



April 17, 2024

Senator Nick Frentz
3109 Minnesota Senate Bldg.
St Paul, Minnesota 55155

Chair Frentz and Members:

On behalf of the Minnesota Propane Association (MPA), which represents propane marketers, wholesalers, suppliers, distributors, and equipment manufacturers across the state, we appreciate the opportunity to comment on SF 4942.

Our members provide clean and critical energy to residential, commercial, agricultural, and industrial customers statewide. The state's propane industry provides thousands of good-paying jobs and contributes more than \$1.5 billion in economic activity annually.

- In 2021, the Energy Conservation Act passed with guardrails to ensure its conservation goals were followed.
 - Although we had concerns with the legislation, the proponents told us that it would have a minimal impact on propane—**as we were then and are now the cleaner fuel.**
- Two years later, in 2023, the Minnesota Carbon-Free electricity standard was passed, requiring 100% carbon-free electricity by 2040.
- Since the Carbon Free by 2040 law was passed, it has become apparent that the stakeholders will be unable to obtain some of the requirements.
- SF 4942 effectively removes the guardrails established in 2021 and 2023, allowing emissions to continue and potentially increase.

Our concerns are the consequences of this bill on the propane industry and our ability to provide clean, affordable, and reliable energy to our customers.

I have included some quotes from various stakeholders about the vulnerability of our electric grid, and I ask that you take these seriously:

“A new report from the North American Electric Reliability Corporation (NERC) stresses the need to improve the reliability of North America’s power grid. The report assessed the amount of generation that will be available this winter compared to the projected demand for electricity and highlighted concerns about the risk of outages due to insufficient generation . . . The warning from NERC, which oversees the reliability and security of the electric grid, comes as utilities are grappling with changes throughout the industry. Traditionally the power grid faces its greatest challenges during a few peak hours each year, but that is changing as the industry transitions to new sources of energy. Now, the report details, supply challenges can arise over more circumstances in both summer and winter months.”

Quote: “This report is a serious reminder that decisions we make today will impact our power reliability tomorrow,” **Darrick Moe**, CEO of the **Minnesota Rural Electric Association** said. “According to the report, a large portion of the continent, including Minnesota, is at risk in the winter months if the weather is severe. In a state like Minnesota, having reliable power during dangerously cold winter weather can mean life or death.”

Quote: “Headlining the regional risk is uncertain energy availability, which was elevated from a high risk in 2023 to an extreme risk in 2024. This is the first time in the assessment’s history that a risk has risen to an extreme priority. A reliable bulk power system requires generating resources to produce the necessary amount of energy to manage electricity demand at any given time. The energy mix is rapidly transforming to include more energy-limited resources that have uninsured fuel supplies, challenging the ability to provide power on demand.”

— *Mark Tiemeier, MRO Principal Technical Advisor, 2024 MRO Regional Risk Assessment Report*

Quote: “People use the phrase ‘keeping the lights on,’ but it’s so much more than that. It’s keeping families warm in the winter, helping American businesses stay competitive, ensuring hospitals and essential resources are available at all times and protecting our national security. These are things that depend on a reliable electric grid and we should take that seriously.”

— *Mac McLennan, Minnkota president and CEO, October 9, 2023, article*

Quote: “The electric power industry continues to face challenges in the future. A rapidly changing resource mix, a threat landscape, extreme weather, inverter-based resources. But really focusing in on reliability, managing the pace of a rapidly changing resource mix, which includes not only making sure you don’t retire prematurely, but also that we’re building enough resources and making sure they’re dispatchable really continues to be our greatest reliability risk in the future.”

— *John Moura, NERC Director of Reliability Assessment and Performance Analysis, Fox interview on Dec. 13, 2023*

Quote: “We are heading for potentially very dire consequences, potentially catastrophic consequences in the United States in terms of the reliability of our grid.”

— *Mark Christie, FERC commissioner, at a House Energy and Commerce Committee, Energy Subcommittee hearing on June 13, 2023*

Quote: “A major reliability event will set us backwards. The public will absolutely revolt.”

— *Joe Sullivan, vice chairman of MNPUC, at a conference hosted by the Minnesota Solar Energy Industries Association, on October 9, 2023 (courtesy MinnPost)*

Quote: “We’re talking about these reliability challenges in a nation that is so blessed with an abundant array of affordable, reliable energy resources like America is, it really doesn’t seem plausible that we should ever fall short. Yes, we have storms. Yes, there are power outages. That’s going to happen. But not having enough? That should never happen. Ever.”

— *Julie Fedorchak, NDPSC commissioner, at National Association of Regulatory Utility Commissioners’ annual meeting in November 2023*

Quote: “The recent acceleration in the pace of fleet change is increasing risks to system reliability for MISO. Dispatchable generators that we need to ensure reliability are being removed from the system before new resources with the needed reliability attributes are being brought online.”

— *Todd Ramey, MISO senior vice president of markets and digital strategy, at a House Subcommittee on Energy, Climate and Grid Security hearing on September 28, 2023*

The grid reliability report from the Energy Information Administration states that in Minnesota:

- System average customer minutes of interruption in 2022
 - 275.2 minutes. A 127% increase from 2021
- Customer average length of outage in 2022
 - 228 Minutes. A 96% increase from 2021

A main point this bill does not consider is the expected improvements of the fuel it replaces.

- Propane's carbon intensity in Minnesota is 78, while grid electricity in Minnesota, including wind and solar, is 128.
- Renewable propane is available and being used in the United States today.
- Its carbon intensity is as low as 20 and may be below zero in the near future.
- Renewable propane can blend with conventional propane at any percentage, meaning no new infrastructure, equipment, or appliances are needed.

Many of the proponents' strategies will make domestic fuels expensive or unavailable – we need to ensure that reliability and cost are factors in any conservation decision.

The Minnesota Propane Association wants to ensure that propane is an important part of our energy mix. It has numerous benefits, including:

- Propane produces 2,500 btu per cubic foot, compared to only 1,000 btu per cubic foot for natural gas meaning it takes 2.5 times as much natural gas to replace propane.
- Propane is made up of 73% hydrogen, while natural gas is made up of 70% methane.
- Methane has 80 times the warming power of carbon dioxide, while propane is listed as a non-pollutant that doesn't harm air, soil, or water.
- According to the EPA, propane has a site source ratio of 1.01 versus electricity, which is 2.8. This means that propane is almost three times more efficient than electricity.
- Propane is stored on-site, making it less vulnerable to reliability issues.

Propane is part of the solution, not part of the problem.

Before we continue hiding emissions and making allowances not to meet the 2040 carbon-free goal, we need to evaluate and resolve the likely consequences - before experiencing them. These proposals need extensive scrutiny beyond using inefficient fuel switching and emissions exemptions.

Minnesotans, especially rural Minnesotans, need reliable energy and access to all forms of energy at an affordable price.

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