



April 16, 2025

VIA E-FILING

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: Matter of Investigation into Implementing Changes to the Renewable Energy
Standard and the Newly Created Carbon Free Standard
Docket No. E999/M-23-151
SUPPLEMENTAL COMMENTS

Dear Mr. Seuffert:

On February 21, 2025, the Minnesota Public Utilities Commission (or, "Commission") filed a Notice of Supplemental Comment Period in Phase 3 of this docket. Minnesota Power (or, "Company") filed Initial Comments in this matter on January 29, 2025 and joint Reply Comments as part of the "Aligned Utilities" on March 19, 2025. The Company hereby submits these Supplemental Comments to further articulate its position regarding the proposal to require hourly credit matching as part of compliance with the Carbon Free Standard.

If you have any questions regarding this filing, please contact me at (218) 428-9846 or jmccullough@mnpower.com.

Respectfully submitted,



Jess McCullough
Public Policy Advisor II

JAM:th
Attach.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of Investigation into
Implementing Changes to the
Renewable Energy Standard and the
Newly Created Carbon Free Standard

Docket No. E999/M-23-151
SUPPLEMENTAL COMMENTS

I. INTRODUCTION

On February 21, 2025 the Minnesota Public Utilities Commission (or, “Commission”) filed a Notice of Supplemental Comment Period in Phase 3 of Docket E-999/M-23-151 In the Matter of Investigation into Implementing Changes to the Renewable Energy Standard (or, “RES”) and the Newly Created Carbon Free Standard (or, “CFS”) under Minn. Stat. § 216B.1691. Minnesota Power (or, the “Company”) filed Initial Comments in this docket phase on January 29, 2025 and filed Reply Comments jointly with “Aligned Utilities” on March 19, 2025. The Company submits these Supplemental Comments to further articulate its position regarding hourly matching.

Minnesota Power is committed to driving toward an energy future that is carbon free and has demonstrated this commitment by meeting and exceeding renewable goals consistently and sometimes years ahead of schedule. It is from this position that the Company reiterates that hourly matching for compliance purposes is not technologically or economically feasible at this time, and would be detrimental to both customers and the ability of utilities to meet the Carbon Free Standard by 2040.

II. TOPICS OPEN FOR COMMENT

As previously stated in the filing of the Aligned Utilities, compliance with both the RES and the CFS is defined unambiguously in statute as being evaluated on an annual basis. The relevant statutory provisions below, which have emphasis added, identify the annual nature of these requirements.

Minn. Stat. § 216B.1691, subd. 2g. **Carbon-free standard**: “each electric utility must generate or procure sufficient electricity generated from a carbon-free energy technology ... *by the end of the year indicated*”

Minn. Stat. § 216B.1691, Subd. 2a. **Eligible energy technology standard**: “the electric utility generates or procures an amount of electricity from an eligible energy technology that is equivalent to at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota *by the end of the year indicated*”

Minn. Stat. § 216B.1691, Subd. 2d(b)(2)(i) and (ii): “an electric utility's *annual purchases* from a regional transmission organization net of the electric utility's sales to the regional transmission organization, but only for the percentage of *annual net purchases* that is carbon-free....

Annual compliance metrics are fundamental to the Company's resource planning process, including its most recently submitted 2025-2039 Integrated Resource Plan (“2025 IRP”) in Docket No. E-015/RP-25-127. It is the Company's position that alteration of compliance requirements at such a fundamental level requires legislative action and is not encompassed in the discretionary powers of the Commission as defined in Minn. Stat. § 216B.1691, Subd. 2d. Minnesota Power has committed to significant investments in its generation portfolio to comply with the CFS and its ability to do so is based on an annualized netting of Renewable Energy Credits (or, “RECs”). To comply on an hourly basis, Minnesota Power would need to build or procure additional generation *beyond* that in the 2025 IRP - possibly far outside of the Company's service territory or region - to access hourly resources where and when they are available. In the future, technological advances in generation, transmission, and storage may make regional hourly matching a feasible option, but in the current energy landscape it is not feasible in an affordable or reasonable way.

Furthermore, hourly credit matching would increase costs and scope for Minnesota customers without providing corresponding benefits by forcing Minnesota utilities to

“compete” with one another for RECs during periods of low renewable output, driving up the prices for any available RECs generated at that time. Such an arrangement would provide no direct benefits to ratepayers but would increase the cost of both the credits themselves and the administrative hours necessary to track and capture them.

While the Company can measure renewable energy generation on an hourly basis, hourly tracking for CFS compliance would hinder the Company’s ability to comply and may result in greater need for offramps. For customers seeking to meet their *internal* renewable energy goals, the Company is open to continued discussion about providing those customers with hourly generation data with the understanding that the cost of providing such data would be the responsibility of the customer.

The state energy policy of Minnesota as stated in MN Statute 216C.05 Subd. 2(4) includes keeping retail electricity rates for each customer class “at least five percent below the national average.” Given the significant additional costs that will be incurred to meet an hourly reporting standard, the Company does not believe that there has been sufficient evidence gathered through this docket to allow for a meaningful or accurate evaluation of the impact to customer rates.

If the Commission decides to enact hourly reporting in this docket, the Company requests that the Commission take up the cost and implications of the additional renewables buildout required to meet the hourly reporting requirement either in this proceeding or in a separate proceeding.

III. CONCLUSION

As the first utility in the state to achieve 50 percent renewable generation a decade ahead of schedule and meet or exceed energy conservation requirements fifteen years in a row while maintaining reliability and affordability for its customers, Minnesota Power has demonstrated its commitment to the clean energy transition. The Company continues to monitor emerging technologies that can further enable this transition as they become commercially viable and reliable enough for utility adoption at a reasonable cost. The proposal to switch to hourly credit matching for CFS compliance would upend the planning process at a critical time in the energy transition, increase costs for RECs while providing no corresponding benefits to ratepayers, and is not supported by current statute.

The Company appreciates the opportunity to continue engaging with the Commission and other interested parties about the most effective implementation of the CFS. Please feel free to contact me with any questions regarding these matters.

Dated: April 16, 2025

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jess McCullough".

Jess McCullough
Public Policy Advisor II
218.428.9846
jmccullough@mnpower.com

Minnesota Power
30 W Superior St
Duluth, MN 55802

STATE OF MINNESOTA)
)ss
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

I, Tiana C. Heger of the City of Duluth, County of St. Louis, State of Minnesota, hereby certify that on the 16th day of April, 2025, I electronically filed a true and correct copy of Minnesota Power's Supplemental Comments in **Docket No. E999/M-23-151** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on eDocket's Official Service List for this Docket were served as requested.



Tiana Heger