



March 28, 2023

Senate Energy, Utilities, Environment, and Climate Committee
95 University Avenue W, Room 1150
Saint Paul, MN 55155

Chair Frentz, Ranking Member Mathews, and members of the committee,

On behalf of ALLETE, Inc. / MN Power, we write the committee to share our input for S.F. 2847, the Omnibus Energy Finance bill under consideration.

Minnesota Power serves the most unique customer base of any electric utility in the country. More than 60% of our electric sales serve some of the largest industrial customers in the nation. These customers compete in an intense global market and are sensitive to the reliability and affordability of their electric service. Residential customers account for 13% of our electric sales, some of which live in the poorest counties in the state. We are proud that we provide the lowest residential rates in Minnesota.

Minnesota Power is making significant progress on our commitment to provide 100% carbon-free energy to our customers, transitioning the Minnesota Power system from 95% coal in the early 2000s to 50% renewable energy today. We plan to be 80% carbon-free by 2035, so Minnesota Power supports a carbon-free energy future with a transition that protects reliability, affordability, and ensures equity.

Many of the provisions in this omnibus bill will facilitate implementation of that vision. With that mind, we support the hard work and ongoing discussions with members of the committee and their staff in crafting these provisions:

HVDC Modernization Project: We greatly appreciate the \$17.5 million appropriation for our high voltage direct current transmission line (S.F. 1315) which will support an upgrade to a unique infrastructure asset. This upgrade will improve grid reliability, increase capacity for the transmission line, and create opportunities for union workers. It also provides the region with access to additional renewable energy opportunities and will serve as a keystone asset in meeting utility requirements to provide 100% carbon-free electricity by 2040. This funding will strengthen our federal applications to the U.S. Department of Energy and efforts to bring federal investments authorized through the Infrastructure Investment and Jobs Act into the state of Minnesota.

Unfortunately, the House Climate and Energy Omnibus (H.F. 2754) bill does not currently include this critical state investment, and **we urge the committee to include this funding in the final energy omnibus package.**

We also hope S.F. 2257, a bill which appropriates \$10 million for a first-of-its-kind in the United States mine truck electrification pilot project, will be considered for final inclusion. This important pilot will assist in providing critical resources needed to implement an industrial decarbonization project in the Iron Range.

Funding for the Minnesota Public Utilities Commission and Minnesota Department of Commerce: We support the robust funding included in this bill for the Minnesota PUC and the MN Department of Commerce for critical utility regulatory functions and administrative and operating support, including the ability to hire the necessary staff needed to implement new and existing energy programs. This funding will help advance the public interest in our state.

Feasibility Study for Iron-based Battery Storage: We greatly support this funding for a feasibility study to identify and process Minnesota iron resources that could be suitable for upgrading to long-term battery storage specifications. Long duration storage will be critical to ensuring system reliability as we transition the grid to more variable resources. This study could be exceptionally important to the economy of northern Minnesota.

Section 1 – Buy Clean and Buy Fair Minnesota: We appreciate the hard work that has gone into the development of this provision and support its inclusion.

Section 13 – Transportation Electrification Plans: While we appreciate the inclusion of this provision that will assist utility development of electric transportation plans, the Senate provision does not include the language we have worked on which includes electric drive mine trucks and electric drive mine truck trolley systems in our transportation electrification plans for Minnesota Public Utilities Commission filings. That language is included in the current House omnibus bill and we urge your support.

Section 15 – Community Solar Garden Transition and Section 16 – Distributed Solar Energy Standard: We support the direction the Senate is taking on this topic, support continued discussions with stakeholders over this important provision, and look forward to working with the committee.

Section 21 – Compensation for Certain PUC Proceeding Participants: The stakeholder negotiations on this provision are on-going, and improvements to this current provision continue to be necessary to ensure concerns raised by key stakeholders are adequately mitigated.

Section 28 – Energy Benchmarking: We appreciate the committee's support of this provision which was negotiated with a broad group of stakeholders. This provision will result in benchmarking the energy usage of most of Minnesota's large buildings while reducing the cost and complexity associated with the bill.

Other Key Provisions we support:

- **Section 37 – Grants to Auto Dealers for EV Training**
- **Section 39 – Residential Heat Pump Rebate Program**
- **Section 40 – Residential Electric Panel Upgrade Grant Program**
- **Section 42 – Advanced Nuclear Study**

Thank you for the opportunity to comment, and we look forward to working with you.

Sincerely

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