



January 29, 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**

Dear Mr. Seuffert:

On October 31, 2024, the Minnesota Public Utilities Commission (or, "Commission") filed a Notice of Comment Period for the third phase of the Matter of Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691. This phase of the docket pertains to preparedness for and methods of compliance with the Carbon Free Standard. This filing contains Minnesota Power's initial comments for this phase.

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

Respectfully submitted,



Jess McCullough

JAM:th  
Attach.

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

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

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Docket No. E999/M-23-151  
**INITIAL COMMENTS**

**I. INTRODUCTION**

On October 31, 2024, the Minnesota Public Utilities Commission (or, “Commission”) filed a Notice of Comment Period regarding the 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. At issue is the question of what clarifications, if any, the Commission should make regarding carbon-free standard compliance reporting and verification under Minn. Stat. § 216B.1691? In particular, this comment period addresses issues of preparedness for and compliance with the CFS. Minnesota Power (or, the “Company”) appreciates the opportunity to comment on this important issue and responds to the topics open for comment in the following section.

## **II. TOPICS OPEN FOR COMMENT**

### **1. When and how should utilities report preparedness for meeting upcoming CFS requirements?**

The Company proposes that reporting of preparedness for upcoming CFS requirements should be included in an Integrated Resource Plan (“IRP”). An IRP already details a utility’s current generation portfolio and future changes to that portfolio on a 15-year horizon. Demonstrating readiness for upcoming CFS compliance deadlines in the IRP would allow the Commission to assess the Utility’s preparedness on a regular basis in a preexisting scheduled proceeding. Minnesota Power intends to include such a report in its 2025 Integrated Resource Plan.

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

The Commission should measure compliance with the CFS in an annual compliance filing on the same schedule as that for the Renewable Energy Standard (“RES”). Utilities should report compliance in a spreadsheet detailing the amount of carbon-free energy (or, “MWh”) generated by (or purchased from) eligible carbon-free technologies compared to the annual energy sales to its customers. A Renewable Energy Credit (“REC”) used to meet the RES in a compliance year may also be applied to the CFS provided it meets CFS eligibility requirements. Other carbon free energy that might not produce a REC (i.e. nuclear or green hydrogen) but is eligible for CFS can be applied to meet compliance requirements. This flexibility to have multiple options for applying different types of eligible energy technology to the standard is critical to a utility’s ability to comply with state energy goals while providing reliable and affordable electricity to customers.

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

The ability to use the same credit to satisfy both the RES and the CFS is explicitly allowed in Minnesota Statute 216b.1691, Subd.4:

The program must permit a credit to be used only once, **except that a credit may be used to satisfy both the carbon-free energy standard obligation under subdivision 2g and either the renewable energy standard obligation under subdivision 2a or the solar energy standard obligation under subdivision 2f, if the credit meets the requirements of each subdivision.** The program must treat all eligible energy technology equally and shall not give more or less credit to energy based on the state where the energy was generated or the technology with which the energy was generated. The commission must determine the period in which the credits may be used for purposes of the program. (Emphasis added.)<sup>1</sup>

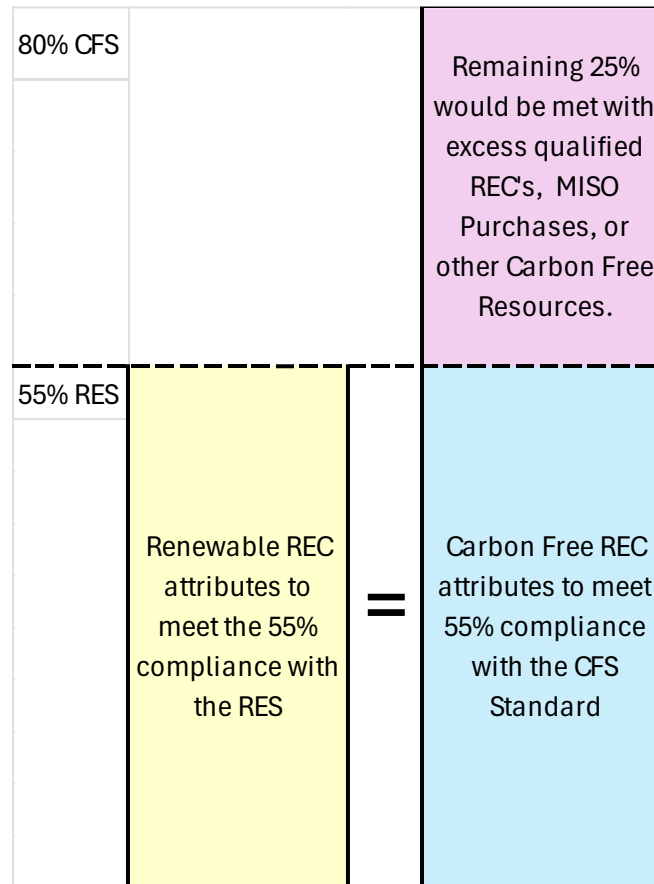
Such recognition is already included in M-RETS where each REC is identified by the resource, generator, and owner for identification and tracking purposes.<sup>2</sup> Further, if an eligible energy technology purchase occurs, companies can use the M-RETS system to keep track of the transfers of the RECs including the same information that is already required by the M-RETS system. Utilities that use RECs for CFS compliance should be required to demonstrate double counting is not occurring by using the M-RETS system for carbon free resources that are being tracked within M-RETS. RECs used for CFS compliance should be placed in a retirement account, which ensures the retired REC can't be used for other purposes. Eligible retirement accounts used to demonstrate CFS should include retirement accounts used for Minnesota's RES and Solar Energy Standard ("SES") reporting, and any voluntary retirement account a company might use for sustainability reporting.

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<sup>1</sup> <https://www.revisor.mn.gov/statutes/cite/216b.1691>

<sup>2</sup> [https://mrets.github.io/Help/Certificates\\_Dashboard](https://mrets.github.io/Help/Certificates_Dashboard)

Table 1: A visual aid demonstrating how a REC may be applied to both the RES and CFS.



The Company recognizes the risk that double counting can pose to the integrity of any carbon accounting system. As the CFS and RES standards in question measure different aspects of electricity generation which are not mutually exclusive, the Company recommends that utilities be able to conduct targeted application of these aspects of a REC toward both the RES and CFS. Minnesota Power believes the best way to clearly demonstrate this process is through a workbook submitted to the Commission as a compliance filing.

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

Net market purchases should be purchases made to serve retail customers after accounting for all other carbon free energy produced, procured or generated by the company and non-carbon free energy produced, procured or generated by the company.

The utility should be allowed to apply the excess RECs generated by its owned assets or purchased toward the non-carbon free portion of its market purchases or generation. Excess carbon free energy that is sold into the MISO market should be netted from the carbon-based energy used to serve customers in a two step process:

Step 1, The excess should be netted from the carbon-based generation serving customers.

Step 2, The remaining excess carbon free MISO market energy sales from Step 1 should be netted from MISO market energy purchases. The remaining market purchases after Step 1 and Step 2 are the market purchases to which the MISO market carbon free percentage is applied.

**5. Are there other issues or concerns related to this matter?**

None at this time.

## **VI. CONCLUSION**

Minnesota Power appreciates the opportunity to engage with the Commission and other stakeholders on the most effective implementation of the 2040 Carbon Free Standard. Please feel free to contact me with any questions regarding this matter.

Dated: January 29, 2025

Respectfully submitted,

A handwritten signature in black ink, reading "Jess McCullough". The signature is fluid and cursive, with the first name "Jess" and last name "McCullough" clearly distinguishable.

Jess McCullough  
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AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 29<sup>th</sup> day of January, 2025, she served Minnesota Power's Initial 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 E-Docket's Official Service List for this Docket were served as requested.



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Tiana Heger