

**MINUTES**  
**RURAL MN ENERGY BOARD MEETING**  
**MONDAY May 21, 2007, 9:30 A.M.**  
**CRD**  
**SLAYTON, MN**

**MEMBERS PRESENT:**

Blue Earth County.....	Will Purvis	Murray County.....	Kevin Vickerman
Chippewa County.....	Jeffrey Lopez	Nobles County.....	Diane Thier
Cottonwood County.....	John Oeltjenbruns	.....	David Benson
Faribault County .....	Tom Warmka	Pipestone County .....	Marv Tinklenberg
.....	Butch Erichsrud	.....	Jim Keys
Jackson County .....	Absent	Redwood County.....	Brian Kletscher
Lincoln County.....	Larry Hansen	Renville County.....	Bob Fox
Lyon County.....	Bob Fenske	Rock County.....	Ken Hoime
Martin County.....	Excused	Watsonwan County .....	Absent
Mower County.....	Excused	Yellow Medicine Co.....	Ron Antony

**ALSO PRESENT:** Arlene Vee (MN Pollution Control Agency), George Crocker (NAWO), Jon Mitchell (Redwood Co.), Jared Alholinna (Great River Energy), Craig Poorker (Great River Energy), Kevin Lennon (Great River Energy), Conrad Shardin (Lincoln Co CWN), David Norgaard (Lincoln Co CWN), Bob Andersen (Lincoln Co CWN), Roger Gylling (Lincoln Co CWN), Mark Trautman (Lincoln Co CWN), Randy Fordice (Great River Energy/CAPX 2020), Steve Donnelly (Martin Co.), Bill Sierks (MPCA), Jay Trusty (Staff), Annette Bair (Staff)

**CALL TO ORDER:** The meeting was called to order at 9:30 am by Chairman Kletscher

**ANNOUNCEMENTS:** Chairman Kletscher announced that a copy of the Southwest Peach paper with an ad asking for land to lease for wind turbines sites was being passed around the room.

**INTRODUCTIONS:** Chairman Kletscher asked everyone to introduce themselves.

**CHANGES TO THE AGENDA:** Chairman Kletscher indicated that the Executive Committee Report will be moved up on the agenda to following the approval of the minutes.

**M/S/P** Warmka, Tinklenberg to approve the amended agenda.

**MINUTES:**

**M/S/P** Oeltjenbruns, Warmka to approve the minutes of March 26, 2007 as written.

**EXECUTIVE COMMITTEE REPORT**

**Contract:** Chairman Kletscher reported that they have prepared a contract for technical assistance with Jack Keers for approval. The contract is for \$85 an hour plus mileage and meals reimbursement. Mr. Keers has provided assistance to the Energy Board regarding Legislative and Rural Metro Project work. The contract ends December 31, 2007.

**M/S/P** Tinklenberg, Warmka to approve the contract with Jack Keers.

**Community Wind North:** Chairman Kletscher reported that the Executive Committee met with Community Wind North earlier today. Community Wind North is a project that came out of the Certificate of Need Order with the Minnesota Public Utilities Commission which designated a minimum of 30 MW of wind development on the north of the area and 30 MW to the south of the area. The Order indicated that Xcel Energy was to remove barriers for local wind projects.

Community Wind North is seeking support in their effort for potential further clarification of the CON Order.

**M/S/P** Hansen, Warmka to support a petition to the Minnesota Public Utilities Commission for clarification of its March 11, 2003 Order and November 21, 2003 Clarifying Order relating to the development of small, locally-owned aggregated wind energy projects. The petition would request clarification of Excel Energy's responsibility to remove barriers such as the construction and financing of interconnection upgrade facilities.

If needed, the Rural Minnesota Energy Board also agrees to join in a Complaint for Declaratory Relief seeking that the District Court construe the Order of the Minnesota Public Utilities Commission as requiring Excel Energy to relieve Community Wind North of the interconnection upgrade costs which have been attributed to the projects. The complaint would seek injunctive relief, restricting Excel from bringing the four large transmission lines in Southwestern Minnesota and associate substations in service until all barriers to the development of the small, locally-owned, aggregated wind generation projects have been removed.

**TREASURER'S REPORT:** Treasurer Hansen reviewed the revenue and expenditures for 2007 and the pending bills. The following expenses were presented for approval. Southwest Regional Development Commission in the amount of \$1,762.50 for March and April staff assistance, Campbell Knutson legal fees at \$30, and Keers contracted services from January through mid March in the amount of \$5,428.04 and on March 26 for \$367.16. The balance following payment of bills is \$44,791.99.

**M/S/P** Hansen, Fenske to approve the Treasure's Report and payment of bills.

**Review of Past Fiscal Years:** Treasurer Hansen reviewed the history of the Energy Board from the four Wind Counties through the Task Force Development and creation of the Energy Board. During the review of the history the topic of State Statute 272.02 was discussed and Commissioner Fox distributed the exempt property language which identified that for Wind Energy Conversion Systems all real and personal property of Wind Energy Conversion System as defined in Section 272.029, Subdivision 2, is exempt from property tax except the land on which the property is located remains taxable. If approved by the county where the property is located, the value of the land on which the Wind Energy Conversion System is located shall be valued in the same manner as similar land that has not been improved with a Wind Energy Conversion System. The land shall be classified based on the most probable use of the property if it were not improved with a wind energy conversion system. Discussion included most counties have indicated they use "like land", essentially it is ag land. Legally, the Wind Energy Conversion System site can be assessed commercial, however if that is done, then those sites need to be rezoned to commercial (spot zoning). The tax law was also changed and it applies to the buildings for the Wind Energy Conversion Systems too.

**2008 Dues:** Chairman Kletscher indicated that many of the counties begin their budgeting process in June and July and the Energy Board needs to provide an idea of what the dues will be for CY2008. It is unknown at this time the amount of work that will be needed dealing with the Metro Project and other issues, therefore, it was suggested that the Energy Board consider \$3,000 dues for the initial budget.

**M/S/P** Hansen, Warmka to set the 2008 dues at \$3,000 per county.

**Discussion:** The dues will be revisited at the November 2007 meeting.

**JOINT POWERS BOARD OPERATIONAL BUSINESS AND SUBCOMMITTEE REPORT:**

**Rural-Metro Subcommittee Report:** Commissioner Fox reported on the progress of the Rural-Metro Project. The Power Agencies Legislation did not go forward. The Metro Counties are considering a Joint Powers Agreement. Commissioner Fox met with Tony Hainault last week in St. Paul to discuss the project further. Rural Counties are looking at Economic Development, and the Metro Counties are looking at a constant price for power.

Marv Tinklenberg reported that he had attended a MCIT Joint Powers Training Session in the Cities and cautioned that one must be very critical with the wording in Joint Powers Agreements.

Jay Trusty reported that Hennepin County Staff has generated a LCCMR Proposal. There had been discussion that the Department of Commerce Staff would be assisting in the development of a proposal. Staff requested direction. RMEB suggested staff contact Mike Bull at the Department of Commerce a couple days after session is over for guidance on how to move forward with the LCCMR Proposal.

**Legislative Report:** For consideration by the RMEB is a 25 X 25 Endorsement in the 25 X 25 Initiative. Commissioners were asked if the counties supported the Initiative and Endorsement. The majority of the RMEB Representatives raised their hands.

**M/S/P** Fox, Vickerman to support the 25 X 25 Endorsement.

**M/S/P** Antony, Warmka to support the 25 X 25 Initiative.

Discussion of a Renewable Energy Facility transfer in ownership to a business in another country. Distributed was Minnesota's State Statute 500.221, Restriction on Acquisition of Title. Mower County Commissioner Tucker requested the RMEB discuss this issue. During the discussion it was reported that the Legislature is discussing the issue occurring in Mower County. It is a big issue and it is beyond county authority. Discussion also included that many WECS projects are owned by foreign Companies. There is a trend for stock piling of land because it means a company would not need to have as much money going into MISO queue. Commissioner's discussed or asked what other states have similar Legislation to Minnesota. It is believed that South Dakota and Nebraska have similar provisions to Minnesota, however Iowa does not. The Commissioner's will be keeping an eye on how the Legislature addresses this issue.

**Senate File 145 Conference Committee:** Bair was requested to provide this language from the house journal to the Energy Board in an electronic format. Several items in the Legislation were discussed including the 2.7 cents does not work any more and that has been changed to the net present rate. There was an overview of C-BED, the Department of Commerce has become more flexible and it includes municipalities and rural utilities being brought into the C-BED family. There is the "Sweet Spot" study which will be going forward and ties in with a potential of the Rural-Metro Project. Commissioner Fox noted that the first page of the house journal has a list of people who initially voted for and against the bill. It did change for the final version and to please refer to the last page for who voted for and against the bill.

**Bill Sierks, MPCA:** Bill Sierks, with MPCA gave a presentation on Minnesota Climate Change Project. The purpose of the project is to develop a comprehensive plan to reduce Minnesota's Greenhouse Gas Emissions. The goals are to review and approve a comprehensive inventory and forecast of GHG Emission from 1990 to 2020; develop comprehensive set of policy recommendations to reduce GHG emissions and enhance energy and economic policy by 2020 and beyond; develop and recommend a set of GHG reduction goals and targets for implementation; and report to the Governor by February 1, 2008. The project structure includes 5 technical work groups. Those technical work groups are Energy Supply, Commercial, Industrial, and Residential; transportation and land use; Agriculture, Forestry and Waste; and Cross Cutting issues. The series of meeting will run from April 2007 through January 2008. The Web-site address for this project is [www.mnclimatechange.us](http://www.mnclimatechange.us). Sierks indicated that it may be appropriate that the Energy Board would be interested in Energy Supply and Agriculture Forestry and Waste. A schedule of the meetings was provided to staff to send to the RMEB Chairman. Many of the meetings are held via conference call. Sierks indicated he would go back and ask staff for the project if our RMEB participation could be included. Bair was asked to look into the background of the Center for Climate Strategies. They are funded through several Foundation and they only go to States if the Governor requests them to come. The Rural Minnesota Energy Board commented on the list of people that are on the committees and indicated that perhaps they needed more real world people added to or included on the Advisory Group.

**CAPX2020 Presentation:** Randy Fordice and Jared Alholinna from GRE gave a presentation on the CapX2020 Project. The presentation covered need for reliable electricity, growth in population, and the projected electric growth demand. Formed in 2004, there is an alliance of 11 electric cooperatives, municipals, and investor owned utilities (Dairyland Power Cooperative, GRE, Central Minnesota Municipal Power Agency, Minnesota Power, MinKota Power Cooperative, Missouri River Energy Services, Rochester Public Utilities, SMPPA, Wisconsin Public Power Incorporated, and Xcel Energy). There are 4 phase one projects in CAPX2020.

- Brookings, SD to the Southeast Twin Cities (230 miles of 345kV)
- Fargo, ND to St. Cloud/Monticello (250 miles, 345kV)
- Southeast Twin Cities to Rochester, MN and continuing to La Crosse, WI (151, 345kV)
- Bemidji to Grand Rapids (70 miles, 230kV)

The projects work together to insure reliability for the region. They will serve as an outlet for future generation resources and support Renewable Energy Mandate for the United States 25 X 25. The timeframe for this development and the stated federal permits required is 2007 to 2010. The Minnesota PUC Certificate of Need timeline for the project is a plan to file the Certificate of Need during the second quarter of 2007. Public meetings will be beginning to occur during that time probably mid June. Opportunities for public involvement will be from the third quarter of 2007 into 2008. The presentation also covered how new transmission is planned. There were four elements in that including the Area Transmission System Modeling by a computer program where loads are adjusted for future growth and seasonal impacts; computer analysis tools to simulate the operations of the system to determine if the transmission system would be compromised by actions or inactions; various options for solving transmission constraints were tested and refined; and the preferred option is chosen based upon practicality and land consideration, overall cost, reliability, and public input. The presentation also covered how CAPX2020 Utilities are partnering with C-BED projects.

The presenters were asked about how coal played into the transmission corridors. The response was the CAPX202 Plan was developed based on guidance from the Legislature to achieve the Renewable Energy Objective. The Fargo area deals with more reliability issues in the Red River Valley. The Brookings to New Ulm line is anticipated for 2013. Questioned was the use of composite wire. The response was it is a very expensive to use and it is not technically feasible for this project. There is a concern regarding looping the flow of energy. They are looking at using big wires which have a lower resistance which will avoid the loop flow issue of going to Nebraska and Manitoba and instead going directly to the Cities.

**CERT Update:** Staff reported on the State Envirothon which was held at Lake Shetek last week. The current topic was Renewable Energy. A CERT Funding handout was provided to the Energy Board. There is \$25,000 available for technical assistance for each of the two year timeframe. Staff will be meeting with the Department of Commerce, (Bull, Streff, and Miller) as well as Minnesota Project and the other CERT Coordinators to receive guidance on how the technical assistance projects funds can be used. Distributed was a handout which looked at the Minnesota Energy Loan for home improvements. It is by the Neighborhood Energy Connection and it provides Minnesota Energy Loan a low interest financing tool for energy improvements and it is available state-wide. Staff is working with RETAP regarding energy audits at 3 Senior Centers. One is located in Nobles County and 2 in Lincoln County. They are also coordinating with the RSVP Coordinators to increase the communication between RETAP and the Senior Centers. The Wind Energy Handbook is slated to be online in June.

Bair requested Jon Mitchell to identify the issue of siting smaller wind turbines and zoning guidance. Mitchell indicated that the model wind ordinance and guidance refers primarily to the larger projects and he is seeing more and more smaller turbines being sited 40kw and lower. The one size fits all for siting does not work for these smaller projects. Bair requested the Energy Board guidance and looking into whether CERT's should or could develop a model and or guidance for the 40kw WECS's.

**New Business:**

- Antony reported that he passed around an article that deals with aluminum and hydrogen generation in cars.
- Crocker reported that the substation by substation campaign on the "Sweet Spot" study may have a role for the RMEB.
- Vee reported that on June 4<sup>th</sup> there will be a Sustainability Conference at the University of Minnesota.
- Warmka asked when is the "Sweet Spot" study slated to be completed. Crocker reported that some elements have been completed. He will be happy to speak to the Board at the next meeting.

**NEXT MEETING DATES:** The next meeting is scheduled for July 23, 2007. Fox requested Bair to check the 2008 meeting dates for 4<sup>th</sup> Mondays.

**ADJOURNMENT:** Chairman Kletscher adjourned the meeting at 11:55am. Note the SW CERT Focus Group/Evaluation meeting is being held immediately following this meeting.

Minutes Prepared By Annette Bair, Staff.



Minutes Reviewed By:

Minutes Approved By:



Energy Board Secretary Hoime



Energy Board Chairperson Kletscher