



H.F. 164 (Rep. Stephenson)

January 26, 2021

Dear Members of the House Climate and Energy Committee

The Minnesota Chamber of Commerce appreciates the opportunity to comment on House File 164. The Minnesota Chamber believes in the triple goal of affordable, reliable and cleaner energy. We work hard to help companies reduce energy consumption, divert waste, and minimize environmental impact.

Many Minnesota Chamber members have sustainability and energy goals that go beyond any state mandate or goal. Whether it's reducing carbon emissions in their own operations, making more sustainable products, or helping their suppliers and customers do the same, ambitious plans to reduce environmental impact are real and ongoing.

At the same time, our members rely on affordable and reliable power – especially now. For nearly a year, extraordinary efforts have been underway to help employers continue meeting payroll, pay their rent and pay utility bills they no longer have the resources to cover due to the ongoing COVID-19 pandemic.

House File 164 will increase costs for utility customers during an unusually challenging time for many businesses. Multiple new assessments on utility customers and unknown costs related to fuel switching (*see, e.g., Secs. 2, 17-18*) will result in higher utility bills. Currently, large electric utility CIP annual budgets range from \$7.7 million to \$125 million. It is unclear if the bill's large utility fuel switching rider to a CIP filing is intended to permit a similar or even greater assessment on customers.

Further, the Minnesota Chamber has long supported the historic goal of the Conservation Improvement Program ("CIP"), which reduces the need for costly new electric generation through energy conservation. House File 164 undermines the fundamental premise of CIP by displacing traditional conservation with load growth programming and increased use of electricity and natural gas.

While we recognize some smaller utilities have difficulty reaching the CIP Energy Savings Goal ("ESG"), we believe electric and natural gas conservation as currently practiced in CIP plays a critical role in most plans to fully decarbonize the electric power sector.

In addition, House File 164 uses the weight of government to tip the scale in favor of certain technologies at the expense of others. Picking winners and losers this way is inconsistent with CIP's historic purpose. It

will cause real pain to those who built careers and businesses from technologies that are suddenly out of favor, and could stunt more cost-effective energy technologies and environmental solutions in the future.

We encourage the committee to explore cost-effective ways to help small utilities meet the current ESG through conservation or better tailor the ESG to the unique customer mix and service territories of small utilities. We would welcome the opportunity to work on these solutions with you.

Thank you for the opportunity to provide comment on this legislation.

Sincerely,

John Reynolds
Director, Energy and Elections Policy
Minnesota Chamber of Commerce
jreynolds@mnchamber.com
(651) 292-4661