

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

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In the Matter of an Investigation into  
Implementing Changes to the Renewable  
Energy Standard and Newly Created Carbon  
Free Standard Under Minn. Stat. § 216B.1691

PUC Docket No. E999/CI-23-151

**REPLY COMMENT**

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The Minnesota Large Industrial Group (“MLIG”), a continuing ad hoc consortium of large industrial end-users of energy in Minnesota spanning multiple utilities and functioning to represent large industrial interests before regulatory and legislative bodies, submits the following comment pursuant to the Notice of Comment Period (“Notice”) issued by the Minnesota Public Utilities Commission (“Commission”) this matter on October 31, 2024.<sup>1</sup> The Commission’s Notice identified the following topics open for comment:

1. When and how should utilities report preparedness for meeting upcoming [Carbon-Free Standard] CFS requirements?
2. By which criteria and standards should the Commission measure an electric utility’s compliance with the CFS?
3. What considerations should the Commission take into account regarding the double counting of Renewable Energy Credits (RECs) to meet multiple requirements?
4. How should net market purchases be counted towards CFS compliance?
5. Are there other issues or concerns related to this matter?

MLIG submits this reply comment in response to the first topic open for comment regarding utility reporting on preparedness to meet the CFS requirements.

**Reporting Should Occur Annually and Include the Estimated Costs of Compliance**

Utilities should report preparedness for meeting upcoming CFS requirements in annual filings that include the cost of compliance. These annual filings should inform and be informed

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<sup>1</sup> *In the Matter of an Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691*, MPUC Docket No. E-999/CI-23-151, Notice of Extended Reply Comment Period (February 4, 2025) (eDocket No. 20252-214934-01).

by the utilities' Integrated Resource Plan ("IRP") filings. However, it is not clear that recent IRP filings have fully disclosed projected rate increases over the five-year action plan, the cost of associated transmission build-out, or how utilities are working towards achieving policy objectives on cost. To ensure that clear direction is provided to utilities, MLIG agrees with some commenters that IRPs should serve as comprehensive roadmaps for utilities, outlining how they will meet future energy and capacity needs while ensuring reliability, cost responsibility, and compliance with state regulatory requirements and policy objectives. As part of this process, utilities include detailed assessments of their strategies to achieve their carbon reduction and renewable energy goals in a least-cost manner, including the most cost-effective planned investments in clean energy, grid modernization, energy storage, and dispatchable energy resources, as well as timelines for retiring generation assets.<sup>2</sup>

#### Filings Should Include Multiple Scenarios and Cost Estimates

Though IRPs are a good tool to inform the annual preparedness filings, both the IRP and the annual filings should include multiple cost scenarios so the Commission can evaluate all options and implement the least-cost scenario for compliance with the CFS and other renewable and solar standards. For example, the CEOs pose this scenario – whether the utility should:

- (1) retire the RECs associated with its “non-Minnesota carbon-free energy” (carbon-free energy that it generates or procures but which is reasonably attributed to the utility’s customers in other states or to net market sales) as part of its compliance with the CFS; or
- (2) sell the RECs to others.

The CEOs recommend “as a general matter, the financial impact of retiring these unbundled RECs (rather than selling them to others) should be reflected in any analysis comparing the cost of resource plans that depend on such RECs to the cost of resource plans that achieve

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<sup>2</sup> See *In the Matter of an Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691*, MPUC Docket No. E-999/CI-23-151, Comments of Great River Energy at 1 (January 29, 2025) (eDocket No. 20251-214623-01).

compliance without them.”<sup>3</sup> MLIG believes cost comparisons across a variety of compliance scenarios should be required for inclusion in the utility’s annual preparedness and IRP filings.

#### Filings Should Include Utilities’ Non-Retail Sales and Also Their Purchases and Sales of RECs

Similarly, MLIG supports the CEOs’ recommendations to include utility sales to other markets and non-Minnesota retail sales, and also their purchases and sales of RECs. The CEOs recommend the filings include:

- the utility’s predicted and actual sales to parties other than retail customers in Minnesota, specifically identifying net annual sales to regional markets, sales to retail customers in other states, and any other sales to parties other than Minnesota retail customers. The explanation should state whether the utility has sold the RECs associated with any of these sales if they are of carbon-free power; and
- the utility’s predicted and actual purchase of RECs or retention of RECs from generation provided to non-Minnesota retail customers or from excess sales to MISO or other regional markets, identifying which are bundled and which are unbundled. RECs attributable to electricity generated or procured by the utility should be listed as bundled RECs, and those purchased from other parties where the energy associated with the REC was not purchased should be listed as unbundled RECs.<sup>4</sup>

MLIG supports this delineated reporting of the utility’s sales and options for use, sale and procurement of RECs and the costs of each option so the Commission can choose the least-cost option for compliance with the CFS and MLIG and other stakeholders can understand what Minnesota resources are serving other jurisdictions.

#### Utilities Should Simultaneously Report Preparedness Using a Dedicated Template and Docket

Finally, MLIG supports the CEOs’ recommendation for the development of a detailed reporting template for stakeholders to comment upon.<sup>5</sup> MLIG recognizes the value of a reporting

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<sup>3</sup> *In the Matter of an Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691*, MPUC Docket No. E-999/CI-23-151, Initial Comments of the Clean Energy Organizations at 7 (January 29, 2025) (20251-214613-01).

<sup>4</sup> *Id.* at 8-9 (internal citations omitted).

<sup>5</sup> *Id.* at 17.

template that would provide consistency in reporting methodologies and allow for a comparison of utility preparedness. The template should include uniform cost reporting requirements to provide transparency to stakeholders and provide a basis upon which the Commission can determine the necessity of offramps and other mitigations to maintain affordability. Cost reporting should be done by customer class in order to assess the extent to which a utility is achieving or deviating from policy requirements set forth in Minn. Stat. § 216C.05 subd. 2(4). MLIG requests the opportunity to comment on the template once proposed. MLIG also supports the requirement for utilities to file their reports at the same time in one docket.<sup>6</sup>

## **Conclusion**

MLIG thanks the Commission for noticing these important topics for comment. MLIG notes that many of the issues flagged in this Comment period are intertwined with other issues noticed in separate comment periods and welcomes the continued discussion around the technical methodologies that should be used to implement the CFS to maximize benefits to ratepayers and ensure rates are reasonable and affordable.

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Respectfully submitted,

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<sup>6</sup> *Id.* at 18.