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November 21, 2025

VIA ELECTRONIC FILING

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

Re: Reply Comments of Minnesota Energy Resources Corporation

In the Matter of a Commission Investigation into Gas Utility Resource Planning
Docket No. G008,G002,G011/CI-23-117

In the Matter of a Commission Evaluation of Changes to Natural Gas Utility
Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction
Goals
Docket No. G999/CI-21-565

In the Matter of Establishing an Estimate of the Costs of Future Carbon Dioxide
Regulation on Electricity Generation Under Minn. Stat. §216H.06
Docket No. E999/CI-07-1199

Dear Ms. Bergman:

On August 25, 2025, the Minnesota Public Utilities Commission (“Commission”) issued a Notice of Comment Period (the “Notice”) requesting comments be filed in the above-referenced dockets surrounding the issue of what are the appropriate data source and values for the regulatory cost of greenhouse gas emissions for Xcel Energy, CenterPoint Energy, and Minnesota Energy Resource Corporation’s upcoming gas integrated resource plans.

On October 31, 2025, several parties submitted comments in response to the Notice. Additionally, in their October 31, 2025 comments, the Minnesota Department of Commerce, Division of Energy Resources (the “Department”) requested the following information be provided in Reply Comments by Xcel Energy, CenterPoint Energy, and Minnesota Energy Resources Corporation (“MERC” or “Company”):

- Consistent with the information supplied by the local distribution company (“LDC”) to the Environmental Protection Agency’s (“EPA’s”) Mandatory Greenhouse Gas Reporting Program (“GHGRP”), provide information for 2024;
- Provide a short narrative description of how the values listed in the table above, and inclusive of data for 2024, were tabulated and calculated;
- Provide the natural gas deliveries (in Dekatherms) for the years 2010 through 2024 segregated by end-user (that is separately for residential customers, commercial customers, industrial customers, and electric generating facilities);
- Provide the natural gas deliveries (in Dekatherms) for the years 2010 through 2024 further segregated between sales and transport categories by end-user (that is separately for residential customers, commercial customers, industrial customers, and electric generating facilities); and
- To identify, explain, and discuss both the internal accounting and FERC accounts and sub-accounts that are used to track and record the internal costs and future regulatory costs associated with its upcoming natural gas IRP.

MERC submits these Reply Comments in response to the Commission’s Notice and those October 31, 2025 comments, and provides the information requested by the Department.

Are the values established for Minn. Stat. § 216H.06 and last approved in Docket No. E999/CI-07-1199 in the Commission’s December 19, 2023 Order appropriate for use in Xcel Energy, CenterPoint Energy, and Minnesota Energy Resource Corporation’s upcoming IRPs?

MERC agrees with Xcel Energy and CenterPoint Energy that the values established under Minn. Stat. § 216H.06 and most recently approved in Docket No. E999/CI-07-1199 are not appropriate for use by the gas utilities in their upcoming Gas IRPs. The regulatory cost values established in Docket No. E999/CI-04-1199 were developed specifically in the context of electricity generation, and the regulatory cost framework for the natural gas system should be different. As stated by Xcel Energy in their October 31, 2025 comments, “[t]o ensure accurate and meaningful planning, the regulatory cost of GHGs must be tailored to reflect sector-specific risks and regulatory mechanisms... for gas resources, future regulation could impact supply costs in ways that are not yet fully understood. Not only are the GHG control mechanisms and costs different between sectors, so are the market structures and reflection of these costs. The natural gas sector is unique in that many methane controls provide direct economic benefit in additional product recovery.”¹

¹ Xcel Energy, Initial Comments, page 3, filed October 31, 2025 in Docket Nos. E999/CI-04-1199, G008, G002, G011/CI-23-117, and G999/CI-21-565.

MERC also cautions that the regulatory cost of carbon serves as an input intending to improve the accuracy of Gas IRP modeling, and should not serve as a regulatory decarbonization tool, which could lead to unintended consequences. As stated by CenterPoint Energy in their October 31, 2025 comments “the regulatory cost of carbon itself is not intended to serve as a form of regulation. Ultimately, CenterPoint Energy is concerned that leveraging the regulatory cost carbon as a decarbonization tool instead of as an input intended to improve the accuracy of utility models will result in the establishment of regulatory cost values that far exceed actual anticipated near-term regulatory costs and will unintentionally impact the deployment of various innovative technologies.”²

If the current values established in the instant docket are not appropriate, what data source and update timeframe should be used for the regulatory cost of greenhouse gas (“GHG”) emissions values for natural gas IRPs?

MERC agrees with the comments of Xcel Energy and CenterPoint Energy in that the regulatory cost of GHG emissions values for Gas IRPs should be set at a low cost value of \$0, and an implementation year of 2030. MERC further agrees with Xcel Energy is that the high end of the range of \$13 is a reasonable value.

The Department’s request from the gas utilities for additional information

In their October 31, 2025 comments, the Department requested information be provided in Reply Comments by Xcel Energy, CenterPoint Energy, and MERC.

Consistent with the information supplied by the LDC to EPA’s GHGRP, provide information for 2024

In their October 31, 2025 comments, at Table 1, the Department provided what they believed to be annual GHG quantities for Xcel Energy, CenterPoint Energy, and MERC, for the years 2010 through 2023. The Department provided the EPA website where the data in Table 1 was queried³, and the data states that it includes Subpart NN and Subpart W from the Code of Federal Regulations (CFR), Title 40 Chapter 1, Subchapter

² CenterPoint Energy, Initial Comments, page 3, filed October 31, 2025 in Docket Nos. E999/CI-04-1199, G008, G002, G011/CI-23-117, and G999/CI-21-565.

³ Available at:

<https://enviro.epa.gov/envirofacts/ghg/search/results?q=N4lg7glgJg5gpgFwMIEMA2aQC4Bm6DOcANCFBPgA5ooC eSATHAnlytsAL4l4DGAynDRweCCAHSAduxBiKoydhC8laJiQD60ECVnyJANXQBxOlu0y54iQJT0eACwAqNCqawgARnBg QJAdSZ7EC4QeDEYehQKexobOyCsUBQoKH04fHxpAC8lCiQxKDCqC2TU9PwAGV8i8x41MxleMSMJBBBoGkHwEFGZpJs LFAFkAOXNC-B5GSwV3Qd8JdLFu4JJS%2BjiHZ1dFLx9-QJWQCSozEIkUCB58DYTOEjSKMXpRCRgATThbASERK2wAbQATAAGQEAZiIIMBAEZIaDgXDoQiQdDYSjAYiSiACylgCsil AbliAOxwwEYIEATkRAA4ALokQp4lXoBAAJTgj2evg%2BX0Ewj02ChEJADyeLxgABFPIAggtFFDsQBAYG05XQ2m1exwAC 230Ffyw-xAOPMgPMYPMSPMhOtZsZnSMHI1TGY6wFvxmID1bpYmRIhBETwNXqkxtNeJAjvwzoEwY9PyFEbxdpjzootgQoeT-0daDEYAAoq6MIZ2ShXm4ESB7BAYPYS%2BR8OXK-BhWDgV3u-cuRLfDA%2BN0EEZ8PkBu4AIIYYJAA>

C, Part 98. Unfortunately, the data presented from that EPA website data query does not reflect the data that MERC filed with the EPA. MERC believes there is an error in that EPA website data query tool.

In light of this fact, the Company is providing, in Table 1 below, data that MERC filed with the EPA for Subparts NN and W, inclusive of 2024 data. MERC files this data annually in the EPA’s Electronic Greenhouse Gas Reporting Tool (“E-GGRT”). E-GGRT is the EPA’s system of record, where the EPA accepts and certifies the annual reporting. MERC notes that the Company did not meet the reporting threshold for Subpart W reporting until 2020, therefore data for Subpart W prior to 2020 was not filed with the EPA.

Table 1. MERC EPA GHGRP data, Subparts NN and W

Reporting Year	Subpart NN Data	Subpart W Data
	Metric tons CO ₂	Metric tons CO ₂ e
2010	1,863,694	
2011	1,876,695	
2012	1,720,192	
2013	2,310,077	
2014	2,469,892	
2015	2,204,559	
2016	2,315,437	
2017	2,300,856	
2018	2,545,262	
2019	2,299,564	
2020	2,396,998	26,296
2021	2,156,967	26,666
2022	2,306,474	25,806
2023	2,032,267	25,304
2024	1,753,549	28,735

Provide a short narrative description of how the values listed in the table above, and inclusive of data for 2024, were tabulated and calculated

Subpart NN of the GHGRP applies to suppliers of natural gas and natural gas liquids (“NGLs”) that meet the Subpart NN source category definition to which MERC is a local distribution company (“LDC”) that supplies 460,000 thousand standard cubic feet of natural gas during a calendar year. LDCs must report CO₂ emissions that would result from the complete combustion or oxidation of the annual volumes of natural gas

provided to end users on their distribution systems. LDCs account for CO₂ emissions from natural gas consumption reported by other GHGRP reporters by subtracting the quantity of CO₂ associated with natural gas supplied to customers receiving equal to or greater than 460,000 mscf/year from the total quantity of CO₂ associated with the quantity of natural gas supplied. For MERC, the annual volume of natural gas (mscf) and the annual CO₂ mass emissions (metric tons) that would result from the complete combustion or oxidation of the following are reported: Annual volume of natural gas received at the LDC's city gate stations for redelivery on its distribution system, including natural gas used by the LDC; annual volume of natural gas delivered to each large end-user's facility or large-end user's meter registering supply equal to or greater than 460,000 mscf, and delivery downstream.

Subpart W of the GHGRP applies to any facility that contains petroleum and natural gas systems to which MERC reports under the natural gas distribution category. This category is defined as the collection of all distribution pipelines and metering-regulating stations that are operated by a single LDC within a single state that is regulated as a separate operating company by a public utility commission or that are operated as an independent municipally-owned distribution system. Each facility that emits 25,000 metric tons or more of CO₂ equivalent (CO₂e) per year must report emissions to the EPA. For MERC, emissions are reported for various leaks across the distribution system following EPA data collection and reporting requirements. For example, at least once a year, leak survey information is collected and integrated with the final data submitted to EPA. In addition, other reported emissions are based on EPA-approved emission factors for piping material and number of components within the system.

Provide the natural gas deliveries (in Dekatherms) for the years 2010 through 2024 segregated by end-user (that is separately for residential customers, commercial customers, industrial customers, and electric generating facilities)

Please see Table 2 below.

Table 2. MERC Natural Gas Deliveries 2010-2024

Year	System Sales				
	Residential	Commercial	Industrial	Electricity Generation	Transportation ⁴
2010	15,883,320	2,771,817	9,113,545	0	37,015,252
2011	16,396,431	3,014,197	9,788,888	0	38,878,924
2012	13,712,442	1,295,522	10,332,296	0	41,662,732
2013	16,968,688	1,167,086	13,165,692	0	38,891,092
2014	20,139,023	1,512,513	14,414,119	0	43,245,278
2015	15,468,815	945,210	11,464,104	0	36,794,282
2016	16,251,616	694,231	12,624,677	0	41,643,423
2017	17,184,775	818,491	13,874,750	0	45,253,093
2018	20,090,318	952,256	14,798,888	0	48,393,037
2019	20,737,112	1,618,422	15,675,523	0	51,700,924
2020 ⁵	19,054,371	2,593,772	11,885,924	11,862	48,805,436
2021	17,723,420	2,398,019	11,064,428	13,018	54,191,317
2022 ⁶	21,170,046	1,927,039	13,977,719	9,697	54,276,155
2023	17,490,873	1,549,423	12,195,869	11,961	53,662,750
2024	16,834,543	1,420,152	11,243,393	8,601	56,685,372

Provide the natural gas deliveries (in Dekatherms) for the years 2010 through 2024 further segregated between sales and transport categories by end-user (that is

⁴ Excludes Michigan Taconite volumes.

⁵ A new rate structure went in effect 7/1/19, which eliminated the categorization of industrial and commercial and created a rate schedule for electric generation customers. For the period of 2020 – 2021, categorization of industrial and commercial shown in Table 2 is based on historical industrial and commercial allocation.

⁶ A new rate structure went in effect 7/1/19, which eliminated the categorization of industrial and commercial and created a rate schedule for electric generation customers. For the period 2022 – 2024, categorization of commercial is based on Class 1 rate schedules, and categorization of industrial is based on Class 2 - Class 5 rate schedules.

separately for residential customers, commercial customers, industrial customers, and electric generating facilities)

Please see Table 2 above for segregated System Sales data. Table 3 below provides segregated Transport data.

Table 3. MERC Transport Natural Gas Deliveries 2016-2024

Year	Transport			
	Residential	Commercial	Industrial	Electricity Generation
2010	0	592,244	36,423,008	0
2011	0	622,063	38,256,861	0
2012	0	666,604	40,996,128	0
2013	0	622,257	38,268,835	0
2014	0	691,924	42,553,354	0
2015 ⁷	0	588,709	36,205,573	0
2016	0	666,295	40,977,128	0
2017	0	950,315	44,302,778	0
2018	0	1,209,826	47,183,211	0
2019	0	1,034,018	50,666,906	0
2020 ⁸	0	0	42,411,924	6,393,512
2021	0	0	47,146,445	7,044,871
2022	0	0	48,034,398	6,241,758
2023	0	0	45,827,989	7,834,762
2024	0	0	45,518,354	11,167,018

⁷ MERC implemented a new customer information system (“CIS”) in 2016. The Company encountered challenges extracting segregated Transportation volumes for 2010 – 2015 in time for inclusion in these Reply Comments. Given the time constraints, MERC utilized the 2016 historical proration between Commercial and Industrial transport against Total Transportation volumes for 2010 – 2015 to arrive at the segregated volumes for 2010 - 2015.

⁸ A new rate structure went in effect 7/1/19, which eliminated the categorization of industrial and commercial and created a rate schedule for electric generation customers. For the period of 2020 – 2024, categorization of commercial is based on Class 1 rate schedules, and categorization of industrial is based on Class 2 - Class 5 rate schedules.

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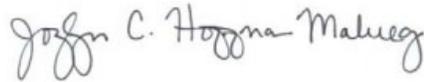
To identify, explain, and discuss both the internal accounting and FERC accounts and sub-accounts that are used to track and record the internal costs and future regulatory costs associated with its upcoming Gas IRP.

At this point in time, the Company is not yet tracking or recording internal costs associated with the initial Gas IRP, which is to be filed by MERC on or before July 1, 2028. The same is true with respect to future regulatory costs associated with the Gas IRP. The Company would be interested in understanding what tracking or recording processes Xcel Energy or CenterPoint Energy is currently using, or intends to use in the future, for recording such costs associated with the Gas IRP, and looks forward to reviewing the utilities' Reply Comments on this subject.

If you have any questions regarding this filing, please contact me at (414) 221-4208 or joylyn.hoffmanmalueg@wecenergygroup.com.

DATED: November 21, 2025

Respectfully submitted,



Joylyn Hoffman Malueg
Senior Project Specialist
Minnesota Energy Resources Corporation

cc: Service List

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into Gas Utility Resource Planning

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and Policy Structures to Meet State Greenhouse
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Costs of Future Carbon Dioxide Regulation on
Electricity Generation Under Minn. Stat. §216H.06

Docket No. E999/CI-07-1199

CERTIFICATE OF SERVICE

I, Colleen T. Sipiorski, hereby certify that on the 21st day of November 2025, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Reply Comments of MERC on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 21st day of November 2025.

/s/ Colleen T. Sipiorski

Colleen T. Sipiorski

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Woeste	Robyn	robynwoes	Interstate Power and I	Electronic Service	No	7-1199	Official