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MUNICIPAL POWER AGENCY

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Minnesota Department of Commerce
Division of Energy Resources
85 7th Place East, Suite 500
St. Paul, MN 55101

Filed via email to: mtburr@burrenergy.com

RE: Comments regarding CIP Fuel-Switching Stakeholder Meeting #1 on June 26, 2019

Southern Minnesota Municipal Power Agency (SMMPA) appreciates the opportunity to respond to the Division of Energy Resources' (DER) request for comments following the first CIP Fuel-Switching Stakeholder Meeting held on June 26, 2019.

Increasingly more states are implementing policies around beneficial electrification and fuel-switching. Many states in the Northeast already have electrification policies, and utilities in states such as California provide rebates for electrification in homes. In fact, Berkeley, California, recently banned natural gas in new buildings starting next year. And in Seattle, the mayor is pushing a tax on home heating oil in order to encourage homeowners to convert to electric heat pumps.

SMMPA believes that there are carbon reduction benefits from beneficial electrification and fuel-switching, and that those efforts should have a role in CIP. In addition to energy and cost savings benefits to Minnesota utility customers, the use of renewable energy to electrify vehicles, residential space and water heating, and other equipment provide larger greenhouse gas emission reductions towards fighting climate change. Additionally, fuel-switching is a customer-facing activity that provides opportunities for synergy when pursued in coordination with current CIP/energy conservation efforts which increases the net benefits for utility customers.

The questions posed to stakeholders by the DER requested feedback to identify specific fuel-switching technologies that should be priorities for further investigation. Instead of trying to limit the number of fuel-switching measures utilities can implement under CIP, our preference would be to utilize this stakeholder process to determine a set of guidelines and criteria that can be used with existing and future technologies to provide the desired benefits and outcomes.

SMMPA spent the past two years working with Minnesota Municipal Utilities Association (MMUA), Minnesota Rural Electric Association (MREA), other consumer-owned utilities in MN, and various stakeholder groups to develop a plan that recommended reforming CIP to include electrification and fuel-switching opportunities. That plan, called the Comprehensive Energy Efficiency Program (CEEP), builds upon the legacy success of CIP, provides efficient electrification options that leverage MN's greening grid, and broadens the benefits to consumers, stakeholders, and society. It was used as the basis for proposed changes to the CIP Statute during the last legislative session.

CEEP includes fuel-switching from the transportation sector which is another opportunity for reducing carbon emissions. However, the DER has stated that issues involving the electrification of transportation will be addressed separately from the fuel-switching discussion. We believe that switching from gasoline- and diesel-fueled vehicles to electricity-fueled vehicles should not be discussed separately and should be included in this process.

SMMPA supports fuel-switching and beneficial electrification activity that meets the following criteria that were included in the Conservation Improvement Program Modernization Act of 2019 bill legislative proposal (HF 2208/SF 211):

1. results in a net reduction in the cost and amount of source energy consumed for a particular use, measured on a fuel neutral basis;
2. results in a net reduction of statewide greenhouse gas emissions (as defined in section 216H.01, subdivision 2) over the lifetime of the improvement. For an efficient electrification or conversion improvement installed by an electric utility, the reduction in emissions shall be measured based on the emission profile of the utility or the utility's wholesale provider. Where applicable, the emission profile used shall be the most recent resource plan accepted by the commission under section 216B.2422;
3. is cost-effective from a societal perspective, considering the costs associated with both the fuel that was used and the fuel that will be used;
4. will be installed and operated so as to not unduly increase the utility's system peak demand or require significant new investment in utility infrastructure.

Different energy-efficient technologies and opportunities exist today than they did over ten years ago when the current CIP statute was written. Having criteria in place, like shown above, to identify acceptable activity makes the process easier for utilities and the DER to evaluate in the future as new fuel-switching opportunities or technologies are developed.

In summary, SMMPA supports:

- including utility programs that encourage electrification and fuel-switching improvements under CIP
- an all-encompassing process that includes the energy efficiency benefits of electric vehicles
- using the proposed legislation as a starting point in this stakeholder process to determine a set of guidelines and criteria for acceptable initiatives instead of focusing on individual technologies.

SMMPA appreciates the opportunity to provide these comments as part of the CIP Fuel-Switching Stakeholder process, and we look forward to our continued involvement in this process.

Sincerely,


John O'Neil
Manager of Energy Efficiency & Member Support Programs