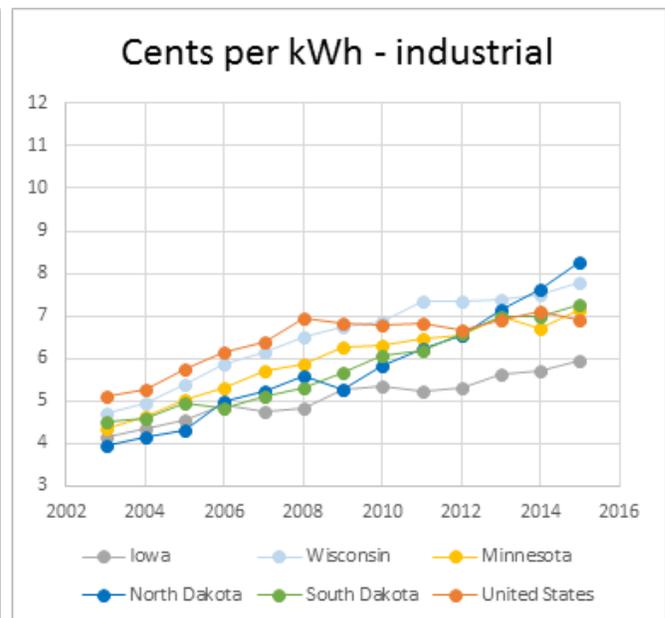
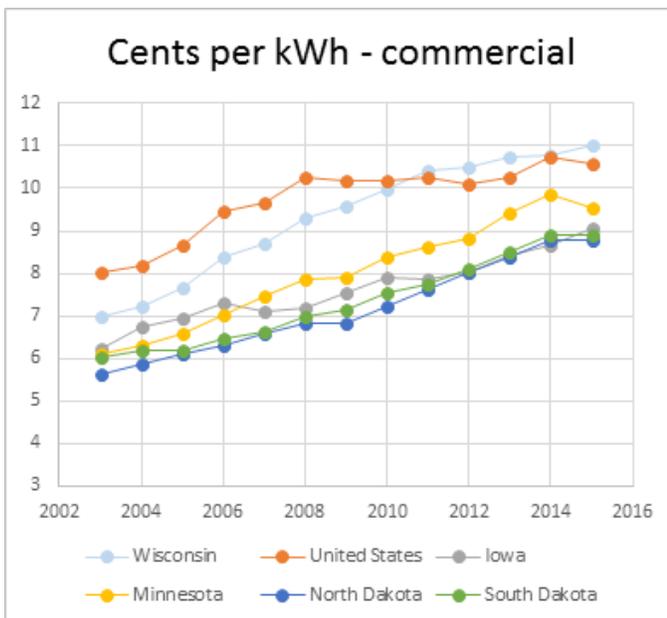


# 2017 Policies

## ENERGY

### OUR GOALS

Minnesota's energy policy must enable businesses to obtain competitively-priced, reliable electricity and transportation fuel while minimizing environmental impacts. Competitively-priced, reliable electricity is critical to the health of Minnesota's economy. Unfortunately, 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. To make electric rates more competitive for Minnesota's C&I electric ratepayers while minimizing environmental impacts, the Minnesota Chamber will advocate for the following policies:



Source: U.S. Energy Info. Admin.

### OUR KEY PRIORITIES FOR THE 2017 SESSION INCLUDE:

- Reform the Public Utilities Commission and Department of Commerce.
- Achieve sustainability goals without compromising efforts to make Minnesota rates more competitive.
- Oppose an increase in the Renewable Energy Standard.

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

Minnesota's current regulatory process is complicated, lengthy and unpredictable, costing Minnesota jobs and investment. It's time to reform the PUC and Department of Commerce so that major regulatory decisions (e.g., rate cases, certificates of need, and route permitting) are predictable, transparent, and take a reasonable length of time. For example, we support an efficient certificate of need and route permitting process to facilitate construction of safe, properly-routed pipelines to reduce the risks associated with transporting petroleum by rail car.

## **ACHIEVE SUSTAINABILITY GOALS WITHOUT COMPROMISING EFFORTS TO MAKE 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 some companies have sustainability goals and may be willing to pay higher electricity prices to achieve those goals and long-term price stability. Other companies have greater sensitivity to rate impact. We support utilities offering ratepayers voluntary programs to procure renewably-generated power as long as there are no cost impacts to other businesses. Any implementation of a state plan to comply with the federal Clean Power Plan must choose the least-cost method.

## **OPPOSE AN INCREASE IN THE RENEWABLE ENERGY STANDARD**

Now that renewably-generated electricity can be cost-competitive at large scale, there is no need for additional mandates requiring Minnesota's power-generation companies to provide minimum percentages of their electricity from renewable energy sources.

## **STOP CHARGING BUSINESSES FOR POWER THAT SOMEONE ELSE USES**

C&I ratepayers subsidize residential ratepayers. Specifically, per unit of electricity, C&I ratepayers pay more than it costs a power-generation company to generate that electricity. In contrast, residential ratepayers pay less. Regulators make up the gap by requiring businesses to pay more than their fair share. Establishing cost of service as regulators' primary factor when setting rates will help keep energy costs competitive.

## **WIND DOWN THE RENEWABLE DEVELOPMENT FUND (RDF)**

The Legislature created the RDF 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 areas with good wind or solar resources, the RDF plays a role no longer needed at a cost to ratepayers of millions of dollars per year. Accordingly, the Legislature should wind down the RDF.

## **MAINTAIN NUCLEAR**

To obtain reliable, clean power, we support the state's nuclear reactors continuing to operate until the end of their current operating licenses.

## **STUDY FUTURE INFRASTRUCTURE**

As part of grid modernization efforts, we support studies of how utilities may need to modify infrastructure to accommodate changing use patterns by commercial and industrial ratepayers.

## **IMPROVE ENERGY EFFICIENCY PROGRAMS**

We support the Conservation Improvement Program (CIP) to the extent it remains cost-effective for commercial and industrial ratepayers. We support allowing C&I customers who implement self-directed energy-efficiency measures to opt out of CIP as long as those initiatives are measured and verified and the opt-out does not shift costs onto other customers. We support modifying the CIP cost allocation and rate design so that C&I customers receive the full benefit of avoided demand and avoided energy cost for the C&I class.