

MIDWEST ENERGY NEWS

Commentary: Removing co-op oversight jeopardizes rural solar

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A plan floated by Minnesota lawmakers to exempt rural electric cooperatives from virtually all regulatory oversight would allow these utilities to restrict development of local solar power, even where their member-owners support renewable energy.

Legislation introduced last month and working its way through the state's House ([HF234](#)) and Senate ([SF141](#)) would put co-op boards themselves, rather than the Minnesota Public Utilities Commission (PUC), in charge of resolving customer disputes over rates and other policies. Disguised as "local control," the measure undermines the objective role of the Commission as a mediator between cooperatives and their members.

Co-ops provide electricity across greater Minnesota, and have in recent years [come under fire](#) as sharp opponents of distributed solar generation. Customers have complained about outside fees for having rooftop solar – sometimes masked as other charges, like for a new meter. In 2015, co-ops successfully pushed a [state law](#) allowing them to impose higher fees on distributed solar systems 40 kilowatts or smaller. The Public Utilities Commission already opened a probe into whether the fees were justified based on the actual costs to serve a customer who has solar panels, or a backhanded method to recover lost sales.

Why the solar animus?

To those who know the rich history of co-ops as engines of rural self-reliance, the notion of opposition to local solar power may seem antithetical. However, much has changed since farmer-organizers went door-to-door to collect \$5 fees needed to electrify rural farmsteads.

Co-ops that serve everyday customers are often bound to long-term contracts with the generation and transmission co-ops that provide their electricity, largely from coal. Although on-site power generation from members is exempt from such contracts, co-ops remain on the hook for the debt used to finance large power plants. Furthermore, there is a cultural bias toward this arrangement, with co-op boards often showing deference to hired managers and to these coal-reliant generation and transmission co-ops.

The result is a hostility to local solar, seen as a threat to the business model of remote power generation and to reliable revenue from electricity sales. Serving areas with minimal population growth and long supply lines, co-ops (and other utilities) tend to reflexively shrink from any policy that decreases sales, even when the proven benefits outweigh the costs. Value of solar calculations by two other Minnesota utilities — Xcel Energy and Minnesota Power — show that grid and environmental benefits outstrip the cost in sales from each kilowatt-hour of solar generated from homes or businesses.

In other words, many co-ops oppose solar on the basis of incomplete cost-benefit calculations.

The animus to solar may be an understandable, if misplaced, feeling. But removing a crucial source of consumer protection will do little to ensure rural residents a fair process for engaging with their monopoly utility. There's no question that locally- and democratically-elected boards ought to provide effective dispute resolution. And they might, if elections actually played out that way.

[Analysis by the Institute for Local Self-Reliance](#) shows 70 percent of U.S. co-ops see fewer than 10 percent of their members vote in board elections. Many of them introduce barriers, including incumbent-controlled nominating committees or requirements for in-person voting. Typically, co-op boards comprise a complainant's neighbors who have ties to others in the community – it's a jury of peers, but not a random or unbiased one.

Lacking evidence, the assumption that co-op boards can fairly self-regulate- is fundamentally flawed.

A public interest unrecognized

A second problem is that the disputes over fees on local solar are of substantial public interest, even outside the affected cooperatives' service territories. When their customers install solar arrays, it offsets electricity generation from pollution-heavy fossil fuel power plants. The benefits of this offset reach across the state, similar to the pollution from the coal power plants it supplants.

Allowing hyperlocal, and potentially biased, dispute resolution undermines the strong public interest in minimizing health impacts of power generation, through large- or small-scale shifts to cleaner energy.

There's no doubt that the local governance of cooperatives can spur remarkable and innovative solutions. Steele-Waseca Cooperative Electric in southeastern Minnesota, for example, should be lauded for its innovative combination of community solar and demand-controlled electric water heaters. In southeastern Iowa, Farmers Electric Cooperative boasts an eye-popping 3,000 watts of solar generation per customer.

But even when utilities are confident their arguments uphold the public good, they should not weasel out of public oversight. Their members deserve better than legislation that would deprive them of an opportunity for a fair hearing.

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