



February 13, 2023

Chair Frentz and members of the Senate Energy, Utilities, Environment, and Climate Committee:

Thank you for the opportunity to provide comments on SF 1296 (Sen. Mitchell).

The Minnesota Chamber believes in the triple goal of affordable, reliable, and cleaner energy. We support our members' interests and efforts to advance sustainability, and we work hard to help them reduce energy consumption, divert waste, and minimize environmental impact.

We raise the following concerns about SF 1296's structure and its potential impact on ratepayers:

- 1) As currently drafted, the bill places the Public Utilities Commission (PUC) in a new role regarding electric vehicle infrastructure which is better suited for the Department of Transportation or the Department of Employment and Economic Development.

The PUC has technical expertise in assessing the cost, feasibility, and value of plans to provide utility service. It does not have clear demonstrated expertise in economic development or the acceleration of transportation technology adoption. Its purview is specific to rate-regulated investor-owned electric utilities, natural gas, and telecommunications providers.

With electric vehicle infrastructure funding available to Minnesota through the federal Infrastructure Investment and Jobs Act, the consideration and implementation of the state's public policy goals regarding electric vehicles and electric vehicle infrastructure are better suited to legislative debate and consideration in cooperation with executive branch agencies that have the appropriate expertise.

- 2) The cost recovery mechanisms contained within the bill raise concerns about impacts on electric utility customers.

According to the latest information from the U.S Energy Information Administration, Minnesota's commercial electricity prices increased 7% from 2020 to 2021 and industrial electricity prices rose 8% over the same time span. During the same period, the other six states in the EIA's West North Central Region, on average, saw their commercial electricity prices increase 2% and industrial electricity prices rise by 1.8%.

Minnesota's electricity prices were historically a competitive advantage for the business community. In 2002, Minnesota had the 34th highest industrial electricity prices. In 2011, Minnesota had risen to the 27th highest, and now Minnesota has the 12th highest prices. Our commercial prices are identical to the national average, and industrial prices are 15.5% above the national average. This harms our economic competitiveness nationally and globally.

Further, we have concerns about building out the state's EV infrastructure through utility bills which, for the rate regulated utility providers in our state, include a rate of return that will increase the cost of this large infrastructure effort.

With this data in mind, we urge policymakers to be cautious in adding new costs to Minnesotans' electric bills.

Sincerely,

Brian Cook
Director, Energy and Elections Policy