



BOMA Legislative Update

Legislative Organization

- House Republicans needed to net four seats for a majority, they got three
- Contested Roseville seat gives House Republicans a (likely temporary) 67-66 advantage
 - Republicans successfully challenged newly elected Democrat's residency
- Senate Democrats successfully defended a west metro seat to keep their 34-33 majority intact

Legislative To Do's

- Pass a budget funding government for two years.
- Pass an infrastructure bill
 - Every bill must receive at least 68 votes in the house and 34 votes in the senate

Key Session Dates

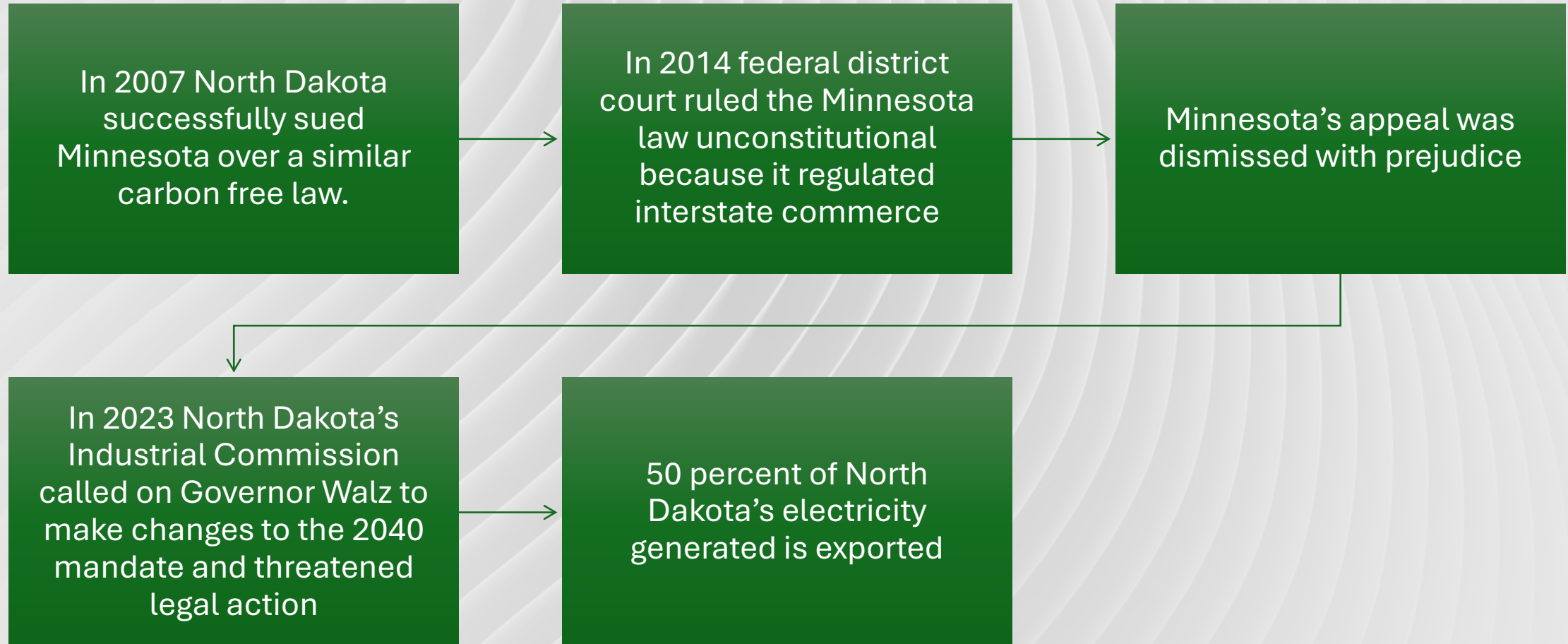
- March 7th Budget forecast
- Fridays leading up to Easter are generally committee deadlines
- May 19th is constitutional deadline for session
- July 1 begins the new fiscal year
- August 1 most newly enacted legislation becomes effective

Energy Landscape

- 2023 legislature passed carbon free electricity by 2040 mandate
- All utilities must comply, including cooperatives and municipal utilities
- The mandate includes electricity imports from other states
- Minnesota investor-owned utilities are retiring all coal-fired generation
 - Generation is to be replaced by renewables, utility scale batteries, natural gas



The North Dakota Angle



Xcel Rate Case

- Xcel has filed to a 10 percent rate increase for 2025 and additional 3 percent for 2026
- Every few years utilities must submit “integrated resource plans” to the Public Utilities Commission
 - Xcel’s most recent IRP suggests \$2 billion in rate increases will be needed to be carbon free by 2040
 - Xcel recently publicly committed to reaching carbon free status by 2035

Key 2025 Energy Legislation

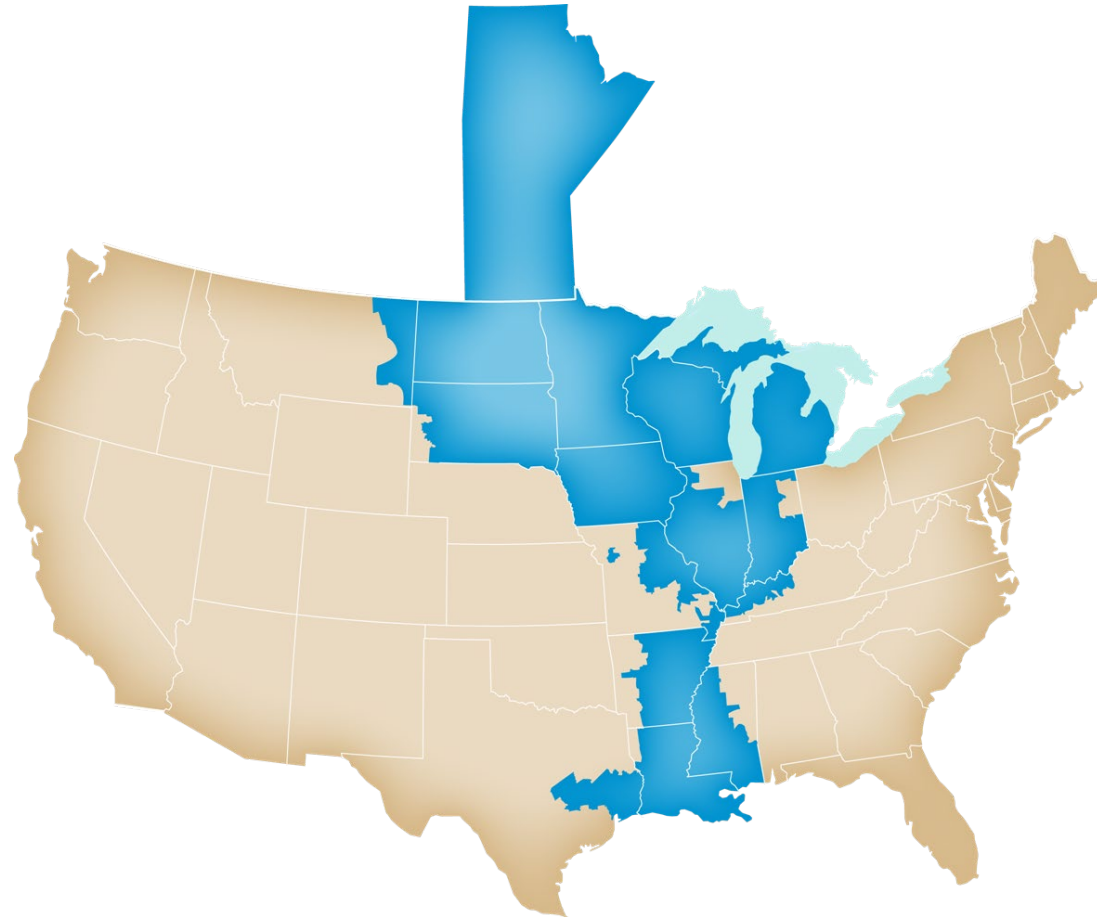
- HF9 Delays 2040 carbon free, allows large hydro to qualify as renewable
- HF369 Delays 2040 carbon free, prohibits demolition of coal fired power plants
- HF485 Allows certificate of need for small modular nuclear reactors
- HF787 Exempts out-of-state generation from 2040 carbon free mandate
- HF1040 Requires recycling product stewardship for wind and solar



Key 2025 Energy Legislation Cont...

- HF1311 Limits cost recovery to generation and transmission assets and requires utilities to prove retiring dispatchable generation will not impact reliability.
- SF350 Repeals prohibition on new nuclear generation
- SF434 Repeals incumbent transmission owner right of first refusal
- SF466 Bans municipal restriction of heating fuels

Midcontinent Independent System Operator



Reliability Concerns

- MISO: carbon reduction efforts pose “immediate and serious challenges,” and pose “material, adverse challenges to electric reliability.”
- Surging load from data centers, AI, electric vehicles combined with retirement of dispatchable generation is cause for concern.
- August 2023 weather led to two MISO “max gen events.”
- NERC has identified the MISO region as the highest reliability risk due to generation retirements. NERC projects MISO to enter a generation deficit in 2029



Limited Imports in Extreme Cold Weather

Demand Growth

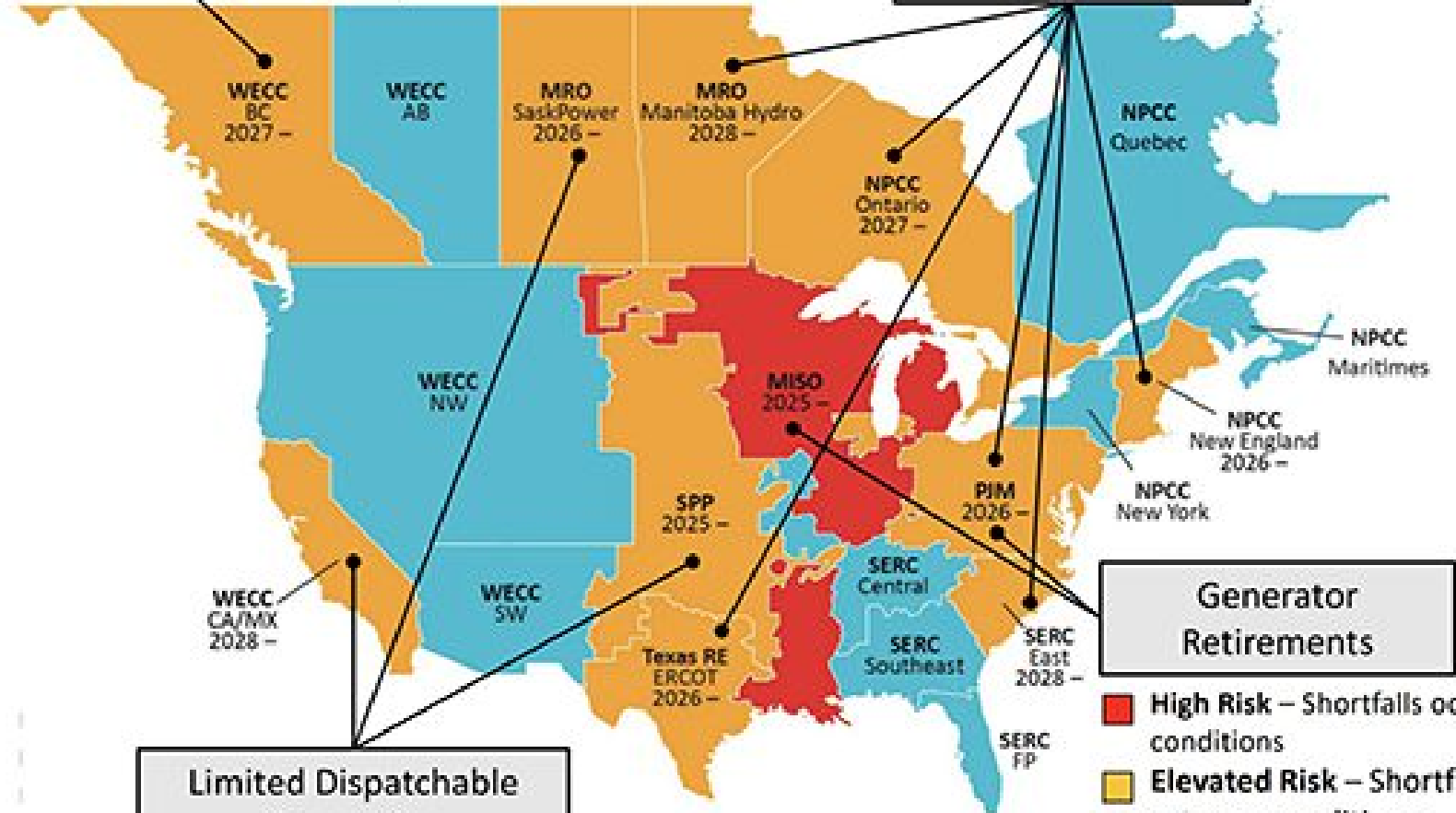
Assessment Inputs:

- Probabilistic Assessment (Studied Years 2026 and 2028)
- Planning Reserve Margins (2025 through 2029)

Risk determination based on established resource adequacy criteria (1-day-in-10 years) and [NERC-National Academy of Engineering Workshop Report](#) criteria for load-loss and unserved energy

Limited Dispatchable Generation

Generator Retirements



- High Risk – Shortfalls occurring in normal peak conditions
- Elevated Risk – Shortfalls occurring in extreme conditions
- Normal Risk – Shortfalls not expected under studied conditions

Risk Map | with Risk Drivers and Initial Shortfall Years