

February 24, 2025

TESTIMONY
[H.F. 1311](#)

Energy Finance and Policy Committee

Chris Swedzinski, Chair

Tom Murphy, Vice Chair

Members of the Energy Finance and Policy Committee,

For the record, my name is Sarah Montalbano. I am testifying on behalf of Center of the American Experiment. American Experiment is a 501(c)(3) nonprofit public policy organization operating in Minnesota and North Dakota and one of the largest grassroots organizations in the state. I am testifying regarding the ability of utilities to earn a profit on unreliable assets.

Skyrocketing energy costs have reminded Minnesotans of the importance of reliable, affordable energy. Vertically integrated monopoly utilities can recover the full cost of an asset, with an additional five to ten percent rate of return, regardless of whether the asset contributes to or detracts from grid reliability.

Power plants using coal, nuclear, and natural gas tend to have high and steady capacity values, while wind and solar generate electricity intermittently, with lower capacity factors depending on the amount of wind and solar capacity currently present as well as seasonal conditions. Despite wind and solar generating electricity less often than coal, nuclear, and natural gas, utilities still recover the full cost of an asset and earn a profit.

American Experiment believes that ratepayers should “Get What You Pay For.” Under H.F. 1311, utilities would only be able to profit from the reliable portion of an asset. This would not prevent any company from building more wind and solar resources, but it would protect ratepayers from being billed for billions of dollars for assets that fail to generate reliable electricity. H.F. 1311 also requires a public utility seeking to reduce the capacity of or retire an asset to demonstrate that the system would still be able to meet electricity demand.

In conclusion, legislation like H.F. 1311 would better align the incentives of utilities with their customers by encouraging utilities to build reliable assets, ensuring customers get the best value for their dollars, and that utilities are building the dispatchable power plants needed to deliver power during periods of peak demand and avert blackouts.

Thank you for your consideration and your dedication to affordable energy for Minnesota families.

Sincerely,

Sarah Montalbano

Energy and Environmental Policy Fellow

Center of the American Experiment