Energy Democracy Policies where Minnesota received an F or D grade according to ILSR's Rubric.

Source page: [Minnesota | Institute for Local Self-Reliance]

There is a full list of policies which:

- Support the development of distributed energy generation
- Support local ownership of clean energy
- Empower communities to pursue their own goals
- Designed for the equitable transition to clean energy
- Diminish market power and the abuses of monopoly utilities
- Reduce bills for consumers

Policies not listed are where Minnesota has an A, B, or C grade.

Category 1: Community power

1) **Virtual power plants and distributed energy resource aggregation**

Pays the owners of solar panels, batteries, smart thermostats, and other distributed energy resources to help provide power to the grid at key moments. Also known as distributed power plants or community power networks.

- Virtual Power Plant enabling legislation requires utilities to implement distributed power plant programs to enable the coordinated operation of aggregations of behind-the-meter distributed energy resources for peak load reduction and other grid services. VPPs help lower energy costs for everyone by reducing the need to use or even build expensive peaker plants and associated transmission infrastructure.

2) **Plug-in solar**

Allows consumers to use small solar panels that plug into a standard electrical outlet to save money on their electric bills.

- Balcony solar enabling legislation allows users to reduce their electricity bills by utilizing power generated on site by small-scale portable solar panels. This reduces their reliance on utility-distributed power as well as grid demand, saving all ratepayers money by

avoiding the need for costly grid upgrades. State legislators can pass balcony solar enabling legislation.

3) **Solar Permitting (Received a D score)**

Lowers costs and barriers to installing rooftop solar by simplifying local permitting processes.

- As part of the solar installation process, most installers must acquire permits from a local government, to ensure installations are safe and comply with local laws. But inconsistent and resource-intensive permitting processes increase solar prices and make it harder for people to go solar. This also poses a barrier to clean energy goals and grid reliability needs. State lawmakers can streamline the permitting process to reduce those barriers and increase access to locally-produced and owned clean energy.

4) **Community choice energy**

Allows cities to choose their own energy sources on behalf of all residential and small commercial customers, rather than relying on their utility's choices.

- A community choice energy law gives local governments the opportunity to aggregate together and form a community choice entity. The entity then assumes responsibility for energy procurement, while the incumbent utility still owns the distribution system and bills customers on behalf of the entity. Because the community choice entity is a nonprofit organization, it can provide cleaner energy at lower prices. It also does not have the same perverse incentives as for-profit utilities to restrict local energy generation. Community choice must be enabled by state legislators and adopted by local elected officials.

5) **Inclusive utility investment**

Helps customers make energy upgrades with no upfront costs. Also known as inclusive financing, tariff on-bill financing, or Pay As You Save®.

- Inclusive utility investment (IUI) helps utility customers with projects that will pay for themselves over time, including insulation, HVAC work, and even rooftop solar panels. The utility pays upfront for any cost-effective upgrades and then recovers its investment through part of the savings the customer receives on their energy bill. Anyone paying a utility bill is eligible to participate, thus avoiding the barriers of credit worthiness, debt aversion, and housing tenure. More information about IUI can be found at this EPA website. State lawmakers and regulators may write laws and rules to determine whether and how a utility must offer an IUI program.

Category #2: Utility accountability

1) **Disconnection prevention**

Protects customers from losing electricity service for nonpayment.

- Many states implemented moratoriums on utility disconnection in 2020 — but electricity is an essential service at all times, not just during an economic crisis or public health emergency. Research from the Center for Biological Diversity and Energy and Policy Institute found that just one percent of shareholder dividends for a dozen companies could have prevented 86 percent of the power shut offs between 2020 and 2022. State lawmakers and regulators create disconnection protections.

2) **Restructured generation market**

Minimizes conflicts of interest by prohibiting investor-owned distribution and transmission utilities from also owning generation assets.

- Investor-owned utilities have a fiduciary duty to their shareholders to secure the most financial return — which they typically earn from investing in new grid infrastructure or power plants. The more money these utilities spend, the more return for their shareholders. Thus, when utilities develop plans to meet grid needs, it is inextricable from their own financial interest. States can only address this inherent conflict of interest by separating the planning function from building function, such as by restructuring utilities so that they cannot both make and profit from resource planning options. Legislators and utility commissions can both govern generation market restructuring, but a durable prohibition requires legislative action.

3) **Disallow construction work in progress**

Prevents utilities from charging customers for construction costs before a power plant is operational.

- If utilities can recover construction costs from customers while a project is underway, it encourages utilities to make riskier investment decisions. For example, in Georgia, customers were on the hook to pay in advance when the world's most expensive power

plant went seven years and $20 billion dollars over budget. In some states, rules only permit construction work in progress (CWIP) for specific types of projects (in Missouri, for example, the state legislature passed a carve out for new gas plant construction in 2025.) State lawmakers and regulators may write laws and rules to determine whether a utility can include construction work in progress in their rate base.

4) **Disallow trade association cost recovery**

Reduces the risk of utility customers paying for utility trade association activities that contradict consumer interests.

- Trade associations are organizations that may engage in political influence activities, including setting policy positions for utilities, lobbying for these policies, and doing public outreach campaigns. State lawmakers and/or regulators dictate the extent to which utilities can recover the cost of their trade association dues from their rate base.

5) **Disallow charitable contribution cost recovery**

Prohibits utilities from charging their customers for contributions to nonprofits.

- Utilities use charitable contributions to boost their public image, but also to influence policies and regulations. Beneficiary organizations may be expected to speak out on the utility's behalf, or at the least, not speak out against the utility. Statutes determine whether utilities can recover the cost of charitable contributions from their rate base.

6) **Right of first refusal**

Allows utilities to build new regional transmission lines without soliciting competitive — and potentially cheaper — bids.

- By controlling long-distance electricity transmission, utilities can prevent competitors from installing new power plants and overcharge customers. To counteract these anti-competitive behaviors, the Federal Energy Regulatory Commission eliminated the right of first refusal from regional transmission planning in 2011, but some state legislatures have re-granted it.

(States earn an F for having this policy, and an A for NOT having it.)