



Dairyland Power Cooperative Testimony
Senate Energy, Utilities, Environment, and Climate Committee
January 23, 2023

Chairman Frentz and Honorable Members of the Senate Energy, Utilities, Environment and Climate Committee,

My name is Joyce Peppin, and I serve as General Counsel for Dairyland Power Cooperative. Thank you for the opportunity to submit comments on SF 4.

Dairyland Power is a generation and transmission cooperative located in La Crosse, Wisconsin, serving member cooperatives in Wisconsin, Minnesota, Iowa, and Illinois. Dairyland provides the wholesale electric and other services to 24-member distribution cooperatives and 17 municipal utilities in the Upper Midwest. We serve three electric cooperatives in southeast Minnesota: Freeborn Mower, MiEnergy and People's Electric Cooperatives.

Dairyland is a Member of MISO—The Midcontinent Independent System Operator. This is an independent, not for profit, member-based organization that is responsible for operating the power grid across 15 states and Manitoba Canada. MISO also partners with its members in planning the grid for the future energy needs.

Dairyland is also a member of the Minnesota Rural Electric Association, (MREA), the statewide association representing Minnesota's generation and transmission cooperatives and distribution cooperatives. MREA has expressed serious concerns with SF 4, as well as several generation and transmission cooperatives that serve members in Minnesota.

Dairyland has been purposefully diversifying its generating resources, which currently include wind, solar, renewable-enabling natural gas, coal, hydro, and biogas. Electricity is delivered via nearly 3,200 miles of transmission lines and 281 substations located throughout the system's 44,500 square mile service area. In turn, these cooperatives and municipals deliver the electricity to consumers—meeting the needs of more than a half-million people.

Dairyland's sustainable generation plan provides a framework for reliability and energy diversification, considering the economic impact on our members, technological feasibility, social implications, and environmental responsibility. In 2020, Dairyland's Board of Directors approved a goal of a 50% reduction in carbon dioxide intensity rate by 2030. As Dairyland transforms its energy resources to reduce carbon intensity, the decision to acquire the RockGen Energy Center, a natural gas peaking power plant, located in Wisconsin, aligned with our strategic priorities. Following the closing of the coal-fired Genoa Station #3 in June 2021, the

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resource was a good fit for our power supply portfolio. RockGen supports the growth of wind and solar energy in the region and provides reliable electricity in all weather conditions.

Dairyland is exploring carbon-free power supply technologies, including NuScale's small modular reactor (SMR) nuclear plants. In February 2022, Dairyland signed a memorandum of understanding (MOU) with NuScale to explore future partnerships. Nuclear is the only non-carbon emitting resource that can support the integration of renewable resources and ensure a 24/7 power supply.

The regulatory approval process continues for the Nemadji Trail Energy Center. Jointly owned by Dairyland, Minnesota Power and Basin Electric Power Cooperative, the natural gas generation facility is essential for reliability and the facility will be a flexible and highly efficient power plant to provide power to the region when the sun doesn't shine, and the wind doesn't blow.

Dairyland has several concerns with the proposed legislation and asks the Committee to review key areas of the legislation to improve the bill. I would like to highlight a few areas of concern and we look forward to working with the Committee to address our concerns.

1. Exempt out of state generation

- a. There are numerous legal questions raised regarding out of state generation plants, and the authority to regulate them across state lines. Last year, the Minnesota Supreme Court ruled that Minnesota state agencies did not have the authority to implement Minnesota regulatory authority on a proposed natural gas plant located in Superior, Wisconsin. Minnesota Power, Dairyland Power Cooperative and Basin Electric Power Cooperative are building a state-of-the-art natural gas plant in Superior Wisconsin to ensure the delivery of safe, reliable, and affordable energy to our members and customers. This bill will raise the jurisdiction questions via the Federal Power Act and the limitations of authority beyond a state's borders as written in the dormant commerce clause in the U.S. Constitution. We propose that non-Minnesota generation plants be exempted from the carbon standard in this bill.

2. Move the 100% carbon-free compliance target date to 2050

- a. Aligns with most other states with similar target dates
- b. Recognizes the long-term nature of utility planning for safe, reliable, and cost-effective energy, and the time and technology development required to achieve 100% carbon-free objective.

3. Provide cooperative boards the off-ramp authority rather than the bill's current delegation of that role in the Public Utility Commission.

- a. Cooperatives are not for profit and are controlled by their members and board of directors and operate under a different business model than investor-owned

utilities. The autonomy and independence are core to the seven cooperative principles.

4. Include all carbon-reduction resources and technology to meet 100% objective

- a. Lift the nuclear moratorium to allow small modular nuclear as a future option to meet reliability and carbon-free generation needs.

At Dairyland Power Cooperative, our mission is to serve our members with safe, reliable, and cost-effective energy, and for more than 80 years we have served our members with a mix of energy from coal, nuclear, hydro and a growing portfolio of natural gas, wind, and solar renewables.

Dairyland's focus is on reducing economy-wide carbon emissions. Our initiatives to foster beneficial electrification, combined with our progressive investments in renewable resources support this evolution. As we transition to a low-carbon future, safety, reliability and the delivery of cost-effective energy remain at the forefront.

Thank you for your time, we ask that the committee consider improvements to SF 4 and recognize the work being done in the industry to transition to clean energy and the time and technology required to meet proposed goals in the future.

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