



January 29, 2025

Via Electronic Filing

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

Re: Initial Comments

*In the Matter of an Investigation into Implementing Changes to the Renewable Energy
Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691*
Docket No: E999/CI-23-151

Dear Mr. Seuffert:

Central Municipal Power Agency/Services (CMPAS) submits these enclosed Initial Comments responding to the Public Utilities Commissions Notice of Comment issued on October 31, 2024, regarding clarifications for carbon-free standard compliance reporting and verification under Minn. Stat. § 216B.1691.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact me at (763) 710-3932 or jaya@CMPAS.org with any questions.

Sincerely,

Jay Anderson

Jay Anderson
Chief Executive Officer
Central Minnesota Municipal Power Agency/Services

Enc. Initial Comments of CMPAS
cc: Service List

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

Katie J. Sieben
Joe Sullivan
Hwikwon Ham
John A. Tuma
[TBD]

Chair
Vice Chair
Commissioner
Commissioner
Commissioner

IN THE MATTER OF AN 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

Initial Comments of Central
Minnesota Power Agency
Services

Introduction

Central Municipal Power Agency/Services (CMPAS) submits these enclosed Initial Comments responding to the Public Utilities Commissions Notice of Comment issued on October 31, 2024, regarding clarifications for carbon-free standard compliance reporting and verification under Minn. Stat. § 216B.1691. CMPAS appreciates the chance to submit these comments and looks forward to future opportunities for input.

Additionally, CMPAS notes that its members include the City of Blue Earth, City of Fairfax, City of Glencoe, City of Granite Falls, City of Janesville, City of Kasson, City of Kenyon, City of Mountain Lake, City of Sleepy Eye, City of Springfield, City of Windom and/or their affiliated utilities¹.

Topic(s) Open for Comment:

¹ The City of Delano has terminated its membership with CMPAS and is no longer a member as of May 9, 2024.

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

We would recommend adding such questions to the biennial compliance report forms currently used by utilities to demonstrate compliance with the Renewable Energy Standard under Minn. Stat § 216B.1691 Subd. 2a.

CMPAS also notes the November 7, 2024, Order contains instructions for provisional reporting requirements under the Carbon-Free Standard for both “carbon-free market purchases” and for carbon-free generation from power purchase agreements for specified resources². *There are power purchase agreements (PPAs) that are not covered by the language for provisional reporting requirements; namely long-term contracts that provide both fixed amounts of MISO Market energy (from non-specific resources) and RECs (from specific resources).* The way the above provisional reporting requirements are written, it is not clear whether these contracts would receive full credit in any provisional reporting. For example, if these contracts are considered carbon-free market purchases, it appears they would use an “annual energy fuel mix” instead of the actual RECs delivered in the contract. Likewise, it is unclear whether the provisional requirement term “specified resource” refers to a specified physical asset or a specified contract, as both can provide energy for CMPAS members.

In the event CMPAS must submit any reports under these provisional reporting requirements as part of “reporting preparedness for meeting upcoming CFS requirements”, impacts from these types of resources also need to be included as part of utilities’ “preparedness” efforts in order for accurate record development regarding CMPAS members. These contracts are resources that various CMPAS members, who all serve small, rural communities, depend on to provide both cost stability and renewable energy.

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

CMPAS members and their ratepayers have already begun investing in renewable and carbon-free resources and are counting on practical criteria to fully count these resources towards CFE compliance. We have several recommendations:

- Retail Sales Standards and Criteria: The Commission should measure compliance by comparing the amount of eligible carbon-free energy identified by the utility against the same reported retail sales that is used for verifying compliance with the Renewable Energy Standard.

² November 7, 2024 Order listed under Dockets No. E-999/CI-23-151 *In the Matter of an Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon-Free Standard under Minn. Stat. 216B.1691* and No. E-999/CI-24-352 *Order Initiating New Docket and Clarifying “Environmental Justice Area”*. Page 7.

- Generation Standards and Criteria: Table 1 shows the criteria or standards CMPAS recommends for several types of energy sources, and any standards or criteria we recommend for measuring them. More details on recommendations specific to certain Energy Types in Table 1 are further below.

Table 1. Criteria and Standards for Measuring Energy Counted Towards CFS compliance

ID	Energy Type	Standards/Criteria
1	Renewable Energy from any specific generator owned or contracted by utility	RECs retired using eligible tracking system, such as Midwest Renewable Energy Tracking System (M-RETS)*
2	Carbon-Free, Non-Renewable Energy from specific generator owned or contracted by utility	<u>Utility choice**</u> of PPA billing statements, metered generation data, or use of applicable, established carbon-free credit methodology
3	Long-Term contract providing both fixed quantities of MISO Market Energy (non-specific generators) and RECs (specific generators)	RECs provided by long-term contract, retired using eligible tracking system, such as M-RETS*
4	Long-Term contract providing only fixed quantities of MISO Market Energy (non-specific generators)	Market Purchase. If an entity has net market purchases, partial compliance is measured by applying whatever methodology the MPUC determines to be used for net market purchases.
5	MISO Market Energy purchases not tied to specific contract	Market Purchase. If an entity has net market purchases, partial compliance is measured by applying whatever methodology the MPUC determines to be used for net market purchases.
6	Renewable Energy from any specific generator not owned or contracted by utility	RECs retired using eligible tracking system, such as M-RETS*
7	Energy Injected by Battery Energy Storage Systems (BESS), Carbon Capture & Storage (CCS)	No comment

**Including RECs retired to meet other obligations under Minn. Stat. § 216B.1691, such as the Renewable Energy Standard. See CMPAS response to question 3 for more details.*

***Choices accommodate different ownership or contractual arrangements for this resource type. See further explanation immediately below.*

Recommendation: Utilities of all Sizes Need Flexibility in Measuring the Amount of Qualifying Non-Renewable, Carbon Free Energy

One of the most important items in Table 1 is that utilities be allowed multiple ways to prove the amount of qualifying energy, most particularly for non-renewable, carbon-free energy (i.e., such as nuclear energy) that do not qualify for RECs. CMPAS notes that it has PPAs for very small percentages of existing large, existing central renewable and carbon-free resources physically

located outside of Minnesota. A prime example is our PPA for less than 2% of the Point Beach Nuclear Plant Units 1 and 2 in Wisconsin³. As small off takers, CMPAS may not have the contractual rights to certain ways of verifying energy generated for all of these resources, such as 1) accessing actual revenue grade meter reads from very large generation resources it does not own or 2) requiring such plant owners to use any newly emerging certifications or verification methods that might require them to certify power output for the entirety of their larger central resource, not just what is purchased by CMPAS members. *Because different utilities may have different power arrangements, it is critical to allow multiple options for measuring the amount of qualifying energy from non-renewable, carbon-free sources, including PPA billing statements, metered generation data, or certification standards.* The options allowed need to be practical for different types of resource ownership and pre-existing contractual arrangements.

Recommendation: Utilities of all Sizes Need Flexibility Regarding REC Vintages

CMPAS also has contracts with large, central renewable resources. CMPAS members use these contracts to serve their own needs and do not own resources that also make excess sales into the market. Additionally, as a small entity, CMPAS depends on output from a much smaller number of renewable facilities than larger utilities, who have dozens of facilities that generate CFE-compliant energy. As such, CFE compliance for CMPAS is more acutely impacted by variations in load and renewable energy output than are larger utilities – should one of CMPAS’s contracts have a poor year or should utility load vary unexpectedly, CMPAS could be at an unexpected deficit it cannot make up by using excess generation from a large pool of other contracts. While a typical PPA provision is for generator owners to provide replacement energy, capacity, and RECs with these contracts in the event of substandard performance, generator owners may certainly provide unexpired RECs from earlier years, from other generators to meet such an obligation.

Given these examples above, CMPAS is thus counting on the option to retire unexpired RECs from past years where absolutely necessary for CFS compliance, similar to RES compliance, and we recommend the same latitude for CFS compliance.

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

The Commission should allow for retirement of RECs to simultaneously satisfy both Renewable Energy Standard and the Carbon Free Standard requirements if they meet the requirements of both subdivisions. This is similar to how investor-owned utilities are allowed to use RECs retired to satisfy the Distributed Solar Energy Standard towards any other standard obligation under Minn. Stat. § 216B.1691, including the Renewable Energy Standard and the Solar Energy

³ For example, as indicated on the CMPAS website (<https://cmpas.org/energy-projects/>) multiple CMPAS members receive output for approximately 16 MW of the Point Beach Nuclear Plant Units 1 and 2 in Wisconsin, which is less than 2% of the facility’s overall rating. While these plants are owned by NextEra Point Beach LLC, CMPAS has a downstream PPA for a limited amount of output with Wisconsin Public Power, Inc., one of the nuclear facility’s direct off takers. This means that depending upon the type of measurement and verification required for CFS, CMPAS would need to work through two additional entities for CFS compliance.

Standard⁴.

RECs may only be retired once within specified tracking systems, so they are not double counted. As such, we propose that if any RECs used for CFS compliance were also retired and documented as for RES compliance during the same period⁵, that a standardized CFS compliance form, report, or other mechanism be established that can simply reference the REC retirements already made.

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

We believe it is difficult to provide a complete response on how net market purchases should be counted towards CFS compliance when there will be a future opportunity in July to define what “net market purchases” actually are⁶. It is difficult because there are certain types of power supply arrangements, such as the type shown in row 3 of Table 1, that may be affected based on whether it is assumed to be a net market purchase or a distinct carbon-free resource, based on how exactly net market purchases are ultimately defined.

Recommendation: CMPAS will provide initial comments based upon its own definition of net market purchases, but requests that should a further definition of net market purchases be made separately via Docket No. E-999/CI-24-352, that one last opportunity for comment or additional record development be provided in this Docket No. E-999/CI-23-151 about how net market purchases can be counted towards CFS compliance.

With regards to the CFS, CMPAS defines net market purchases as market purchases in excess of sales and contracted purchases that already provide accompanying RECs.

Net Market Purchases = Market Purchases⁷ – [Market Sales⁸ + Contracted Market Purchases that already have accompanying RECs⁹]

CMPAS does not currently have a preference as to which MISO data is used for partial compliance calculations for net market purchases; data either reflective of an appropriate subregional fuel mix (i.e., MISO North/Central, MISO Zone 1) or the MISO systemwide fuel mix is sufficient.

⁴ DOCKET NO. E-002, E-015, E-017/ CI-23-403 ORDER CLARIFYING IMPLEMENTATION OF DISTRIBUTED SOLAR ENERGY STANDARD.

⁵ For example: reporting on both RES and CFS compliance for the year 2030.

⁶ Docket No. E-999/CI-24-352, Order Initiating New Docket and Clarifying “Environmental Justice Area”. January 22, 2025, Notice of Comment. Page 2 solicits comments on “the definition and calculation of net market purchases”, with initial comments due on June 5, 2025, and a footnote asking commenters to “consider how answers overlap” between these two dockets.

⁷ See Rows 4 and 5 of Table 1 for definition.

⁸ See Rows 1, 2, and in some applications, Row 7 of Table 1 for definitions.

⁹ See Row 3 of Table 1 for definition. CMPAS responses to questions 1 and 2 (Table 1) discuss this contract type in more detail – long-term contracts purchasing fixed amounts of MISO Market Energy and RECs.

In the event it has net market purchases, CMPAS is fine with counting a calculated level of carbon-free net market purchases towards CFS compliance in addition to RECs and carbon-free energy it has already acquired from contracted resources and REC markets (rows 1-3 and 6 in Table 1).

Recommendation: CMPAS would ask that if it already receives RECs from power supply contracts, particularly the type of contract identified in row 3 of Table 1, that these RECs are used for demonstrating compliance with CFS instead of the partial compliance calculation for net market purchases.

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

Yes. There are two other issues.

The first issue regards definition of key terminology. As part of development of final compliance reporting requirements for the CFS, CMPAS asks for clear and explicit definitions on key terms being used. For example, the phrases “bilateral contract” and “power purchase agreement” are used in the November 7 Order regarding the purchase of energy. However, many in the electric utility industry who are involved in power trading and energy transactions use the term “bilateral contract” to refer to contracts exclusively for capacity (i.e., sale of “Zonal Resource Credits”), where no energy is included in the contract for actual purchase by the buyer. As such, a formal definition of what is meant by “bilateral contracts” and other terms in the context of CFS compliance will help ensure a common understanding between all parties.

The second issue is for the Commission to delegate authority to the Executive Secretary to convene a facilitated working group of utilities, after all Orders for this docket have been issued (expected in 2025). The practical reality is that many of those tasked with CFS compliance will need more opportunities to ask questions and fully understand what is being implemented than initial and reply comments for each round in this docket. Like earlier comments in this docket by other parties, CMPAS supports the Commission delegating authority for a facilitated workgroup for additional discussion.