

MRES TODAY

January 2025

A NEWSLETTER OF  MISSOURI
RIVER
ENERGY SERVICES

MARSHALL SOLAR PLUS BEGINS COMMERCIAL OPERATION

The Marshall Solar Plus (MSP) project, owned by the Western Minnesota Municipal Power Agency (WMMPA) and operated by Missouri River Energy Services (MRES), began commercial operation in December 2024. MSP is located on 78 acres just outside of Marshall, Minnesota.

Constructed over two years, MSP is rated at a capacity of 10 megawatts (MW) and includes a 5-MW battery-storage facility. The solar project features more than 21,000 solar panels and is expected to generate approximately 21,000 megawatt-hours of electricity annually — enough to power over 2,000 homes. MSP interconnects to an adjacent substation owned by Marshall Municipal Utilities, a community-owned electric utility and member of MRES.

“Solar power is a carbon-free, renewable resource that along

with the battery storage plays a critical role in building a clean and resilient energy future,” said Terry Wolf, vice president of power supply and operations for MRES. “MSP is an important addition to our diversified power supply portfolio, helping us meet our sustainability objectives while delivering reliable energy to our member communities.”

WMMPA installed the 5-MW battery-storage system to enhance the project’s efficiency and reliability. The battery system has controls that allow energy to be stored and then dispatched to the electric grid at times when solar energy is not being produced.

MRES expects to host a dedication ceremony for the project in spring 2025.

CELEBRATING OUR 60-YEAR ANNIVERSARY IN 2025

On Oct. 29, 1965, representatives of 28 Iowa municipal electric utilities met for the organizational meeting of the Missouri Basin Municipal Power Agency. Two weeks later on Nov. 12, 1965, Missouri Basin was formally organized. In 1998, it changed the name under which it does business to Missouri River Energy Services. Today, MRES is an organization of 61 member municipalities that own and operate their own electric distribution systems.

OUR VISION is to be the preferred provider of energy and energy services that adds value to member communities.

OUR MISSION is to enhance the value of member utilities to their communities by supplying reliable, cost-effective, long-term energy and energy services in a fiscally responsible and environmentally sensitive manner.



STATE-BY-STATE LEGISLATIVE OUTLOOK

IOWA

After the November election, Republicans maintain their control of Iowa's House and Senate, even making slight gains in each. Legislators are expected to tackle many issues this session, including one that has been highlighted by both the governor and several legislators — property tax reform.

On the energy front, carbon pipelines and eminent domain continue to be issues of concern. The past several years, legislation has been introduced to limit the use of eminent domain — particularly as it pertains to carbon pipelines. Eminent domain legislation has passed the House in previous years, only to fail to be considered in the Senate.

Some legislators have already promised to bring eminent domain legislation again this session. However, legislators are aware they need to balance their concerns of abuse with the rare use of eminent domain to expand infrastructure such as roads, utilities and transmission for the public good. MRES will be deeply engaged on this issue, as it could impact transmission and generation siting.

During this session, a bill is expected that will attempt to reestablish the transmission right of first refusal (ROFR) after Iowa courts found the 2020 ROFR law unconstitutional. This ROFR right provides that whenever a federal regional transmission organization plans a new, large regional transmission line, utilities owning the existing infrastructure that the line interconnects to have the first opportunity to own the new line. This year the legislation is expected to allow for investment opportunity by utilities (and their customers) who will be financially impacted by the line to hedge those costs.

Additionally, Gov. Kim Reynolds is expected to introduce her own energy bill. However, at this point the details are not known. It is also expected that bills will be introduced to require integrated resource planning (IRP), at least for investor-owned utilities (IOUs). MRES is concerned as IRPs can, over time, become a vehicle for third parties to mandate utilities undertake certain projects.

It should be noted that in December Gov. Reynolds announced current state Sen. Chris Cournoyer (R-LeClaire) would step in as the new lieutenant governor. Cournoyer has been in the state Senate since 2018, and she most recently chaired the Technology Committee.

The Iowa Association of Municipal Utilities will host its annual Energy Conference Feb. 18-20 in Ankeny, and we encourage you to attend. It is a great event and includes a reception with state legislators. MRES is a co-sponsor of the legislative reception.

MINNESOTA

During Minnesota's 2023-2024 legislative biennium, the Democratic Farmer Labor (DFL) party had a trifecta with control of the executive branch, Senate and House. But elections change things ... and so does litigation.

The governor's office was not up for election this year, and only one seat was up in the state Senate, which remained in DFL control as expected. However, the House has been a different story. After all the election tallies were completed, the Minnesota House was split down the middle with 67 Democrats and 67 Republicans — the first tie between the two parties in the House since the 1970s. Leaders from both parties discussed how to run the House floor and committees with a tie leadership. It was determined that Rep. Melissa Hortman (DFL-Brooklyn Park) would remain as Speaker, while GOP Lead Rep. Lisa Demuth (R-Cold Spring) would serve as the Chamber Leader and would chair the Rules Committee. Reps. Hortman and Demuth would also confer on the calendar for the day. It was also agreed that committees would have an equal number of DFL and GOP members and would share the committee gavel. Then, in late December, litigation began to change things.

On Dec. 20, a Ramsey County judge announced that DFL-elect Curtis Johnson, who was announced as the winner in District 40B, failed to meet the state residency requirements and was not eligible to serve in that district. A special election was announced for Jan. 28. However, litigation resulted in this race being put off until March, resulting in at least a temporary one-vote GOP majority. Meanwhile, in House District 54A, Rep. Brad Tabke (DFL-Shakopee) faced litigation over his 14-vote win when it was determined that 20 mail-in ballots had been accidentally thrown away. After a trial, a court determined on Jan. 14 that Tabke was the winner of the seat.

In the middle of the election-related litigation, discussions over House power-sharing agreements broke down. Without going into exhaustive detail, the breakdown between parties resulted in House DFL members boycotting the session until these issues are resolved. As of the week of Jan. 20, House DFL members had not returned to the Capitol and litigation over House operations was pending before the state Supreme Court.

Regardless of the House litigation's outcome, Minnesota will be looking at a session with slim majorities and/or ties. In order to pass a bill, bipartisanship and deal-making will be necessary. Given the need for bipartisan support, rural lawmakers will have a stronger voice this session.

Unfortunately, there was a late change in the state Senate when Sen. Kari Dziedzic (DFL-Minneapolis) passed away in December due to cancer complications. A special election has been set for Jan. 28. Until the seat is filled, there is a 33 to

33 tie in the Senate. The seat will likely remain in DFL control, returning the Senate to a 34 to 33 DFL majority in February.

One of the key issues on deck in Minnesota this year is the impact of data centers — including how data centers figure in meeting the state’s carbon-free and renewable mandates at a time when resource adequacy is in jeopardy. Additional issues that will likely get heard include a possible repeal of the nuclear moratorium, permit reform, and changes to the state’s renewable energy and carbon-free energy standards.

However, given the split between the houses, it is unlikely that any significant changes on these issues will move forward. One issue that could get bipartisan support is the repeal of ROFR. Minnesota has had ROFR investment rights for utilities in statute since 2012. However, a move to repeal ROFR has support and opposition on both sides of the aisle.

The Minnesota Municipal Utility Association’s Legislative Conference will be Jan. 28-29 at the DoubleTree by Hilton in downtown St. Paul, with a legislative reception on Jan. 28 from 4:30 p.m. to 7 p.m. at the DoubleTree’s Grand Atrium.

NORTH DAKOTA

It is not surprising that the Legislature remained “red” after the election. With a GOP trifecta, MRES does not expect a lot of energy-related issues. However, with the November issuance of a route permit for the Summit Carbon Solutions (SCS) pipeline, there will likely be a variety of bills this session surrounding this project. Electric utilities will be monitoring the debate carefully to ensure that linear projects like transmission are not caught up in the eminent domain/landowner rights controversy surrounding the SCS pipeline. Like Iowa and South Dakota, the North Dakota Legislature will need to balance varied interests including economic development and landowner rights, as well as avoid any unintended consequences.

Like other states, data centers will also receive attention during the 2025 session. While data centers are being promoted as economic development, North Dakota lawmakers also want to make sure that this development is added without consequences to local residents and constituents. For example, lawmakers have expressed concern over whether these data centers would impact local taxes or tax revenue. Concerns

have also been raised about adding large electric loads without impacting the rates of other customers. Lawmakers are cautious about a build-up of infrastructure to serve these loads, only to have them leave the state for better opportunities, thus leaving the local residents to pay for the infrastructure.

MRES is also pursuing legislation in North Dakota to update the definition of hydroelectric power in state statute, as the current renewable energy objective excludes hydropower that was built prior to 2007. MRES is working with other utilities to update the language so that all hydroelectric power is counted as renewable under state law.

Another issue may be a bill from the IOUs to limit utility liability in case of a fire. In the wake of several fires in other states, utilities are looking at implementing best practices for line safety and updating code accordingly.

SOUTH DAKOTA

The Republican party will continue to have a super-majority in both chambers — 66 of 70 seats in the House and 32 of 35 in the Senate. Five of the seven Democrats serving in the Legislature represent Sioux Falls districts.

There will be a historic number of women serving in the Legislature this session — 12 in the Senate and 27 in the House. There will also be 27 first-time legislators, and eight sitting legislators will be switching to new chambers. Many new legislators were elected on the platform of anti-eminent domain for carbon pipelines and landowner rights.

(Continued on Pg. 4)

MRES TRACKS STATE LEGISLATION

MRES continually evaluates issues that directly impact its 61 members — 25 members in Minnesota, 18 in Iowa, 12 in South Dakota and six in North Dakota — and legislation MRES tracks in each state legislature can be viewed online at mrenergy.com.

The website includes descriptions of bills proposed by legislators and tracked by MRES for each state. Each description includes the bill number, a brief breakdown of the bill, hearing schedule and actions taken. Individual links for each bill number are also provided to guide viewers to each state’s official legislative website for more bill-specific information.

▶ **To see the list of bills MRES is tracking, head to mrenergy.com and click on the “Legislative & Regulatory” tab.**



STATE-BY-STATE LEGISLATIVE OUTLOOK *(Continued)*

The Senate Commerce and Energy Committee will be chaired by Sen. Casey Crabtree (R-Madison), and the House Commerce and Energy will be chaired by Rep. Karla Lems (R-Canton). Nearly half of the 27 South Dakota legislators representing MRES member communities are first-time

Turnover in the executive branch is also anticipated, as Gov. Kristi Noem has been chosen to serve in President Trump's cabinet. Her confirmation hearing as Secretary of Homeland Security started immediately after the Jan. 20 presidential inauguration. Upon her expected resignation, Lieut. Gov. Larry



SAVE THE DATE — MRES POWER LUNCH

Wednesday, Feb. 5, 2025
11 a.m. to 1 p.m.

President's & Speaker's Lobbies
South Dakota State Capitol • Pierre

MRES will host a box lunch for lawmakers, who often stop by and spend time with representatives from municipal electric communities.

legislators. Brookings, Vermillion, Pierre and Ft. Pierre are returning all incumbents. Watertown and Faith are sending all new legislators. Several of the newly chosen legislative leaders also represent MRES member communities:

- **Senate Majority Leader:** Sen. Jim Mehlhaff (R-Pierre) of District 24 (Fort Pierre & Pierre)
- **Speaker of the House:** Rep. Jon Hansen (R-Dell Rapids) of District 25 (Flandreau)
- **Speaker Pro-Tempore:** Rep. Lems of District 16 (Beresford)
- **Assistant House Majority Leader:** Rep. Marty Overweg (R-New Holland) of District 21 (Burke, Pickstown & Winner)

Rhoden will ascend to governor. Whomever he nominates to succeed him as lieutenant governor will need to be confirmed by a majority vote in each chamber, and the individual would then serve as presiding officer of the Senate.

Along with eminent domain and other anti-pipeline proposals, MRES anticipates significant debate on property tax reform, school choice/vouchers, government transparency and accountability, and data centers. Tax revenue is lagging, which will create a scenario for tighter budget constraints. All the while, a significant number of members on the Appropriations Committee will be new due to the turnover resulting from term limits and election outcomes.

MRES MAINTAINS ACTIVE ROLE IN WAPA OVERSIGHT GROUP

MRES held its December board meetings in Denver, Colorado, in conjunction with the Mid-West Electric Consumers Association (MECA) Annual Meeting. MECA promotes and protects the interest of federal power customers and their consumers within the Missouri River Basin by working closely with the Western Area Power Administration (WAPA) to review cost-containment strategies and determine equitable rates. MECA is comprised of municipals and electric cooperatives from the nine-state region of Colorado, Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming.

Because over 40% of Missouri River members' power supply comes from federal hydropower through WAPA, MRES plays

an active role within MECA. For example, four members of the MRES board of directors also currently sit on the MECA board.

During the MECA Annual Meeting, MRES Board Chair Vernell Roberts, from Detroit Lakes, Minnesota, concluded his term as president of the MECA board but remains as a director, joining ALP Utilities (Alexandria, Minnesota) General Manager Ted Cash in representing Minnesota on the MECA board. Also, MRES board members Steve Lehner from Watertown (South Dakota) Municipal Utilities and Matt Van Schouwen from Orange City (Iowa) Municipal Utilities were re-elected to three-year terms during the meeting in Denver. Van Schouwen now serves as the secretary/treasurer of the MECA board and is in the rotation to eventually become MECA board president.

BES SUCCESS STORIES: SCHOOL DISTRICTS MAKE THE GRADE WITH ENERGY EFFICIENCY

Three school districts in MRES member communities recently received large rebates through the Bright Energy Solutions® (BES) program.

VERMILLION, SOUTH DAKOTA

In Vermillion, a new elementary school welcomed kids to its classrooms in fall 2024. The new school is linked to the existing middle school and features five sections of pre-kindergarten through fifth grade. The school is designed with flexibility in every possible space to allow for growth in single grade levels or the overall student body.

Throughout the construction process, Vermillion Light & Power worked with the school district to install energy efficient-equipment that qualified for a total rebate amount of over \$77,000. The rebate was thanks to incentives tied to HVAC equipment, LED lighting, high-efficiency pumps and variable-frequency drives. A large portion was due to a custom rebate of more than \$65,000 for a thermal ice storage system that provides chilled water to the HVAC system during peak hours of usage.



From left: MRES Energy Services Representative Wade Sand, Elementary School Principal Sam Jacobs, Vermillion Superintendent of Schools Damon Alvey and Vermillion Light & Power Electrical Contractor Todd Halverson.

SAUK CENTRE, MINNESOTA

A major renovation of the public school building in Sauk Centre offered an opportunity for the school district and the Sauk Centre Public Utilities Commission to work together. The project earned over \$61,000 in rebates. The total rebate amount was largely comprised of incentives tied to HVAC system upgrades and installing LED lighting and high-efficiency pumps.

“This is a wonderful outcome for the district in deferring costs and supplementing the overall construction budget,” said Sauk Centre Schools Superintendent Don Pechel. “Thank you to the Sauk Centre Public Utilities Commission and BES for making this opportunity available to the district.”

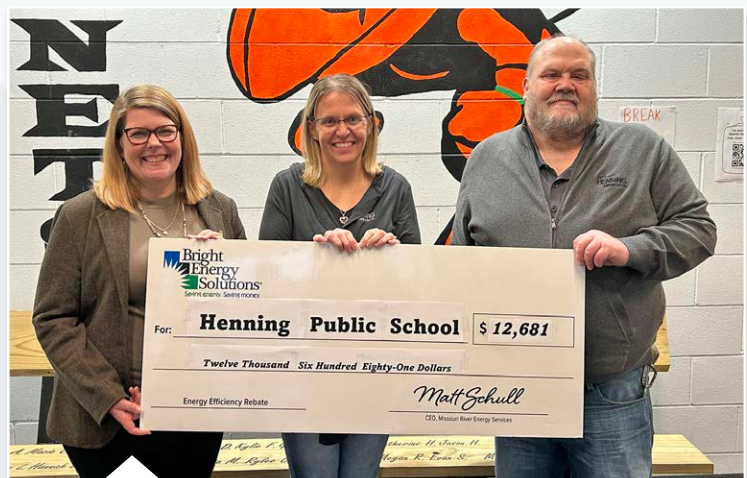


Sauk Centre Schools Superintendent Don Pechel (left) and Sauk Centre Public Utilities Commission Energy Services Representative Stacy Groetsch.

HENNING, MINNESOTA

Henning Public Schools also received a BES rebate check in December for collaborating with the City of Henning and contractors to update the school's HVAC system with new energy-efficient air conditioning units. As a result, the school district received a rebate check of \$12,681.

“We were happy to work with the City of Henning, and we're excited about the rebate and the energy savings that will come along with it,” said Henning School Superintendent Melissa Sparks.



From left: Henning Public Schools Superintendent Melissa Sparks, Henning City Clerk Jenna Kovarik and Henning Utilities Supervisor Ted Strand.

▶ For more information about BES rebates contact your local utility or visit brightenergysolutions.com.

Ransomware attacks on utilities spike by 42% *By KnowBe4*

Ransomware attacks targeting utilities have surged by 42% over the past year, according to a ReliaQuest study spanning November 2023 to October 2024. Analyzing data from its GreyMatter platform and dark web activity, ReliaQuest found that utilities like water and energy systems are disproportionately affected. Their critical role in infrastructure makes them prime targets for cybercriminals.

In the study, spearphishing emerged as a significant threat, accounting for 81% of alerts in the utilities sector. Within these cases, 31.5% involved spearphishing links, 27.9% were internal spearphishing attempts and 21.5% were malicious attachments.

In its report, ReliaQuest stated that employees in the utility sector frequently receive emails from numerous different senders, which may lead to reduced vigilance when interacting with unfamiliar messages, particularly those that appear to come from trusted sources. Additionally, the prevalence of internal spearphishing highlights the

risks posed by contractors and third-party vendors closely integrated into utilities' operations.

Additionally, ReliaQuest attributed the spike in ransomware attacks to factors such as the growing adoption of industrial IoT systems. IoT stands for Internet of Things, which is a network of physical objects that are connected to the internet and can share data with each other. These systems often lack regular updates, leaving vulnerabilities open for exploitation.

To combat these threats, utilities should consider implementing automated incident response systems and boosting employee security awareness about phishing schemes. Advanced email security systems, capable of detecting and disrupting phishing attempts, can further shield organizations from these pervasive social engineering attacks. By taking proactive measures, utilities can mitigate the escalating risks to their operational and IT environments, safeguarding critical infrastructure against rising threats.

MARSHALL LEVERAGES RCA INCENTIVES TO MOVE FORWARD WITH NEW GENERATION PROJECT

Marshall Municipal Utilities (MMU) is moving forward with plans for a new generation facility to replace its turbine that's been in service since 1968, according to a news release in the Marshall Independent. The proposed facility includes four 3-MW generators, with an estimated project cost between \$16.7 million and \$17 million.

MMU intends to fund the project partially through bonds, which will be repaid using revenue generated through a reserved capacity agreement (RCA) with MRES. Once operational, the generators are expected to create approximately \$60,000 to \$70,000 in monthly revenue for MMU.

RCAs allow MRES to contract for member-owned generation and have proved to be an economical, efficient way to meet capacity needs and enhance reliability. MRES currently has RCAs with 19 members for about 156 MW of member-owned generation through 2052. In recent years, MRES has made several adjustments to the RCA contracts to further incentivize member participation and better align with regional transmission organization rules. In 2022, MRES substantially increased the rate it pays members to \$5 per kilowatt per month. Then, in 2023 MRES boosted the initial lump-sum payment it pays members through the RCA to help offset the costs of installing new generation.

Site preparation for the project began last fall. Pending final approvals, construction could begin in 2025, with delivery of the generators anticipated as early as the first or second quarter of 2026. The project reflects MMU's commitment to modernizing infrastructure while maintaining cost efficiency for customers. It's also a great example of how member utilities are leveraging the financial benefits of the RCA program to increase reliability both locally and regionally at no cost to their customers.



▶ For more information on the RCA program, contact MRES Vice President of Power Supply and Operations Terry Wolf at info@mrenergy.com or **605-338-4042**.

MRES ASSOCIATES RENEW STATUS FOR 2025

Municipalities that receive their power from another energy supplier are eligible to participate in the MRES Associates Program, which was designed to provide municipal utilities with some of the services that our full members enjoy.

Renewal notices are sent each year to municipal utilities presently holding status as MRES Associates, and in 2024 there were 17 municipal utilities participating in the Associates Program, including 12 members of Central Municipal Power Agency and Services in Minnesota, plus five independent municipal utilities. All 17 renewed their status as Associates in 2025.

For more information on the program, contact Vice President of Member Services and Communications Tim Blodgett at info@mrenergy.com or **605-338-4042**.

MOORHEAD PUBLIC SERVICE RECEIVES NATIONAL RECOGNITION

Moorhead (Minnesota) Public Service (MPS) has received a national commendation from the American Public Power Association (APPA) for its support in electric power restoration efforts in response to Hurricane Milton.



MPS participates in APPA's Mutual Aid Network, which coordinates with utilities and authorities during widespread power outages. In October 2024, MPS sent four lineworkers to assist public power communities in Florida that suffered widespread outages as a result of Hurricane Milton.

"MPS is proud to have lineworkers that are able to help our neighbors in need," said MPS General Manager Travis Schmidt.

Mutual aid is at the heart of public power. At its core, it's about neighbors helping neighbors — even when that neighbor is thousands of miles away. Congratulations on a job well done!

EVENTS CALENDAR

JAN
28-29

MMUA LEGISLATIVE CONFERENCE

St. Paul, Minnesota
mmua.org/events

JAN 31-
FEB 8

FROSTIVAL

Moorhead, Minnesota
frostival.com

FEB
5

MRES® POWER LUNCH

Pierre, South Dakota
mrenergy.com/events

FEB
7-23

POLAR FEST

Detroit Lakes, Minnesota
visittetroitlakes.com

FEB
8

FROSTBITE 4

Beresford, South Dakota
facebook.com/frostbitefour

FEB
18-20

IAMU ENERGY CONFERENCE

Ankeny, Iowa
members.iamu.org/events

FEB
24-26

APPA LEGISLATIVE RALLY

Washington, D.C.
publicpower.org

To have your event listed, send the event's date, name, location and contact information to info@mrenergy.com.

Visit mrenergy.com/events to see a full listing of calendar events for MRES and its members.



MRES Events

MRES MEMBERS SHOW OFF HOLIDAY SPIRIT

MRES members showcased their holiday spirit by helping with decorations and lights displays, decorating trucks and floats for parades, and participating in community celebrations during the holiday season.



ALP UTILITIES, MN



BROOKINGS, SD



LAKE PARK, MN



VALLEY CITY, ND



OLIVIA, MN



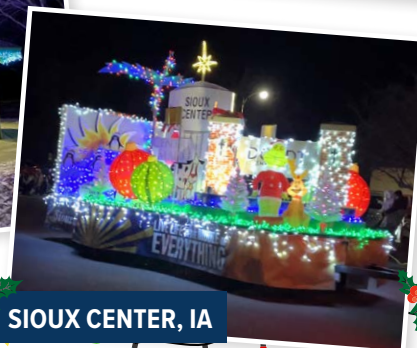
STAPLES, MN



MADISON, MN



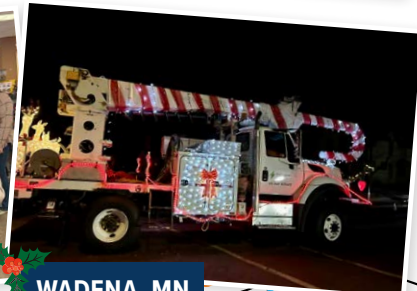
ST. JAMES, MN



SIoux CENTER, IA



MARSHALL, MN



WADENA, MN