

MINUTES – FRIDAY, APRIL 29, 2022 AT 10:30 A.M.
RURAL MINNESOTA ENERGY BOARD
CENTER FOR REGIONAL DEVELOPMENT OFFICE, SLAYTON, MN

COMMISSIONERS ATTENDANCE:

Blue Earth County Absent	Mower County..... Polly Glynn
Brown County..... Jeff Veerkamp	Murray CountyDennis Welgraven
Cottonwood County... Tom Appel	Nicollet CountyJohn Luepke
Faribault CountyJohn Roper	Nobles CountyGene Metz
Freeborn County Absent	Pipestone County Dan Wildermuth
Jackson County Don Wachal	Redwood CountyDennis Groebner
Lincoln County Mic VanDeVere	Renville County Doug Erickson
Lyon County Absent	Rock CountyGary Overgaard
Martin County Absent	Watonwan County..... Bob Rinne

OTHERS PRESENT: Jason Walker (RMEB Staffer), Jean Cristoffels (Murray County Zoning), Sam Richie (Fryberger), Dallas Roskamp (Pipestone alternate), Adam Sokolski (EDF), Peder Mewis (Clean Grid Alliance), Molly Malone (Murray alternate), Brian Tulloh and Alison Archer (MISO), Commissioners Tuma and Sullivan (PUC), Jesse Berme, Jim Haler (South Central Electric), Jim Nichols, Joel Haskard and Lissa Pawlisch (CERTs), Kevin Kilgallen and Pete Landoni (Avangrid Renewables), Lori Grant, Loria (Faribault Zoning), Pablo Ruiz (New Grid), Robin Weis and Jay Trusty (SRDC), Shannon Mitchell, Miron Carney (Slayton Mayor), Tom Jensen (Freeborn County Administrator), Tracey Haberman (Nobles County Cooperative), Tricia DeBleeckere (MN PUC), Arash Ghodsian (EDFR)

CALL TO ORDER/INTRODUCTIONS/PLEDGE OF ALLEGIANCE:

Chair Appel called the meeting to order at 10:30 A.M. followed by the Pledge of Allegiance and Introductions.

AGENDA:

M/S/P Welgraven/Luepke to approve the agenda.

“Updates from the Public Utilities Commission” – Commissioner Joe Sullivan

Commissioner Sullivan summarized his presentation by stating that, “Southern MN does not have enough transmission capacity. Fundamentally, the ‘pipes’ are not big enough to get our product to market.”

At the PUC they are primarily doing two things to address this problem: 1) Working to optimize the existing grid, and 2) Working hard to get new transmission approved.

Why is this a problem? First, we are going through a once-in-a-generation energy transition and demand for low-cost energy is unrelenting, and second, the low-cost energy is wind, solar and gas which completely changes the dynamic of the system.

Commissioner Sullivan then outlined some short, medium and long-term solutions that the Public Utilities Commission is implementing to address the issue of transmission constraints.

“MISO moving forward” – Brian Tulloh & Alison Archer, as MISO representatives

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After giving an overview of what MISO is, and what it does, Brian talked about the major shift in its resource fleet and how that is addressed in their long-term planning. He used the storm situation in Texas about 1 ½ years ago, to showcase the importance of having a robust, interconnected system to shore up reliability and deliver energy in a cost-effective manner. MISO imported a huge amount of energy from the Ohio valley to keep the lights on in MISO and SPP.

For long-range planning they have three different “future” situations they use to assess what projects would need to be built. The Future 1 scenario is the most conservative, while the Future 3 scenario is the most dramatic assuming an 80% reduction in carbon emissions and a 50% increase in energy demand by 2040.

A “tranche 1” of projects could be approved within the next year, which would help alleviate many of the immediate transmission constraint issues in Southern MN. These projects would help push energy out to high demand areas, which would open the lines in the region to push the energy out. Once approved these projects would likely take 4-6 years to complete.

When MISO was first created, it had a lot of excess capacity. Now it’s much tighter and closer to the edge.

“Southwest Power Pool’s (SPP) impact on constraints in the region” -- Commissioner Tuma

Commissioner Tuma just attended his first meeting with SPP’s Regional Governing Committee. The reason the PUC joined this group was to address the transmission constraints along the seam between these two systems (SPP & MISO)

SPP existed before WWII. Aluminum was in large demand, and they needed to build a large manufacturing facility that required a tremendous energy load. SPP was created much like a joint powers organization to coordinate how to produce enough energy to run this facility.

After storm Yuri in Texas, SPP realized it did not have the excess capacity that it thought it had. Working together with MISO, they have identified some key projects connecting the seams that would unleash 1,000s of megawatts of new capacity. Once approved over the next couple of years, the timeline would be 6-10 years before the transmission lines would be completed. One of the biggest issues to address is the SPP requirement for a 1.0 or higher in a cost/benefit analysis. Current projections on these projects is around 0.6 – so the challenge is to find funding models that cover the 0.4 gap.

“Effects of transmission constraints on production tax revenue” - Peder Mewes, Clean Grid Alliance and Gene Metz, Nobles County Commissioner

Peder gave an overview about the Clean Grid Alliance and then outlined how taxing wind projects evolved in MN. He then presented some graphs that showed the change in production tax revenue in RMEB counties between 2021 and 2022. Overall, almost all counties had a reduction in tax revenue. Of those counties that saw an increase, almost all of them had new wind projects come online, which is how they came out ahead.

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Commissioner Metz then asked questions from the viewpoint of the affected counties. He first addressed the reason why the RMEB wanted production taxes vs property taxes. With property taxes the fear is that the asset would depreciate at a rapid rate that would create a large decrease in revenue over time. He also asked:

Will transmission costs increase consumer bills? Commissioner Sullivan said that the wholesale cost of energy should go down in price.

Can the grid support the demands of electrifying cars and buildings and everything else? Commissioner Sullivan expressed that he was confident that the system can grow and evolve to meet the challenge.

Are more efficient newer farms being used the most and the older farms being curtailed more? It starts with how prices are being bid into the market. It could be a factor, but the transmission constraints are the primary concern to address this issue.

How about the Sherco line? Yes, it's still in the works and is a high priority for the PUC and MISO strongly supports it.

Is there any way that new, modular nuclear generators would be in the future mix of energy generation in MN? If these fourth-generation nuclear generators live up to the promise of being able to ramp up and down efficiently and are smaller and efficient, then they could be a part of the mix, but it's yet to be determined.

What political entities will play a key role in getting new transmission built?

The governors were a strong force for the CapX2020. A letter of support from the RMEB for the Long-Range Transmission plan would be a welcome and effective advocacy measure that the board could take – by June would be a good deadline.

How big of an issue are cyber threats? Brian with MISO said that it's a huge issue and many of the new staff added over the last several years at MISO have cybersecurity as their primary focus.

In summary, over the next few years there will be some uncertainty and fluctuations in production from wind and solar, but then projects such as the Sherco line, and the "tranche 1" projects and the SPP/MISO seam projects, will break the bottlenecks and add gigawatts of new capacity.

Their presentations and the video recording of the meeting are uploaded to rmeb.org.

OTHER BUSINESS AND REPORTS: None

NEW BUSINESS: None

NEXT MEETING – May 23rd will be in-person at the SRDC conference room. A Zoom link will be available for any persons unable to make it in-person.

FUTURE MEETINGS in 2022 – July 25, September 26, November 28.

Chair Appel adjourned the meeting at 12:20 PM.

Minutes prepared by Jason Walker, Development Planner at SRDC

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Reviewed by:
Secretary

Approved by:
Chairman