

Minnesota Legislative Leaders Discuss Energy and Environment Legislation

Posted by [Matthew J. Lemke](#) on February 25, 2011

The Minnesota Chamber of Commerce held an “Insider’s Issue Breakfast” this morning focused on energy and environmental permitting legislation that is currently moving through the Legislature. The panel was comprised of key policy makers who will have significant impact on crafting the direction of the State’s energy future. Sen. Julie Rosen (R-Fairmont) Chair of Energy, Utilities, Technology and Communications Committee; Rep. Denny McNamara (R-Hastings) Chair of Environment Policy and Oversight Committee; Sen. Geoff Michel (R-Edina) Chair of Business, Industry and Jobs Committee; and Bill Grant, Deputy Commissioner, Office of Energy Security, answered questions from the Chamber’s Energy Policy Committee chair and from the audience.

The group was asked about baseload energy and the options available to meet the State’s future baseload energy needs. Sen. Rosen emphasized the importance of lifting the current moratoria on construction of new coal and nuclear generating facilities, and lifting the ban on importation of energy derived from coal plants located outside the state. Both the House and Senate have passed bills lifting the nuclear moratorium and that bill is now headed to a conference committee. Sen. Michel said it will be a race to see if the nuclear moratorium bill gets to the Governor’s desk before the permitting bill. It had been speculated that the nuclear bill would stay in conference committee until an agreement could be reached with the Governor, but that now doesn’t appear to be the case. The permitting bill could be on the Governor’s desk as early as next week. The coal moratorium bill has passed through one committee in the House and will be heard next week in both the House Commerce Committee and Senate Energy Committee.

Senator Rosen repeated several times that if Minnesota does not act legislatively to lift the coal moratorium, North Dakota will take legal action against the State. Although the nuclear issue is important to her, acting on coal legislation is of higher concern. Rep. McNamara echoed that the bigger issue is the coal moratorium, and added that it is good to see labor and industry working together on the issue. Bill Grant took exception to the use of the term “coal moratorium,” and believes that a more accurate depiction of current law is one of a “coal restriction.” He went on to say that the Minnesota Public Utilities Commission is currently looking at the coal issue and that this phase should be allowed to run its course before tinkering with the law. It is his belief that, even if the State maxes out the renewable energy goals that are in place, one new coal plant will undo all of the carbon reduction gains made from using these renewable sources. Rep. McNamara did not seem phased by this comment and said that although he is not interested in blowing up the Renewable Energy Standard, he wants to do more than just lift the ban on importation of electricity from the Spiritwood facility in North Dakota.

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As for the nuclear bill, Mr. Grant stated that the Governor has three conditions that must be met before the Governor will find the nuclear bill palatable. The House version only includes one of these conditions and lacks language addressing storage of nuclear waste and ratepayer protections should a new nuclear plant be constructed. Sen. Rosen believes that the ratepayer provision is problematic but did not address the other two conditions. Rep. McNamara said he knows what it is like to live next to a nuclear plant and believes it is time to lift the ban on building a new nuclear facility.

On the larger energy picture, Mr. Grant said that he believes the Office of Energy Security's job is to plan for future energy needs. In his view, Minnesota currently has extra energy capacity and adequate time to plan accordingly for the future. There is not an emergency, in his opinion, and there are alternatives to new coal and nuclear generation. Mr. Grant used Xcel as an example, and said Xcel is meeting its needs by upgrading its nuclear facility and importing more hydroelectric power from Canada. This, along with increased use of renewable energy, satisfies current demand. As for future needs, he believes new transmission is the key to bringing already existing power to market. Mr. Grant does not believe that we need to build new generation facilities and the focus should be on "first-things-first," namely building new transmission lines. He added that not only does construction of new generating facilities create jobs, but building new transmission lines creates jobs as well.

The question was also asked about bills moving in both the House and Senate that are aimed at easing environmental regulation and streamlining the permitting process. Sen. Michel stayed on his caucus' message that all efforts should be focused on job creation and the economy, and this is one way to help with both. Bill Grant urged caution and said that it is important to take enough time at the beginning of the process for public input so that the environmental review process is not ultimately delayed by challenges. The discussion became a bit confrontational when an audience member brought up permits for mining projects. Rep. McNamara said that there is only one chance to do things right and future permits will be easier to get for other projects if more time is taken now to make sure that concerns are addressed. He went on to say that we "need huge financial guarantees up front" so that mining companies cannot file bankruptcy and then ultimately leave the State. Rep. McNamara did acknowledge, however, that the environmental permitting process has been far too slow and cumbersome.

A final question was directed to Mr. Grant asking whether the Governor supported a 10% solar mandate. Mr. Grant said that he knows of no legislation that has been introduced and therefore he does not have an answer to the question. However, Mr. Grant did go on to say that he thinks new solar can be built under the current standards and, as markets costs go down, the State may need to look for ways to help the industry in a similar way as it did for the wind industry.