

RE: MNEA and RECs opposition to net-metering is an industry-wide retreat from roof top solar.

I am writing to urge you to OPPOSE SF 2393 incorporating SF 1142. Based on committee hearing testimony last month and experiences in other states, these bills, if passed with the solar surplus compensation rate set at the wholesale price, would halt nearly all future solar net-metering in rural Minnesota.

To educate myself before writing this letter, I had conversations with local REC staff and listened to video recordings of every testifier at both the House and Senate hearings on HF 845 (February 20) and SF 1142 (March 10). Here are my “4-point” take-away’s:

**1. By promoting the wholesale price as the proper compensation rate for net-metering, Minnesota’s RECs are, in effect permanently undermining the adoption of rooftop solar in rural Minnesota. This proposal seems to be an industry-wide retreat by RECs from any meaningful role in the production of local distributed energy resources (DER). This is an abandonment of the RECs’ historic role of helping everyday rural Americans adapt to new energy realities. Rather than assuming a leadership role to explore and expand the untapped potential of Minnesota’s DER capacities, the RECs are opting out – arguing instead that distant, large-scale centralized power plants are the only solution. This, at a time when MN needs new renewable electrical energy production from all levels of scale -- distribution and centralized – to supply its accelerating electrical needs and reach its 2040 clean energy goals.**

An unspoken but real implication of the MREA-REC net-metering position is that they are surrendering their main tool -- net-metered rooftop solar -- for producing distribution-level electricity. Instead, as can be seen on their websites, their alternative is to push large-scale G&T production as their answer to supplying Minnesota with renewable energy. This position ignores important advantages that local, roof-top and other net-metered electrical production possess. **First**, the installation of local, net-metered renewable power, unlike G&T generation, is capitalized by the individual owners of local residences, businesses, or farm operations -- NOT by the REC’s. **Second**, distribution-level solar energy is well-matched to the local electrical load and can be more compatibly interconnected with local REC distribution grids. **Third**, this means that more of the large-scale G&T’s expensive transmission costs paid by the RECs can be avoided, and installation time can be accelerated. While large-scale solar may have economies of scale in initial installation, it increasingly ends up with higher and unexpected costs from: complicated federal and state permitting procedures; reluctance of landowners to sell viable sites; local zoning disruptions; lengthy eminent domain procedures; costs and delays resulting from MISO interconnection queue; and voltage drops from long-distance transmission. **Fourth**, newly proven distribution-level technologies that aggregate local solar + storage systems into virtual power plants (VPP) can provide local utilities with more resilience, dispatchable power, and efficient load balancing.

We need more electrical production at all levels of scale—large and small – to meet Minnesota’s future needs. Our RECs should be leading this local effort not abandoning it.

**2. MREA, and its member coops, have failed to recognize or account for the loss of current and future rural jobs which would result from ending net-metering.**

In reviewing the testimony, I do not recall a single MREA or REC testifier ever mentioning the loss of rural jobs which their proposal would cause. By contrast, the House and Senate testimony included several solar installers who verified job losses and business closures if these bills were passed. Some testified about California’s recent ending of net-metering which resulted in that state’s loss of 17,000 jobs. While Minnesota is not California, MN’s per capita equivalent would be roughly 2,500 jobs lost.

**3. The main rationale for this bill seems to be based on alleged “cost shifting” from rooftop solar producers to non-solar customers. If this cost-shifting has validity, it should be corrected,**

**but the bills' proponents have not provided useful data to support cost-shifting or proposed alternative methods of valuation that can achieve the actual, fair value of solar.**

As one witness stated simply, "net-metering is complicated." Proponents relied on hypothetical scenarios of cost-shifting that did not explain how the current low rooftop solar penetration (less than half of 1%) meets any recognized percentage criterion for cost-shifting.

In addition, one testifier remarked that Minnesota RECs, in effect, use and accept other types of "cost-shifting" on a regular basis in their tariff schedules; for example, to effectuate cross-subsidization to support the adoption of more energy efficient appliances. Cost-shifting also occurs when REC's raise fixed infrastructure delivery fees (now \$29.50/month at my REC) which, because it is a year-round fixed fee, disproportionately charges infrastructure costs to summer-time only residents, who must still pay the full amount of that fixed fee for 12-months a year despite receiving no electricity during long periods of non-use. Why are some types of cost-shifting acceptable and others "unfair"?

Other testifiers provided California data which indicated that net-metering did NOT cause cost-shifting to non-solar consumers, but actually provided a NET BENEFIT of \$1.5 billion for ALL consumers in that state. This California and other states' data has been subject to considerable, on-going debate. Minnesota stakeholders should join in and learn from this debate. The Legislature should postpone changing MN's net-metering law so drastically until we have determined accurate data and accounting methods for the value of solar that is fair to all stakeholders—including future rooftop solar owners.

Finally, the issue of over-sized solar "profiteers" should be dealt with in an appropriately targeted way, but this issue should not be used as an excuse to throw the baby (net-metering) out with the bathwater ("over-sized solar profiteers").

**4. Based on my experience, it appears that RECs have failed to allow their members to participate in the decision to lobby against net-metering -- despite long-honored cooperative principles that call for members to "*actively participate in setting policies and making decisions.*" Instead, it appears that most REC managements made this lobbying decisions on their own.**

None of the RECs once claimed in their testimony to have discussed this abrupt change in net-metering policy with their members or Boards of Directors let alone actually involved members in on the decision as "active participants." My own REC published an article last November in our monthly newsletter which mirrored MREA's website language, and presented their lobbying decision to our members as a *fait accompli*. We cannot reach a fair and balanced resolution to the value of net-metered solar if we don't include all the necessary stakeholders -- including REC members and current and future solar system owners.

Thank you for your attention to these four points. I urge you to oppose the passage of these bills in favor of taking the time to research future policies based on facts, solid reasoning, and the experiences from other states.

Sincerely yours,

/s/ Eugene Severens

Eugene Severens  
1835 East Ponto Lake Road  
Backus, MN 56435  
218-682-2563; 410-279-8173 (cell)