

# Climate Change

Minnesota’s public power systems recognize that Congress is placing a high priority on global climate change as one of the most significant environmental policy issues confronting the nation. In response to the same concerns, the 2007 Minnesota State Legislature passed several aggressive legislative proposals dealing with the climate change issue, including:

- a renewable energy standard for electric utilities of 25% by the year 2025;
- annual conservation savings for electric utilities of 1.5% per year;
- a limit on new base load generation after August 2009 unless there are carbon offsets; and
- an aggressive climate change stakeholder-based study to assess appropriate strategies, including a Minnesota, region-wide, or national greenhouse gas cap-and-trade program.

These actions constitute a down payment on Minnesota’s effort to reduce its greenhouse gas emissions. We do not believe, however, that a patchwork of single-state or even multi-state fossil fuel registration and cap-and-trade programs is an economic or effective approach to the climate change problem. Unilateral action by one state or even actions by a small group of states is inconsistent with the structure of large regional wholesale electric markets, does not recognize the inability of small scale programs to influence international cooperation, and does not recognize the competitive disadvantage such unilateral action may place on Minnesota businesses and jobs.

We need to respond to the climate change challenge as a series of issues that transcend state boundaries. Toward that end, we need to develop comprehensive national solutions that ensure a reliable and cost-effective supply of energy.

MMUA believes that Congress should concentrate its efforts on pushing for smart and effective national climate change legislation that includes all economic sectors, recognizes the country’s crucial need for fuel diversity, offers appropriate incentives and credits, and acknowledges potential adverse impacts to U.S. energy security and the economy. Minnesota’s public power systems would support and actively participate in these efforts.

MMUA believes that effective climate change policy must:

- Be national in scope;
- Be economy-wide and apply to all industry sectors, including transportation and manufacturing as well as electricity generation;
- Protect the ability of U.S. and Minnesota industries to compete in regional and global markets and carefully consider the competitive impact on jobs;
- Develop a robust national greenhouse gas registry, such as the National Climate Registry, to track and benchmark carbon contributions and mitigation actions;
- Allow credit for early actions taken to reduce greenhouse emissions;
- Maintain reliability, protect national security and avoid over-reliance

on any single fuel by recognizing the importance to the nation of preserving a diverse mix of electricity generation fuels, including coal, nuclear, natural gas, and all renewable energy sources including hydro;

- Pursue efficiency improvements for all types of energy uses;
- Ensure that tax-based or other incentives for the development and deployment of renewable and clean energy facilities and programs are provided on a comparable basis to the public power sector of the utility industry;
- Develop cap-and-trade programs that make allocations available across all electric industry sectors – such programs must ensure sufficient allocations to protect the economy and consumers as electric utilities transition to reduced carbon generation strategies;
- Recognize and address regional differences that can impact the fairness and effectiveness of any program designed to address greenhouse gas emissions;
- Include additional and expanded federal support for research, development and deployment of cost-effective technologies to reduce, capture, transform or sequester greenhouse gases from emission sources throughout the national economy, and
- Ensure that any generation portfolio requirements permit all low emission technologies.