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January 15, 2000 Periodic Update of the Legislative Electric Energy Task Force to the Legislature

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Introduction

Laws 1998, chapter 380, required the Legislative Electric Energy Task Force (LEETF) to conduct an extensive analysis of nine specified topics related to the question of restructuring of the electric industry to provide for competition in the generation segment of that industry. The LEETF was required to convene several advisory work groups to assist it in its work.

Laws 1998, chapter 380, section 2, subdivision 10 requires the LEETF by January 15, of each year to provide the legislature with an update on the progress of its review and analysis of restructuring issues required by chapter 380, including legislative recommendations as the LEETF deems appropriate. This is the update for January 15, 2000.

There is consensus among participants in the LEETF advisory work groups and among members of the LEETF that the analysis required by chapter 380 has been very useful in providing detailed information on key issues that are critical to analyzing whether and how to proceed with restructuring of the electric industry.

Not only has the LEETF acquired critical information but also the process of the analysis has allowed a forum for stakeholders to gain an understanding of the diverse viewpoints of a broad array of interests. In addition, the process has been useful in terms of identifying issues that the legislature may want to address regardless of whether the state moves forward with restructuring, such as issues of regional governance, siting of facilities and the likely generation shortfall in the next 3 to 5 years.

LEETF 1999 Interim Activities

The LEETF has completed its review and analysis of the nine specified issues relating to electric restructuring with the assistance of technical advisory work groups. As noted in the January 15, 1999 report to the legislature, the task force addressed four of the nine issues during the 1998 interim. During the 1999 interim, the task force completed its review of the remaining issues.

Those issues include:

- (1) information disclosure and consumer protection;

- (2) renewable energy, efficiency, and environmental sustainability;
- (3) unbundled rates;
- (4) competitive parity; and
- (5) stranded costs.

The task force received written comments from individual work group members on those issues. In addition, staff held two meetings with all work group members to discuss the issues. The full task force itself met twice prior to January 15, 1999. At the task force meetings, interested persons testified on (1) whether they thought that the state should restructure the electric industry; and (2) if the state does, what the provisions should be included in (or excluded from) any restructuring legislation.

These meetings confirmed that there is still no underlying consensus among stakeholders as to whether the state should restructure or if it does, how it should be done. However, the meetings also confirmed that most stakeholders members believe that restructuring is inevitable and that there are many areas of consensus in terms of the broad issues even though there is no consensus on a specific restructuring plan.

LEETF Work Plan

Now that the review of the nine restructuring issues has been completed as required by Laws 1998, Chapter 380, the chairs of the LEETF believe that the most productive use of the knowledge and information gained from the process would be to have staff draft a restructuring plan or outline restructuring options that could be used as the basis of further discussions of whether and how to proceed with restructuring. The chairs of the LEETF are not necessarily endorsing restructuring by recommending drafting of such a document or documents but rather think that such work would facilitate the discussion of whether restructuring would benefit Minnesota. In addition, such work could assist in the legislative process if and when the state decides or is forced by the federal government to move ahead with electric restructuring. Such a plan would be drafted with the input of the technical advisory work groups.

Recommendations

The LEETF chairs recommend that the task force's term be extended. Currently, the task force is set to expire on June 30, 2000. The LEETF chairs recommend that staff draft a restructuring plan or outline restructuring options to assist the legislature in its determine of whether and how the state should restructure the electric industry.

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