

- 1. Minnesota's current net metering laws allow co-op members who install solar and small wind on their property to avoid paying their fair share for the infrastructure required to provide them with electricity when the sun isn't shining or the wind isn't blowing. Those costs are then shifted onto their neighbors. As more rural electric cooperative members add solar and small wind there is cost-shifting onto others. What do you think about Minnesota's current net metering laws? What role should the state play in deciding how electric co-ops address these members' desire to add renewable energy?**

Falk: Minnesota's net metering law came about because of the federal PURPA (Public Utilities Regulatory Policies Act) law of 1978. This law is not going away at either the state or federal level. I do think this question is worded in a way that presents a false premise. For example, every source of generation, be it renewable or non-renewable, has times when it is not in operation. I am very upset that I as a ratepayer have been asked to pay for the \$437 million dollar GRE Spiritwood power plant that was immediately mothballed after construction. Those costs (and poor planning) have cost shifted huge burdens onto ratepayers.

Even now, with Spiritwood operating to provide steam to the ethanol plant that GRE owns, which I severely question why a public utility should be allowed to be invested in a venture like that, to my understanding, Spiritwood is not operating profitably on the electric generation side and essentially all of the ratepayers are further subsidizing a loss-leader.

Frankly, with respect to net-metering, the best solution, and one that I have proposed to the co-ops and offered to work with them on (even though they have steadfastly refused simply saying their only goal is to repeal net-metering; which again is not going to happen due to PURPA) is to put all of the net-metered projects into the same asset base as all other forms of generation and amortize the costs over the entire installed asset base. This far and away makes the most sense and then does not strand a particular distribution co-op with a net-metered project's cost.

Miller: The laws need to change to reflect a more balanced and common sense approach. I assume these laws were put into effect to incentivize solar and wind energy use. I see no reason to place that burden on neighbors. It penalizes people who choose not to participate and creates unnecessary dissension. Plus, what happens when the number of

renewable energy participants reaches a point where this is no longer financially viable? More taxes? Skyrocketing rates? The role the state should play is to facilitate electric co-op plans rather than hinder them or place St. Paul social engineering ideas on them. I do believe renewable energy has a role in our future energy needs. However, plans need to be comprehensive. The state should be the one to pick “winners and losers”.