



June 28, 2024

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

**RE: Comments from the Building Decarbonization Coalition  
In the Matter of a Commission Investigation into Gas Utility Resource Planning** (Docket Number G008, G002, G011/CI-23-117)

The Building Decarbonization Coalition (“BDC”) respectfully submits these Comments to the Minnesota Public Utilities Commission (“Commission”) in reference to the May 7, 2024 Notice of Extended Comment Period in the Matter of a Commission Investigation into Gas Utility Resource Planning (“Notice”).

BDC is a nonprofit coalition forging partnerships and pathways towards a managed, equitable transition towards a decarbonized built environment. Our coalition members are key stakeholders in this transition including, but are not limited to, state and local governments, the nation’s largest HVAC and water heating manufacturers, clean energy professionals, and energy utilities.

The Commission's March 27, 2024 Order Establishing Framework for Natural Gas Utility Integrated Resource Planning (“Scoping Order”) outlined the general scope of Natural Gas Utility Integrated Resource Plans (“IRPs”) and requires IRPs to include Expansion Alternatives Analyses (“EEA”) to assess alternatives to the gas system expansion. The Notice requested stakeholders weigh in on requirements utilities should abide by in developing these IRPs.

Additionally, the May 31, 2024 straw proposals filed by Xcel Energy (“Xcel”), Centerpoint Energy (“Centerpoint”), and Minnesota Energy Resources Corporation (“MERC”) (collectively, the “Utilities”) provide additional recommendations for Commission consideration including proposed investment thresholds. BDC is grateful to be able to participate in the Gas Utility Innovation Roundtable stakeholder meetings facilitated by the Great Plains Institute (“GPI”) that developed the straw proposal guidance for the Utilities and thanks GPI for their leadership in creating this space for collaboration and learning.

The Commission rightly recognizes that the IRP planning process directly affects the investments made in the gas system, and by extension contributes (positively or negatively, depending on the decisions), to measurable impacts on air quality, job creation, greenhouse gas emissions, utility rates, and a host of other socioeconomic variables. The EEAs, in particular, impose an important requirement on utilities to assess

alternative solutions for gas system expansion and develop internal capacity and systems to advance those alternatives. This includes technologies and approaches utilities may have limited experience to date implementing at scale. Conversely, expanding the gas system would not only adversely affect specific neighborhoods in inequitable and disproportionate ways, but would also lock in both utilities and their connected customers into decades of rate-based costs and emissions through the duration of the gas infrastructure's useful life.

As such, BDC applauds the Commission for including questions of equitable implementation of IRPs and the investments that will come from them in the Notice. Embedding equity into the pre-planning process for IRPs ensures Utilities can maintain these considerations throughout the multi-year development process and into implementation.

### **Environmental Justice Areas as Equity Criteria**

Incorporating equity into the IRP process in a meaningful manner requires dedicated equity assessments during the evaluation period for projects being considered for EEAs.

Utilities should provide narrative explanations in their IRPs on how they used considerations of equity as a variable for determining selected EEA projects. This could include, but is not limited to, answers to the following:

- Would the project be completed full or in part within an Environmental Justice Area as defined by state statute [Minn. Stat. § 116.065, subd. 1\(e\) \(2023\)](#)?
- Will the project create jobs in the community it is sited?
- Would the project lead to significant reductions in pollutants to air quality by displacing gas combustion from gas system expansion?

### **Investment Thresholds**

To ensure Utilities opportunities to determine projects based on equitable considerations, an appropriate investment threshold should be determined. Xcel and Centerpoint both proposed investment thresholds, \$3m and \$15m respectively, in their straw proposals they felt would allow them to determine 2-3 significant capacity expansion projects for EEAs but it is unclear how many projects in the portfolio fall above these identified thresholds to create a pool to choose from. During the June 18th Utility Innovation Roundtable it was proposed that the Utilities share with stakeholders and the Commission how many projects fall above the proposed investment threshold either through a historical accounting of projects in the past 5 years, projects in the next 5 years, or a mixture of the two approaches. We feel this would be a useful exercise and would allow the investment threshold determination to be informed by the number of actual expansion projects completed or planned. In doing so, Utilities should aim to identify an investment threshold that creates a selection pool of projects far greater than the 2-3 required in order to provide Utility staff the flexibility to choose the 2-3 projects using the proposed equity criteria. This may be a different threshold among the Utilities. If the threshold is set too high and only 2-3 projects are in the pool in total, the Utility may not be able reasonably to make EEA decisions factoring in equity impacts because of the limited number of options.

**Proposed decision options:**

1. For Utilities to select capacity expansion projects for expansion alternatives analysis using equity criteria and Environmental Justice Areas as defined in Minn. Stat. § 116.065, subd. 1(e) (2023).
2. For Utilities to adopt an investment threshold that allows the pool of eligible capacity expansion projects being assessed for expansion alternatives analysis to significantly exceed the 2-3 project requirement so utility staff can reasonably apply equity criteria in the selection of 2-3 projects.

BDC thanks the Commission for the opportunity to provide comment on this matter and expresses gratitude to stakeholders in this docket for their thoughtful consideration and collaboration.

Respectfully submitted,

Building Decarbonization Coalition  
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