



Thursday, March 28th, 2019

Members of the House Energy and Climate Finance and Policy Division,

On behalf of Americans for Prosperity, the nation's largest free market grassroots organization, and activists across the state of Minnesota, I urge you to vote "No" on HF1833, which would hurt consumers by limiting the technologies and fuels electricity providers can use to provide affordable and reliable energy for Minnesota families and business.

The arbitrary and unrealistic targets set in HF1833 would cause significant rate increases for Minnesota consumers. Instead of utilities responding to market signals to keep rates low, we would have government agencies intervening in power markets, spending billions of taxpayer dollars on various new, unproven, and expensive technologies—in other words, picking winners and losers. This is a lesson that Minnesota policy-makers should already have learned.

Historically, electricity in Minnesota has been consistently cheaper than the national average, by about 18%-20%. However, following enactment of the current Renewable Energy Standard—a smaller version of the mandate currently under consideration—that competitive advantage has been lost. 2017 was the first year ever that electricity in Minnesota was more expensive than the national average. All told, Minnesotans are now paying over \$1 billion a year more for electricity per year than if the state had maintained its historic price advantage.

In the end, policies are judged by their results, not their intentions. After over a decade under the current standard, the evidence is clear – government mandates like this one are simply too expensive. Higher energy prices in combination with the onslaught of proposed new tax hikes within the Governor's budget will spell disaster for Minnesota's economy. Thousands of Minnesotans will be worse off under this plan as their energy costs skyrocket, and jobs will be lost as businesses look to states with more affordable energy prices to set up shop and expand.

Even worse, it's the least fortunate among us that will be hit the hardest. More than 390,000 households¹ in Minnesota already experience the ravages of energy poverty, with many forced to keep their home at unhealthy temperatures or forgo basic necessities such as medicine or food to pay their energy bills. This proposed mandate will only exacerbate the problem.

¹ Home Energy Affordability Gap http://www.homeenergyaffordabilitygap.com/03a_affordabilityData.html

All Minnesotans care about our environment and want to protect it. Thankfully, the state has better options than ineffective command and control government mandates. As the pace of technological change accelerates and the creative destruction of competition pushes less efficient technologies out of the market, we can realize our environmental protection goals, but without the cost to Minnesota's economy.

Over the past decade, U.S. power markets have undergone fundamental changes. According to professor David Victor from the University of California, San Diego, the impact of the switch from coal to natural gas on the U.S emissions each year was "equal to about twice the total effect of the Kyoto Protocol on carbon emissions in the rest of the world, including the European Union."²

In other words, embracing the free market and unleashing our entrepreneurs in competition toward developing new technology has proven far more effective at improving our environment and protecting ratepayers than any strong-armed mandate or regulation. Instead of creating barriers to innovation, policymakers should instead focus on allowing electricity providers to utilize an all-of-the above strategy in securing the cheapest and most reliable energy mix for consumers.

Thank you for the opportunity to share our opposition to the unworkable market distortion proposed in HF1833. Please don't hesitate to reach out if you have questions, need more information, or if you would like to discuss the issue further.

Sincerely,

A handwritten signature in black ink, appearing to read 'J Flohrs', with a large, stylized flourish at the end.

Jason Flohrs
State Director
Americans for Prosperity - Minnesota

² O'Sullivan, Meghan. Windfall: How the New Energy Abundance Upends Global Politics and Strengthens America's Power. New York, NY: Simon & Schuster, 2017. P.146-152.