

Minnesota Has the Tools to Meet EPA Power Plant Standards

The release of the final Clean Power Plan (CPP) marks a significant milestone on the path to cleaner, more efficient sources of power generation in America using affordable, readily-available technologies. Minnesota can achieve the long-term pollution reductions called for in this plan if the state continues on its current policy-making trajectory and capitalizes on the combination of strong state policies, leadership on energy efficiency and falling prices for natural gas and renewable energy.

According to a *Minnesota State Energy Factsheet* released by Business Council for Sustainable Energy (BCSE) and Bloomberg New Energy Finance (BNEF), Minnesota is increasing its use of natural gas as a power source and is expanding renewable energy generation in the state as prices for renewables fall rapidly. These trends, along with Minnesota's strong leadership on energy efficiency, show it is well-positioned to meet the CPP targets affordably and reliably – while also creating jobs and bringing economic development to the state.

Minnesota: Clean Energy Snapshot

An increase in natural gas' role as a power source in Minnesota, providing 14% of the state's electricity and accounting for 33% of installed capacity in 2012. Meanwhile, coal-fired electricity generation fell from 59% in 2008 to 46% in 2013 and 396 megawatts of coal plants have announced plans to retire between 2015 and 2017.

Minnesota's strong leadership on energy efficiency, driven by the state's Energy Efficiency Resource Standard (EERS). Thanks largely to this policy, Minnesota electricity consumers have saved millions of dollars, according to a Minnesota Department of Commerce report, and Minnesota was ranked fifth in

the US by the American Council for an Energy Efficient Economy (ACEEE) for utility and public benefits programs and policies in 2013.

- BNEF also notes that the role of energy efficiency in Minnesota can increase significantly. A study prepared for Xcel Energy, the state's largest utility, found that Minnesota can economically achieve 7 terawatt-hours of cumulative annual energy savings by 2020.

Renewable energy generation expanding quickly in Minnesota as prices fall rapidly. Renewables including wind, biomass and others grew from 12% of Minnesota's annual power generation in 2008 to 21% in 2013 thanks to falling prices and strong state policy support.

- Between 2008 and 2012, Minnesota built 1.7 gigawatts of utility-scale renewable capacity, mostly from wind power. Wind is already cost-competitive with coal in Minnesota, even without subsidies.
- Solar power has begun to grow in Minnesota with installed capacity quadrupling from 4 megawatts to 16 megawatts between 2012 and 2014.
- Biomass and Waste to Energy (WTE) are other important renewable energy resources, as Minnesota is home to 9 WTE facilities.
- BNEF estimates that Minnesota's Solar Energy Standard will require 644 megawatts of solar capacity by 2020.



Minnesota and the Clean Power Plan

The Environmental Protection Agency (EPA) released the finalized CPP on August 3, 2015. Under the final CPP, Minnesota's 2030 emissions rate goal is less stringent than what had been proposed in the draft CPP. Given its current and scheduled emission reduction activities, Minnesota has already made significant progress toward meeting its final compliance goals, especially on the mass-based side. The state has already completed 28% of the reductions required to meet its 2030 mass target based on current and planned retirements from its fossil fleet. Under rate-based targets, Minnesota is 23% of the way towards achieving its 2030 target based solely on recent and pipeline fossil fuel plant retirements as well as renewables build.

Minnesota's Open and Transparent CPP Stakeholder Process

BCSE commends the Dayton Administration and the Minnesota Pollution Control Agency (MCPA) for their long-standing leadership in CPP compliance planning. Specifically, the ongoing stakeholder process is open and transparent and represents best practice in the nation for considering compliance pathways under the CPP. MCPA is the appropriate lead agency for developing a cost-effective state plan that ensures power sector reliability. MCPA also works

collaboratively with the Public Utilities Commission, the legislature and other state and local policymakers to ensure a consistent and collaborative approach.

Preliminary Views from BCSE on the Design of Minnesota's State Plan

- Minnesota should consider the full portfolio of clean energy technologies and resources for compliance planning. This includes rate-payer and non-rate payer programs and actions, including third-party delivered energy efficiency.
- Minnesota should adopt a "trade ready" approach, and should consider market-based elements to ensure cost effective compliance.
- Minnesota should consider multi-state and/or regional approach to compliance to lower the cost of compliance.
- Further, if Minnesota allocates allowances or auction allowances under its state plan, it should provide allowance value to clean energy technologies and resources to spur investment and provide clean energy market signals.
- Minnesota should consider participation in the Clean Energy Incentive Program (CEIP). The program is still under development and BCSE is working with EPA and states to ensure that the CEIP provides a clear signal for action and does not delay investment in energy efficiency and renewable energy in the 2016 to 2020 time period.

Background on BCSE

The Business Council for Sustainable Energy is a coalition of companies and trade associations from the energy efficiency, renewable energy and natural gas sectors, and also includes independent electric power producers and investor-owned utilities.

Founded in 1992, the Council advocates for policies at the state, national and international levels that increase the use of commercially-available clean energy technologies, products and services. The coalition's diverse business membership is united around the revitalization of the economy and the creation of a secure and sustainable energy future for America.

BCSE is a national organization and has members with commercial activity and jobs in Minnesota. BCSE members see Minnesota as an opportunity state for investment, clean energy market growth and job creation.

RESOURCES: BCSE/BNEF Minnesota State Energy Factsheet (September 2015), see link: <http://bit.ly/1NFIn38>

