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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2877

03/10/2014 Authored by Falk, Atkins, Wagenius, Hansen and Clark
The bill was read for the first time and referred to the Committee on Energy Policy

1.1 A bill for an act
1.2 relating to energy; requiring a community choice aggregation program study;
1.3 appropriating money.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. COMMUNITY CHOICE AGGREGATION PROGRAM STUDY.

1.6 (a) The commissioner of commerce shall contract with an independent consultant to
1.7 conduct a study of the benefits, costs, and risks of authorizing municipalities in Minnesota
1.8 to implement a community choice aggregation program. The independent consultant shall
1.9 be selected through a request for proposal process.

1.10 (b) The study must examine existing community choice aggregation programs
1.11 operating in the six states that have passed enabling legislation to date, and must analyze:

1.12 (1) the different authorities granted to municipalities to implement community
1.13 choice aggregation programs;

1.14 (2) the different methods used by municipalities to adopt community choice
1.15 aggregation programs;

1.16 (3) the level and degree of stability of customer electricity rates, the growth of
1.17 renewable energy facilities serving or located within the municipality, the energy supply
1.18 mix, and the impact on the rate of conservation investments made in the municipality
1.19 under community choice aggregation programs as compared with the same measures
1.20 achieved by the utility previously supplying electricity to those customers;

1.21 (4) the different methods that allow customers to opt out of a community choice
1.22 aggregation program if they wish;

1.23 (5) the impacts on the utility providing electricity distribution to community choice
1.24 aggregation program customers of removing its energy supply function for those customers;

2.1 (6) the ways in which allowing municipalities to implement community choice
2.2 aggregation programs will have a different effect in Minnesota compared to deregulated
2.3 states that already have similar programs, given Minnesota's status as a nonderegulated
2.4 state with respect to retail electricity sales; and

2.5 (7) barriers to implementing community choice aggregation programs in Minnesota,
2.6 and recommendations as to how they may be overcome.

2.7 (c) The report shall also recommend organizational structures, authorities, and
2.8 policies a community choice aggregation program in Minnesota should have if it is to
2.9 be most effective.

2.10 (d) The report required under this section must be submitted to the chair and ranking
2.11 minority members of the senate and house committees with primary jurisdiction over
2.12 energy policy by January 15, 2015.

2.13 (e) For the purposes of this section, "community choice aggregation program" means
2.14 a program by means of which a municipality aggregates the electricity demands of its
2.15 residents to (1) directly purchase electricity in wholesale markets, and (2) develop, own,
2.16 and operate electric generation facilities while utilizing the distribution system of the utility
2.17 that previously serviced those customers to deliver electricity directly to those customers.

2.18 **Sec. 2. APPROPRIATION.**

2.19 \$..... is appropriated in fiscal year 2015 from the general fund for the purpose of
2.20 conducting the community choice aggregation program study described in section 1.

2.21 **Sec. 3. EFFECTIVE DATE.**

2.22 Sections 1 and 2 are effective the day following final enactment.