



AN ALLETE COMPANY

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November 18, 2025

**VIA E-FILING**

Sasha Bergman  
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 Ms. Bergman:

On September 12, 2025, the Minnesota Public Utilities Commission (“MPUC” or “Commission”) filed a Notice of Comment Period (“Notice”) for the fourth 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 clarification of the process by which a modification or delay of relevant standards may be requested and evaluated. The Company hereby submits the enclosed Reply Comments to the Commission responding to the Notice.

Please contact me at (218) 355-3297 or [jkuklenski@mnpower.com](mailto:jkuklenski@mnpower.com) with any questions regarding this filing.

Respectfully,

A handwritten signature in black ink that reads 'Jennifer Kuklenski'.

Jennifer Kuklenski  
*Manager – Regulatory Strategy and Policy*  
Minnesota Power  
30 W Superior Street  
Duluth, MN 55802

JK:ah  
Attach.

I AM  
**ZERO INJURY.**

*Together we choose to work safely for our families, each other, and the public.  
We commit to be injury-free through continuous learning and improvement.*

**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  
**REPLY COMMENTS**

**I. INTRODUCTION**

On September 12, 2025 the Minnesota Public Utilities Commission (“MPUC” or “Commission”) issued a notice of comment in the fourth phase of the Investigation into Implementing Changes to the Renewable Energy Standard (“RES”)<sup>1</sup> and the Newly Created Carbon Free Standard (“CFS” or “Standard”). At issue in this fourth phase is the matter of determining if the process for modifying or delaying the RES as established in the Commission’s Order of March 19, 2010<sup>2</sup> (“2010 Order”) requires clarification in the context of the CFS. Minnesota Power (or, “Company”) submitted its Initial Comments in this proceeding on October 27, 2025 and appreciates the opportunity to provide reply comments in this critical discussion.

It remains the position of the Company that most of the process requirements listed in the 2010 Order are currently addressed in regular resource planning processes, and that requests for modification or delay of any applicable standard may be appropriately made in those proceedings. In the reply comments presented below, Minnesota Power focuses on two key issues raised during the initial comment period: (1) why modifications or delay of compliance with the CFS should be evaluated primarily within the Integrated Resource Plan (“IRP”) proceedings, and (2) why the Social Cost of Carbon (“SCC”) should not be used as the primary cost cap metric for evaluating the potential need for modification or delay of CFS compliance.

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<sup>1</sup> Minn. Stat. § 216B.1691 was amended in 2023 and renamed the Renewable Energy Standard (“RES”) to the Eligible Energy Technology Standard (“EETS”).

<sup>2</sup> Docket No. E-999/CI-03-869.

## **II. REPLY COMMENTS**

### **Utilizing the IRP Process to Evaluate Modification or Delay**

As stated in its Initial Comments, Minnesota Power supports the integration of CFS compliance modification or delay evaluation into the IRP process. The IRP process provides a holistic framework for evaluating long-term resource planning, including the rate and reliability impacts of compliance with the CFS. By consolidating evaluation of the need for modification or delay into the IRP process, utilities can present a comprehensive analysis of factors such as resource availability, technical challenges, and cost impacts in the context of broader system planning. This ensures that decisions are made with a full understanding of the utility's long-term strategy and operational constraints, as most utility proceedings would not have the level of detail or information needed to thoroughly evaluate the need for CFS compliance modification or delay.

Addressing requests for CFS compliance modification or delay within the IRP process eliminates the need for separate procedural tracks, reducing administrative burden and redundancy. As Minnesota Power highlighted in its Initial Comments, the IRP already includes detailed evaluations of rate impacts, reliability, and technical challenges. Consolidating CFS compliance considerations into this process streamlines reporting and ensures consistency in the evaluation of compliance strategies. Additionally, the IRP process follows a regular cadence, providing stakeholders with predictable opportunities to engage in discussions about CFS compliance and a potential need for modification or delay, if it were to arise. This reduces uncertainty and ensures that all parties have access to the same information and analysis.

Minn. Stat. § 216B.1691, subd. 2c explicitly allows the Commission to modify or delay compliance obligations as part of an IRP proceeding. While the statute does not preclude evaluation of the need for CFS compliance modification or delay in other proceedings, Minnesota Power agrees with the Department's position that such requests should be reserved for unforeseen circumstances outside of the IRP cycle. To that end, Minnesota Power appreciates Otter Tail Power's recommendation that the Commission consider extraordinary circumstances such as natural disasters in addition

to factors outlined in the statute when evaluating requests for CFS compliance modification or delay. Further, Minnesota Power recognizes that utilities may experience an abnormally low renewable production year, which could pose the need for a modification or delay of the Standard.

### **Utilizing the SCC as a Cost Cap for CFS Compliance Considerations**

In their Initial Comments, the Department recommended that the SCC, applied in IRP proceedings to quantify environmental costs, should represent the upper end of the range for compliance cost considerations and should therefore establish the maximum amount utilities may pay to satisfy CFS compliance requirements. While the Department noted that ratepayer impacts evaluated in utility IRPs should form the basis of any request to modify or delay CFS compliance obligations, the Company questions whether the SCC should be used as the primary metric establishing the upper bound for compliance cost considerations and therefore the determinant for defining affordability for utility rate payers.

While the SCC is a tool for quantifying environmental impacts in utility planning, relying on it as the primary metric for CFS compliance cost considerations may overemphasize environmental costs at the expense of other critical factors, such as reliability, technological developments, variation in customer income levels and affordability, and regional economic health. As noted in the 2010 Order, the Commission must also consider what is an affordable rate for energy service and reliability impacts of compliance, which is not captured in the SCC. By focusing solely on the SCC as a cost cap, the Commission may inadvertently narrow its decision-making framework, overlooking critical technological and economic challenges that could arise while utilities are working toward CFS compliance. Since the SCC is not an established metric for measuring affordability, Minnesota Power does not think it is appropriate to utilize the SCC to establish the maximum amount utilities may pay to satisfy CFS compliance requirements.

Additionally, the SCC is subject to significant uncertainty, as it depends on assumptions about future national emissions, climate impacts, and discount rates. This variability may

complicate its use as a definitive metric for evaluating the need for delay or modification of CFS compliance obligations, particularly in cases where compliance costs are close to the SCC threshold. Moreover, innovative solutions may require investments that exceed the SCC threshold in the near term but could provide long-term benefits in terms of cost savings and emissions reductions. Rigid adherence to the SCC as a cost cap could stifle such innovation.

To ensure a balanced and comprehensive evaluation of compliance strategies, the SCC should be used as one of several metrics to inform planning and resource decisions rather than the sole determinant of the compliance costs cap for CFS. This approach allows the Commission to weigh environmental costs alongside other critical factors, such as reliability, affordability, health of state and local economics, and technical feasibility, within the broader context of the IRP process. By doing so, the Commission can make informed decisions that align with Minnesota's climate goals while safeguarding ratepayer interests and grid reliability.

### **III. CONCLUSION**

In its Initial and Reply Comments, Minnesota Power has emphasized the importance of integrating the evaluation of CFS compliance modifications or delays into the IRP process. The Company underscores that the IRP process provides a comprehensive framework for assessing potential modification or delay of the Standard in the context of each utility's unique long-term resource planning considerations, including rate impacts, reliability, and technical challenges, while reducing unnecessary redundancy and administrative burden. Evaluation outside of the IRP process should be reserved for requests caused by unforeseen circumstances that may occur outside of IRP evaluation periods, such as but not limited to delays in necessary permitting processes, nondelivery or delayed delivery of equipment or services necessary for construction or operation of an eligible energy technology facility, natural disasters, an abnormal renewable energy production year, or other statutory obligations imposed on the Commission or utilities.

Additionally, the Company has raised concerns about using the SCC as the sole metric for compliance cost evaluations, cautioning that it may increase uncertainty,

overemphasize environmental costs at the expense of reliability, technological and affordability considerations, and could stifle innovative solutions. Instead, Minnesota Power advocates for the SCC to be one of several metrics considered within the planning and resource acquisition process, ensuring a balanced and holistic approach to compliance evaluations. In its Initial Comments, the Company also recommended minor updates to align with recent statutory and regulatory changes, such as the inclusion of Alternative Energy Credits (“AECs”), Environmental Attribute Credits (“EACs”), and the carbon-free energy portion of Net Market Purchases, and identified that several Order Points from the 2010 Order (e.g. Order Points 4, 7, 8, 9, and 10) are redundant or can be consolidated and incorporated into the utility planning process.

Minnesota Power appreciates the opportunity to provide comments on the clarification of the modification or delay process for the RES and CFS, and looks forward to continued collaboration as utilities work to achieve CFS milestones.

Dated: November 18, 2025

Respectfully submitted,

A handwritten signature in black ink, reading "Jennifer Kuklenski". The signature is written in a cursive style and is positioned above a thin horizontal line.

Jennifer Kuklenski  
*Manager – Regulatory Strategy and  
Policy*  
Minnesota Power  
30 W Superior Street  
Duluth, MN 55802

STATE OF MINNESOTA    )  
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COUNTY OF ST. LOUIS    )

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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I, Amy M. Honkala of the City of Duluth, County of St. Louis, State of Minnesota, hereby certify that on the 18th day of November, 2025, I electronically filed a true and correct copy of Minnesota Power's **Reply 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 eDocket's Official Service List for this Docket were served as requested.



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Amy M. Honkala