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STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben
Joseph K. Sullivan
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Chair
Vice-Chair
Commissioner
Commissioner

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

Docket No. E-999/CI-23-151

COMMENTS OF
GREAT RIVER ENERGY

INTRODUCTION

Pursuant to the Minnesota Public Utilities Commission's ("Commission") October 31st, 2024, Notice of Comment Period and Updated Timeline ("Notice"), Great River Energy ("GRE") respectfully submits its Comments on questions of first impression related to implementation of, and compliance with, the new Carbon Free Standard ("CFS") set forth in Minn. Stat § 216B.1691.

Topic(s) Open for Comment:

1) When and how should utilities report preparedness for meeting upcoming CFS requirements?

Minnesota utilities should demonstrate their preparedness for meeting the CFS as part of their Integrated Resource Plan (IRP) submission and review process. The IRP serves as a comprehensive roadmap for utilities, outlining how they will meet future energy and capacity needs while ensuring reliability, cost responsibility, and compliance with state regulatory requirements. As part of this process, utilities already include a detailed assessment of their strategies to achieve their carbon reduction and renewable energy goals, including planned investments in clean energy, grid modernization, energy storage, and dispatchable energy resources, as well as timelines for retiring generation assets.

The modeling included in IRPs will indicate a path to compliance and a commensurate narrative that ensures transparency and accountability, allowing the Commission to evaluate the feasibility and

progress of utilities' decarbonization efforts. By integrating carbon-free preparedness into the IRP process, utilities subject to the standards can illustrate alignment between long-term energy planning and state energy policy goals.

2. By which criteria and standards should the Commission measure an electric utility's compliance with the CFS?

The primary metric in measuring an electric utility's compliance should be the relationship between total annual retail electric retail sales and total annual energy (MWh) that is generated and/or sourced from carbon-free generation and retired renewable energy certificates (RECs). The Commission should examine:

- The annual amount of total electric retail sales provided to the utility's Minnesota members or retail customers.
- The annual amount of carbon-free energy generated, as defined by the CFS, accounting for all carbon-free sources such as wind, solar, nuclear, and hydro.
- The annual amount of partially carbon-free energy generated such as hydrogen, generation with carbon capture and sequestration, and generation using qualifying biomass to the extent the percentage of these generation sources are carbon-free as determined in future Commission proceedings.
- The amount of energy generated from non-carbon-free energy as defined in Minn. Stat 216B.1691 Subd 1(b).
- The annual amount of net MISO market interaction, and the carbon-free constituency of the MISO market for the year of compliance as defined by the MN Public Utilities Commission.

If meeting the CFS necessities the retirement of additional RECs or similarly approved certificates beyond those retired in the renewable energy standard process, report the number of these retirements needed to meet the annual amount of total electric retail sales (MWh) serving the utility's Minnesota retail customers.

3. What considerations should the Commission take into account regarding the double counting of Renewable Energy Credits (RECs) to meet multiple requirements?

Under Minnesota Statutes, Section 216B.1691, Subdivisions 2a and 4, Minnesota utilities can count RECs toward compliance with both the CFS and the RES. This is allowed under Minnesota law to provide utilities with flexibility in meeting the overlapping requirements of these two standards.

By 2035, utilities are required to retire RECs to demonstrate 55 percent renewable energy generation relative to total electric retail sales. The legislature's clear direction is that these REC retirements can also count toward the first 55 percent of the CFS compliance demonstration. GRE supports a common-sense approach to the retirement of RECs required to satisfy both regulatory requirements. Additionally, and if necessary to supplement the utilities' owned and purchased carbon-free energy toward the CFS standards, utilities are allowed to incrementally retire RECs to satisfy the CFS policy standards in 2030, 2035 and 2040.

4. How should net market purchases be counted towards CFS compliance?

The percentage of net MISO market interaction, purchases and sales, should be allocated based on an annual historic assessment from MISO for yearly compliance demonstration. MISO's forward projections of the percentage of carbon-free net energy purchases and sales procured to or delivered to the market should be used when modeling future compliance goals.

For example, if a utility realizes or forecasts 100 MWh in net market purchases within a given year, and MISO determines the market to be 50% carbon-free in that year, 50MWh of the utility's market purchases would be deemed carbon free.

If you have any questions, please contact me at zruzycki@greenergy.com or at 763-446-6116.

Sincerely,

Great River Energy

/s/ Zac Ruzyski

Zac Ruzyski
Director, Resource Planning

c: Service List