

Meeting Summary

Context

EPA is expected to finalize its Clean Power Plan in mid-summer 2016. The Clean Power plant will establish state-specific emissions goals and provide guidelines for states when developing state 111(d) plans to achieve the EPA-prescribed goals. EPA is expected to provide states a lot of flexibility in determining how to achieve the EPA-prescribed emissions goals. Given the broad range of policy options available, the Minnesota Pollution Control Agency, in consultation with their colleagues at the Department of Commerce and the Public Utility Commission, held a stakeholder session on February 20, 2015 in St. Paul (with remote participation through telephone and webinar) to update stakeholders on the process for developing a state plan, and to gather feedback from a diverse set of stakeholders on what objectives the state should seek to meet through its 111(d) plan.

Facilitated Session on Objectives

The Center for Clean Air Policy facilitated a session to gather input from stakeholders on the objectives that the state should seek to achieve through its 111(d) plan. The session elicited a number of specific ideas on issues that should be kept in mind as the MPCA develops the state plan, alongside a rough sense of how participants prioritize the different topics. A general summary of the different topics is provided below. This is followed by a more detailed listing of specific comments and a chart showing the outcome of the prioritization exercise.

Costs

Some participants raised issues related to the potential costs of implementing a state plan to fulfill EPA's requirements, including the importance of considering: potential impacts on customer electric bills; whether utilities will be able to cover the costs of earlier investments in coal-fired electric capacity (e.g., whether those assets will be stranded); the importance of focusing on minimizing total costs to the economy; and the economic benefits of any proposed approach to Implement the federal requirements in Minnesota. Some participants expressed a desire to address the impacts of the program on: disproportionately affected groups such as low income consumers; energy intensive, trade-exposed industries; and workers impacted by job losses.

Jobs and the Economy

Some participants suggested that plan developers should consider the potential impact of the state plan on jobs and businesses, and make sure that Minnesota's plan maintains economic competitiveness as compared to other states. It was suggested that the state should minimize job losses while promoting job retention and creation. A participant expressed a desire to protect energy intensive, trade-exposed industries while others seek continued progress in attracting clean energy businesses and increased use

of clean energy resources that keep energy dollars in the State of Minnesota rather than purchasing fuels out of state.

Environmental Results

A number of participants expressed an interest in ensuring that the state plan achieves and even exceeds the requirements of the federal Clean Power Plan, and does so with integrity and enforceability. It was suggested that the state should avoid unintended negative environmental consequences and promote positive co-benefits from the plan.

Leadership

A number of participants would like the state plan to reflect Minnesota's past and present leadership on clean energy and emissions reductions. Some also suggested that, in addition to not losing gains already made, Minnesota could potentially do more than the minimum required to meet the state goal, including more investments in energy efficiency and renewable energy. A number of participants want credit for the renewable energy investments made pursuant to the state's Renewable Portfolio Standard and for other early actions. One participant noted that if Minnesota establishes a state plan that is collaboration-ready, this could allow Minnesota to play a leadership role in crafting a workable strategy for the broader region.

Multi-Jurisdictional Impacts and Opportunities

Many participants expressed openness to multi-state plans and the potential for such plans to lower compliance costs, with different participants suggesting that such plans represent "a good option" and "should be evaluated." Recognizing the challenges of designing coordinated approaches with neighboring states, a couple of participants raised the notion of making the plans "trade-ready"; even if Minnesota begins implementation independently, the state plan should be designed to permit future multi-state arrangements. At the same time, several participants want to ensure that issues related to cross-border issues are appropriately addressed. This includes providing flexibility for regulated entities serving more than one state; ensuring that those paying for out-of-state renewable energy get credit for having made the investment; and addressing other seams impacts (such as leakage and double counting).

Encouraging Renewable Energy and Energy Efficiency

A number of participants want the state plan to encourage fuel diversity, and particularly clean energy resources. Some feel that clean energy should be prioritized over fossil fuel resources, including by identifying and removing barriers to fuel diversity and encouraging distributed generation (which has the co-benefit of improving resilience). A couple of participants suggested looking beyond the specific items identified in the building blocks (thinking outside the blocks). A second emphasis raised by several participants was the notion that the program should encourage clean energy resources that might be initiated by ratepayer and non-ratepayer programs, including by both utility and non-utility actors. A couple of stakeholders suggested a preference to build on existing state energy efficiency and

renewable energy programs that have worked well, though another participant wants to ensure the state maintains flexibility to use different approaches.

Flexibility / Equity Considerations

Several participants commented on the need for flexibility, both general flexibility for the plan as a whole and flexibility to accommodate specific circumstances. Participants want to ensure the plan allows adequate time to make the investments needed to meet the state goal and provides a mechanism to make updates to the plan over time. Some specific comments include considering the special needs of municipal and cooperative power plants and the different circumstances of individual electric utilities, particularly with regard to how the target is distributed across covered sources.

Electric Reliability

Some participants want to make sure that the MPCA understands the impacts of alternative designs on system reliability and the value of energy security, while at the same time recognizing specific issues of concern (e.g., the impacts on reliability of nuclear units going off-line after 2030). One participant suggested the state should understand where new infrastructure (e.g., transmission lines) might be needed to support compliance.

Ease of Implementation

Several participants commented that the plan should be as simple as possible. Another said it should build as much as possible on existing (successful) infrastructure and processes, including MRETS and IRP processes.

Federal vs. State Control

Lastly, participants weighed in on federal vs. state control of the state planning process. On the one hand, some participants felt that Minnesota should control its own destiny by defining its own state plan. On the other, the state should see what the model state plan looks like before deciding against it.