direction of the energy sector in the state, and how energy efficiency and renewable energy fit into this direction, toward the year 2025. Dept. of Commerce is currently negotiating the contract with DOE.

Minnesota’s project will deliver a projection of where current energy policy and plans will lead and development of an action plan, including some shorter term “no regrets” actions. The award’s stakeholder orientation fits well with M.S. 3.8852.

The award is for \$300,000 over two years.

Partners:

Dept. of Commerce, Legislative Energy Commission, Rocky Mountain Institute, Energy Systems Consulting.

Objectives:

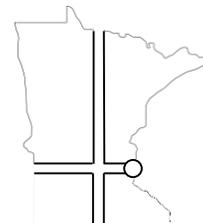
- Baseline development: “Business-as-usual” projections, drawing on analysis done in the EQB’s CSEO initiative and others, and identification of ongoing activities that should inform decision making.
- Stakeholder outreach and engagement: Including core team, executive leadership team, technical working groups, and public outreach. Participants and engagement/outreach plan to be developed.
- Action plan: Including short-term next steps.

Commitment in Minnesota’s application to DOE

Opportunity for statewide engagement:

There is an opportunity to leverage these federal funds to advance energy priorities that are specific to all regions of the state. With additional matching funds, the project could be refined to advance regional priorities across Minnesota.

- Regionally based activities, e.g. in five areas of the state
- Locally prioritization of energy strategies
- Regional-level analysis of strategies as possible
- Location-based implementation steps developed with regional leadership



Opportunity leveraging federal funds

Environment and Natural Resources Trust Fund application (proposed)

In 2014, the LEC submitted an application for Trust Fund support of a technical analysis to support the Energy Future Framework. The analysis would examine multiple energy resource pathways and their impacts on key decision criteria.

The Legislative-Citizen Commission on Minnesota Resources (LCCMR) has recommended this proposal for funding at \$1,000,000 over two years. This and all LCCMR recommendations await consideration by the 2015 legislature. Information about the funding process and the LEC's application can be found at <http://bit.ly/1vR80TI>.

The preliminary suggested targets for analysis are 80% and 100% clean energy, with the multiple definitions of "clean energy" for analysis, such as:

- All renewables and energy efficiency
- Including large hydropower
- Including nuclear power
- Including fossil power with carbon capture and sequestration

The analysis would examine how various portfolios would impact:

- Reliability, resilience, and risk management
- Affordability and cost-competitiveness
- Environmental quality and public health
- Equity
- Economic development

If funding is received, the Legislative Energy Commission would issue an RFP for the project.