

2018 POLICIES

Energy

OUR GOALS

Minnesota's energy policy must enable businesses to obtain competitively-priced, reliable electricity and transportation fuel while minimizing environmental impacts. To achieve those goals, the Minnesota Chamber of Commerce will advocate for the following policies:

SUPPORT AN ALL-OF-THE-ABOVE STRATEGY FOR GENERATING ELECTRICITY

To power our state, we support an all-of-the-above strategy, using biomass, coal, hydropower, natural gas, nuclear, solar, and wind – each to the extent it's cost-effective for ratepayers.

REFORM THE MINNESOTA PUBLIC UTILITIES COMMISSION (PUC) AND DEPARTMENT OF COMMERCE

Minnesota participates in a regional energy marketplace with global competition, so creating a stable and competitive regulatory environment is essential for attracting investment rather than pushing it into neighboring states. Unfortunately, Minnesota's current regulatory process is lengthy, unpredictable, and costs Minnesota jobs and investment. The process of applying for and receiving a certificate of need, route permit, and site permit must take a reasonable length of time and the results must be predictable. To ensure the PUC brings a balanced perspective to its work, we support reforms to the selection process for PUC appointees to enforce the existing statutory requirement that no more than three of the five commissioners be from one political party.

STOP CHARGING BUSINESSES FOR THE COST OF SOMEONE ELSE'S ELECTRICITY

Commercial and industrial (C&I) ratepayers subsidize residential ratepayers. Specifically, per unit of electricity, C&I ratepayers pay more than their fair share of costs to produce and distribute that electricity. In contrast,

residential ratepayers pay less. Establishing cost of service as regulators' primary factor when setting rates will help keep energy costs competitive. Within the C&I class, we oppose subsidy of one customer by another.

ACHIEVE SUSTAINABILITY GOALS WHILE MAKING MINNESOTA RATES MORE COMPETITIVE

We support voluntary measures to reduce carbon emissions when such efforts are compatible with Minnesota's need for reliable, competitively-priced energy. We recognize that many companies in Minnesota have set sustainability goals and find competitive advantage in reducing the carbon impact of their business operations. Accordingly, we support utilities offering ratepayers voluntary green tariffs as long as there are no cost impacts to other businesses. We also recognize that some ratepayers—particularly in globally-competitive industries—are highly sensitive to the rate impacts of policies. We encourage all stakeholders to note that higher power rates in Minnesota force some companies to shift production to places with lower costs but higher carbon content in the available power-generation mix, thereby increasing overall carbon emissions.

STUDY FUTURE INFRASTRUCTURE AND ENERGY STORAGE

As part of grid modernization efforts, we support studies of how to modify infrastructure and deploy energy storage to accommodate changing use patterns by C&I ratepayers.

ENSURE POLICYMAKERS UNDERSTAND THE PRICE BUSINESSES ARE PAYING FOR POWER

Minnesota's commercial and industrial (C&I) power rates have increased faster than the U.S. average and faster than inflation, and in many cases are higher than in neighboring states.

RECOGNIZE THAT RENEWABLE ENERGY IS COMPETITIVE IN THE MARKET

Thanks to advancements in technology, renewable energy projects generate cost-competitive electricity when built at utility scale and located in areas with good wind and solar resources. Power providers are steadily offering more renewably-generated electricity and consumers are increasingly demanding lower-emissions electricity. Given these market dynamics, the state can achieve its energy policy goals without imposing additional mandates on power providers. The chamber supports acceleration of renewable energy through market forces rather than through mandates that could require power companies to purchase energy at uncompetitive prices. To help the renewable energy market continue to thrive and to assist companies that have sustainability goals, we also support utilities offering ratepayers voluntary green tariffs as long as there are no cost impacts to other business ratepayers. We oppose caps on the amount of power any one customer may purchase under a voluntary green tariff.

WIND DOWN THE RENEWABLE DEVELOPMENT ACCOUNT (RDA)

The Legislature created the predecessor to the RDA in 1994 to help develop renewable energy options that were not cost-competitive at that time. Twenty-two years later, now that renewable-energy projects are competitive when built at utility scale and located in windy/sunny areas, the RDA is an unnecessary relic that imposes close to \$30 million per year in additional costs on ratepayers. Accordingly, the Legislature should wind down the RDA.

SUPPORT ENERGY EFFICIENCY

Cost-effective energy-efficiency programs reduce the need for utilities to build additional generation and allow customers to control their utility bills. We support the Conservation Improvement Program (CIP) to the extent it remains cost-effective for commercial and industrial ratepayers. We encourage Chamber members to participate in utility CIP programs like the Chamber's Energy Smart program to ensure they capture maximum savings. The state has commissioned a study to refresh the estimate of cost-effective energy-efficiency potential that exists in Minnesota. The study will be guided by a broad-based advisory committee including

the Minnesota Chamber and will be completed by fall 2018. Accordingly, we oppose legislative changes to CIP in the 2018 session.

MAINTAIN NUCLEAR

Nuclear power has no greenhouse gas emissions and provides baseload power. We support the state's nuclear reactors continuing to operate cost-effectively. We also support evaluating the possible extension of operating licenses. ■