March 4, 2024

Dear Senator Frentz and members of the Senate Energy Committee:

On behalf of Missouri River Energy Services (MRES) and our 25 municipal electric utility members in Minnesota, we offer the following comments on SF 3949. We have been told that section 2 of the bill is likely to be amended out of the bill—which we support—so, our comments are focused on section 1 of the bill.

As Minnesota and other states move towards a more geographically and technologically diverse, intermittent, and distributed energy portfolio, more transmission will need to be built. Our existing grid must expand to move renewables to population centers; support electrification; and to provide reliability, resiliency and redundancy. In 2023, the U.S. Department of Energy released its Transmission Needs Study, which quantified the transmission buildout required for the nation. While the study examined several scenarios, the median of the results showed that the country would need 47,000 gigawatt-miles of high voltage lines (over 69 kilovolts) by 2035. This is a 57 percent increase from today's systems. In scenarios that look at high demand and high clean energy assumptions, it is even more pronounced—33,200 gigawatt-miles by 2030 (a 40 percent increase) and 125,000 gigawatt-miles by 2040, an increase of one and a half times over today's transmission system.

Utilities are not building transmission for superfluous purposes—these transmission projects are mandated by the policies that push for additional inverter-based generation on the grid, more electric vehicles, and increased electrification of homes and businesses. In short, utilities' decisions to build transmission is being dictated by state policies and consumer demands—not by the utilities themselves. We are concerned that SF 3949 seems to encourage, and even mandate, more transmission in highway corridors, yet punishes rate-payers if those same transmission lines need to be relocated at a later date.

MRES is a not-for-profit municipal power agency. As such, our rates are entirely cost-based. Likewise, the 25 Minnesota municipal electric utilities we serve are also not-for-profit and serve their communities with reliable, cost-based power. By requiring main street, small-town Minnesota to foot the bill when the Department of Transportation changes its mind, this bill will increase rates and thereby decrease the funds available to reinvest in the community.

MRES urges the committee to rethink the impacts of this bill on consumer-owned utilities and put the bill aside, or at least exempt municipal utilities from it. At the very least, there should be some assurance added that if a utility is required to relocate in less than twenty-five years, then the utility and its customer-owners should be reimbursed for the relocation costs. This would give municipal electric utilities and their customers some assurance that when they are pushed to locate lines in certain areas, they are not financially punished for it later.

MRES would like to thank Chair Frentz and the committee for allowing us to comment on this bill.

Sincerely,

Deb Birgen

Deb Birgen
Vice-President, Government Relations