



May 15, 2020

Key Vote Alert: Vote “No” on SF1456 – Clean Energy First Mandates

Dear Members of the Minnesota Senate,

On behalf of Americans for Prosperity, the nation’s largest free market grassroots organization, and our activists across the state of Minnesota, I am writing to inform you of our opposition to SF1456, which would cause significant rate impacts and hurt consumers by disregarding market signals and allowing government agencies to pick winners and losers within power markets and among various energy technologies.

As a “Key Vote”, Americans for Prosperity – Minnesota may include this vote in our end-of-session Legislative Scorecard that will be shared with your constituents.

Historically, electricity in Minnesota was 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 in which 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 interference such as proposed in SF1456 is simply too expensive. Thousands of Minnesotans will be worse off under this plan as their energy costs skyrocket, and with unemployment already reaching Great Depression levels, we can’t afford to lose any more jobs 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. Even before the devastating impacts of the COVID-19 pandemic and ensuing shutdown, it was estimated that more than 390,000 households¹ in Minnesota were already experiencing 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 proposal will only exacerbate the problem at a time when Minnesotans are already struggling to make ends meet on other basic necessities.

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 at its disposal 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 putting government squarely in the path of 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 SF1456. 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 stylized, cursive flourish.

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.