

February 20, 2025

Re: HF845 would curtail needed power generation

Dear Chair Swedzinski and members of the committee,

This bill would mean less electricity for Minnesota, at a time when all evidence suggests we'll need a lot more.

Media, government, and industry sources agree that Minnesota's demand for electricity will grow significantly in the next few years. On January 2nd, MREA posted an article to its website with the headline "*Latest Report Shows Minnesota's Electric Grid at **High Risk of Power Shortages.***" On January 10, the *Star Tribune* reported that "*Mega data centers are coming to Minnesota. Their **power needs are staggering.***" Several of the proposed data centers will be in locations served by rural electric cooperatives or municipal utilities, targeted by this bill.

Rural households will also be increasing electricity demand to take advantage of big energy bill savings, such as driving electric or heating with heat pumps. Driving an electric car reduces the cost per mile of driving by nearly two-thirds. An electric vehicle driven an average of 15,000 miles per year and charged at home will increase electricity purchases by nearly 5,000 kilowatt-hours. **When a Minnesotan buys one electric car, it will increase their household electricity use by 40 percent (compared to the state average) even as it reduces their cost to drive and total energy costs.**

Rural households will also seek to reduce their heating bills with air-source heat pumps. In 2017, a report published by the Minnesota Department of Commerce suggested that rural households (using propane for heat) could reduce their annual heating costs by over \$300 per year by purchasing an air-source heat pump.¹ In two months, my own heat pump (with a gas furnace backup) has used 1,000 kilowatt-hours of electricity, a nearly 10 percent jump in the average home's annual electricity use. **When rural residents buy heat pumps, it will significantly increase household electricity use even as it reduces household energy bills.**

Customer-produced electricity is power generation we need. By investing in producing electricity onsite with solar panels, Minnesota households and businesses also minimize electricity losses and create local jobs, and make the electricity system more resilient to outages. **Adopting H.F. 845 will discourage efficient power generation** by reducing compensation for customer-producers of electricity at a time we need all hands on deck.

Sincerely,
John Farrell, Institute for Local Self-Reliance

¹ <https://mn.gov/commerce/energy/policy-data-reports/?id=17-335159>



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