

January 28, 2021 – House Committee on Climate and Energy Finance and Policy

PUT TRANSMISSION AND STORAGE TECHNOLOGY AHEAD OF ARTIFICIAL TARGETS

The electric system is and must continue to be grounded in all three principles of reliability, affordability, and environmental sensitivity. The legislation before this committee today, HF 278, must do more to ensure the first two, and therefore, MMUA opposes its passage.

The responsibility for adhering to the three bedrock principles above rests with Minnesota's utilities. The dedicated people who carry that responsibility are justifiably proud of their role and take it extremely seriously on behalf of all Minnesotans, especially the economically vulnerable. The Legislature's role in energy policy is also extremely valuable and significant in its potential effects, establishing policies that effectuate Minnesotans' values. Working together, Minnesota's Legislature and electricity providers can fulfill their roles and accomplish the clean energy success Minnesotans expect and deserve.

However, generating electricity more from low-emitting energy sources does not require new or increased mandates regarding generation sources. Low natural gas prices and technological advances have already driven us further into cleaner energy uses than the 2007 Renewable Energy Standard envisioned. In response to those factors, competitive market forces have driven renewable energy prices downward, further accelerating the transition. Interrupting this momentum with artificial markers could create price signals that reverse this flow, driving costs back upward. Minnesota's electric utilities can keep those costs under control if resource flexibility is maintained.

To arrive reliably at Minnesota's clean energy policy destination, we must have the transmission delivery horse in place ahead of the generation cart. As representatives of the Midcontinent Independent System Operator (MISO) and CapX2020 have testified before this committee, massive improvements to the transmission system, and substantial advances in storage technology will be necessary before Minnesota can approach a 100% renewable electric system. While many, mostly global, companies have set 100% net-zero carbon emission corporate goals, and some utilities are aiming higher than they can admittedly reach, municipal utilities urge a more measured approach that looks positively to the future yet reflects today's realities.

State energy policies work best when they guide Minnesota toward success, rather than dictate prescribed outcomes. The municipal utility sector of Minnesota's energy industry stands ready to engage in pursuit of such effective policies. But artificial standards and deadlines that increase costs and do not address technological and physical infrastructure challenges that currently exist must be rejected. Therefore, MMUA opposes HF 278 for its mandatory compliance dates that risk being counter-productive to a smooth energy transition and fall short in prioritizing local and system-wide reliability.