
April 7, 2025

The Honorable Nick Frentz
Chair, Energy, Utilities, Environment, and Climate Committee
Minnesota Senate
95 University Avenue West
Saint Paul, MN 55155

Chair Frentz & Committee Members:

Blue Horizon Energy is a Minnesota-based solar energy development and construction firm, founded in 2009 and headquartered in Minnetonka, Minnesota. Our business has built solar energy projects in virtually every utility territory across the state, primarily utilizing Minnesota's robust Net Energy Metering statute (216B.164) to facilitate energy savings and positive environmental impact for these customers. We serve hundreds of Minnesotan homeowners and business, employing more than forty skilled Minnesotans locally, as well as many additional project and construction staff in other markets across the country.

I write today on behalf of these hardworking individuals in strong opposition to the changes to Minnesota's Net Energy Metering statute presented in S.F. 2393.

Making these changes now, and in the fashion outlined in this bill, will chill clean energy development and energy investment across the State of Minnesota, drive an unfair energy rights wedge between urban and rural Minnesotans, and put a crucial energy savings tool at risk at the very moment our state should be accelerating clean energy across Minnesota.

Data and testimony from advocates on both sides of this issue has shown that the "problem" these changes seek to address is virtually non-existent today. Specifically: energy consumers "profiteering" by building distributed energy systems in significant excess of their own power needs (the "issue" which these changes seek to address) is limited to ***less than one-tenth of one percent*** of Minnesota's cooperative utility member-owners. This is based on testimony from the utilities' own engineers, who stated that there are approximately 1,100 solar energy systems larger than 20 kWac within cooperative utility territories today, out of over 1,700,000 member-owners. The implication of this testimony was that these solar arrays are highly suspect to be larger than the individual member-owner's own needs, but no actual case-by-case analysis was performed to validate that assumption. Therefore, even one-tenth of one percent likely significantly overstates the actual scale of this "problem".

Net Energy Metering is a complex program critical to Minnesota's clean energy goals. To plan changes to this critical and complex program, there has been a grand total of one single multi-stakeholder meeting lasting approximately one hour and which resulted in the clear recognition by all stakeholders in the room, legislators included, that significant additional work was required to avoid unintended negative consequences. Passing these changes into law now,

upending a critical foundational program to Minnesota's clean energy economy, without robust data, thorough discussion, and comprehensive analysis puts our progress toward Minnesota's clean energy goals at risk. All to solve a "problem" which currently *barely exists*.

The limited multi-stakeholder interaction that has occurred around these changes did make clear that there is a shared desire to find ways to accelerate clean energy deployment in a manner that strengthens grid reliability, improves cost-efficiency, and delivers on Minnesota's bold clean energy goals. We should be pursuing legislative changes that achieve these objectives, rather than rushing through dangerous changes, not rooted in rigorous data or analysis, that will curtail the energy rights of rural Minnesotans at the very time they can benefit most from the energy savings delivered by small clean energy systems powered by Net Energy Metering.

In closing, I would like to highly a few technical concerns fatal to the success of this bill in the real world:

(1) The bill seeks to redefine "Capacity", a definition that has been settled for decades, into a new and deeply impractical reframing. For many energy consumers, the technology simply does not exist to comply with this new definition. Further, applying one definition of "Capacity" in one area of law and a different definition of "Capacity" in other statutes brings arbitrary and unnecessary confusion into a highly technical area of law.

(2) The bill proposes to compensate annual excess energy production at "avoided cost" rates, which for decades have been far below the prices utilities actually pay to procure energy generation. For one utility, their CEO testified that they are procuring utility-scale solar energy at approximately \$0.06/kWh; meanwhile that same utility publishes an "avoided cost" rate of \$0.02/kWh. It is unfair and unreasonable to compensate excess solar energy production from cooperative member-owners at dramatically lower rates than comparable energy contracts.

(3) In order to resolve the apparent unfairness of this rate differential, the utilities have stated that they intend to apply a new definition of "avoided cost" specifically for the implementation of this new statute. No formula for this new definition has been supplied and no examples of what this new rate may be in practice have been provided. Applying a new and novel definition to the exact same words without providing any context or legislative direction on how that new rate will be calculated introduces significant capriciousness into what should fundamentally be simple, well-documented math.

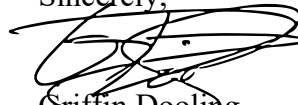
(4) The grandfathering provision, restricting application of these new requirements to projects which enter operations after June 30, 2025, poses significant risk to projects currently under contract or in construction where customers have designed their systems to comply with today's law. There are a wide variety of factors beyond a customer or installer's control that affect when a project begins operations – such as supply chain delays, the speed at which state and utility inspections can occur, the responsiveness of utility engineering teams as they review projects, and the necessary coordination with the customer's tax professionals or lenders prior to

operations. In particular, there is enormous supply chain risk to projects currently under contract or in construction as a result of the ongoing evolution of federal trade policies. The current text of this grandfathering provision creates a significant risk that projects will be kicked out of the Net Energy Metering program for which they were designed at no fault of the customers. A more reasonable milestone for grandfathering would be the submission of an interconnection application, which occurs shortly after signing a contract and is primarily subject to factors strictly within the control of the customer or their chosen installer.

Overall, there is not a single provision of the proposed changes to Net Energy Metering which will achieve the desired result in the real world without significant negative consequences. I strongly encourage this body to remove these proposed changes from S.F. 2393 and engage in a thorough stakeholder process to design improvements to Minnesota's Net Energy Metering.

Minnesota has been a leader in the transition to a clean energy economy. We should take the time and apply the diligence necessary to ensure that when we make changes to our state's foundational Net Energy Metering program, those changes will move us forward into a brighter future rather than backward into a past that excludes Minnesotans from the clean energy transition. I look forward to continuing to work with this body and our utility peers on these important issues.

Sincerely,



Griffin Dooling

CEO, Blue Horizon Energy