

RE-PoCC Policy Reform Update

With the eventful legislative session behind us, the Policy Reform working group of the Minnesota Renewable Energy Proof of Concept Center (RE-PoCC) planning grant is ramping up again to formulate recommendations for review by the Governor's Office and state policy makers, followed by submission as part of the planning grant final report to the U.S. Economic Development Agency.

We encourage your feedback and specific policy recommendations for consideration in the report. Please note the deadline for final submission has been extended six months. **We still plan to formulate preliminary recommendations in the Fall of 2013, so please provide your input soon.**

Legislative actions

Extensive changes in energy policy enacted in 2013 include requiring Minnesota investor-owned utilities to achieve 1.5% of energy sales from solar by 2020 (with carve-outs for major industrial users in wood products and mining), first-in-the-nation alternative Value of Solar Tariff effective in 2014, provisions for Solar Gardens with no capacity limits - based on the Value of Solar rate, net metering maximum project size increased from 40kW to 1mW (investor-owned utilities only), enhanced Made in Minnesota incentives up to 40kW, rebates for solar thermal, and \$5 million reserved for solar projects up 20kW from the Xcel-only RDF fund over the next five years. MnSEIA estimates 1800-2000 direct solar-related job creation with state solar capacity greatly expanded by 80-100 megawatts over the next seven years. Several other energy-related concerns were also addressed, such as restructuring of PACE by expanding debt financing up to a 20-year term.

From a renewable energy policy reform perspective, the wide-ranging policy studies authorized by the Legislature indicate an immediate willingness to explore broad policy shifts, and dovetails with the efforts of this working group. Most of the studies will be completed for review early in the next year. The studies (and their due dates) include: Transition to Renewable Energy (RE) Economy (LEC-1/15/14), RE Standard (40% by 2030) integration and transmission engineering feasibility (LEC-11/1/14), On-line Energy Storage Devices (Commerce-1/1/14), Value of Solar Thermal (Commerce-1/1/14), RE Scoping focused on industrial, transportation and electrical sectors (Commerce-1/1/14), and a new round of Division of Energy Resources Public & Stakeholders meetings (1/15/14).

Concept-to-Commercialization emphasis

As was emphasized in our first working group meeting (February 2013), we will not duplicate existing activities but hope to build upon these efforts. In the context of ultimately creating a Minnesota Proof of Concept Center, our highest priority focuses on policy reform and incentives, and more-coordinated and efficient Concept-to-Commercialization techniques. This relatively narrow mission will come into sharper focus as the State turns its attention to the broader renewable energy policy questions.

From your expert point of view, we are asking if Minnesota can better accomplish Concept-to-Commercialization through the existing structure, or do you recommend some form of tangible or virtual Energy Center/Clearinghouse should be established – and, if so, your vision of that entity.

Toward a Unified Renewable Energy Policy

Tasks assigned to the Policy Reform group include consideration of how to achieve a more consistent, streamlined Minnesota energy policy and regulatory structure. Given that legislative changes made this year created further distinctions - such as the carve out for specific major industrial users, and differentiating requirements for investor-owned utilities versus municipals and co-ops – do you have ideas for moving toward a more cohesive approach? For instance, can we identify policies to encourage large mining and wood processing facilities to explore renewable energy solutions that make their operations more efficient and globally competitive? How can policy changes encourage other major users, such as agricultural operations, reduce energy costs and lessen their carbon footprints?

What changes can we make to enhance renewable technologies from the utilities' perspective while reducing the inherent uncertainties in moving away from the existing, closed-loop business model?

Are existing government, higher education and industry association structures optimally configured to deal with anticipated energy industry changes, and cultivate concept-to-commercialization and business cluster strategies? If not, what structural changes do you recommend?

Your input is appreciated

Since the initial meeting of the Policy Working Group in February, a website page for the REPoCC has been established at www.resilientregion.org/repocc/. As several participants suggested at that meeting, we want participants to be kept informed through postings on the website, as well as providing a more general resource for the public.

Most of you received background information, meeting minutes, and a request for your policy recommendations in March. Unfortunately, we haven't received a particularly strong response to the request for recommendations (understandable given the timing coinciding with the busiest weeks of the legislative session). You may wish to review that document, posted here: <http://www.resilientregion.org/cms/files/Renewable%20Energy%20Policy%20Reform%20Working%20Group%20notes%20-%202-22-13.pdf>. Some of the policy issues raised in the document were addressed by legislative action, but many other questions remain unresolved.

The outcome of the Policy Working Group and the entire REPoCC effort will benefit from the expertise shared by you and others. We look forward to hearing your ideas. Please contact James Robins at jamesnrobins@yahoo.com or by calling him at 612-597-0214 to share your thoughts, concerns, and questions. Thank you for your participation.