

January 29, 2025

Via Electronic Filing

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint 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. E-999/CI-23-151

Dear Mr. Seuffert:

Missouri Basin Municipal Power Agency, d/b/a Missouri River Energy Services, submits our Initial Comments in response to the Commission's October 31, 2024, Notice of Comment Period and Updated Timeline in the above-referenced docket.

Please contact me at 605-330-4890 or derek.bertsch@mrenergy.com if you have any questions regarding this filing.

Sincerely,

/s/ *Derek Bertsch*

Derek Bertsch
Senior Regulatory and Contracts Counsel

Enc. Initial Comments of Missouri River Energy Services
Cc: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben
Joseph K. Sullivan
Hwikwon Ham
John A. Tuma

Chair
Vice-Chair
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
MISSOURI RIVER ENERGY SERVICES

INTRODUCTION

Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services (“MRES”) offers these initial comments in response to the Notice of Comment Period and Updated Timeline issued by the Minnesota Public Utilities Commission (“Commission”) on October 31, 2024.

MRES is a not-for-profit municipal power agency that provides power supply, transmission service, and related energy services to 61 municipal electric utilities in four states, including 25 municipal utilities in Minnesota.¹ MRES, on behalf of itself and its member communities, offers the following comments in response to the topics open for comment identified in the Commission's Notice.

COMMENTS

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

MRES believes that electric utilities should report preparedness for meeting the Carbon-Free Standard (“CFS”) in accordance with the reporting requirements set forth in Minn. Stat. § 216B.1691, subd. 3(a). Specifically, the statute provides that each electric utility must report on its “plans, activities, and progress with regard to the standard obligations” in either the utility’s resource plan filing under Minn. Stat. § 216B.2422 or in a separate report submitted to the Commission every two years, whichever is more frequent. Similar to how electric utilities report their efforts taken to meet the state’s Eligible Energy Technology Standard (still commonly referred to as the Renewable Energy Standard (“RES”)), it would be reasonable for each electric

¹ The Minnesota members of MRES are the municipal electric utilities of Adrian, Alexandria, Barnesville, Benson, Breckenridge, Detroit Lakes, Elbow Lake, Henning, Hutchinson, Jackson, Lakefield, Lake Park, Luverne, Madison, Marshall, Melrose, Moorhead, Ortonville, Saint James, Sauk Centre, Staples, Wadena, Westbrook, Willmar and Worthington.

utility to include in its resource plan or biennial compliance report filing information that satisfies the requirements of Minn. Stat. § 216B.1691, subd. 3(a), which would include the status of the utility's carbon-free energy mix and its efforts taken to meet the upcoming CFS.

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

MRES believes it is important to have clear and workable criteria and standards in place to ensure compliance with the CFS, provide public transparency, and permit efficient regulatory oversight. The following details the information that an electric utility should include in its compliance filing to demonstrate the utility's compliance with the CFS:

- A. **Total Electric Retail Sales.** The amount of total electric retail sales (MWh) delivered during the compliance period to the utility's retail customers in Minnesota or the retail customers of a distribution utility in Minnesota to which the electric utility provides wholesale electric service.
- B. **Carbon-Free Energy Generated or Procured.** The amount of carbon-free energy (MWh) generated or procured by the utility during the compliance period, as calculated in accordance with Minn. Stat. § 216B.1691 and criteria and standards established by the Commission. Carbon-free energy generated would include energy generated from generation resources that qualify as "carbon-free" under the CFS. Carbon-free energy purchases would include carbon-free energy purchased from a specified resource through a bilateral contract or power purchase agreement.
- C. **Partial Compliance Credit.** The amount of partial compliance credit claimed by the utility under Minn. Stat. § 216B.1691, subd. 2d(b).² Utilities in their CFS compliance filing should report and describe all calculations made by the utility in determining any partial compliance credit claimed for (1) electricity generated from facilities that utilize carbon-free technologies for electricity generation and (2) carbon-free market purchases.
- D. **Retirement of Compliance Instruments.** The amount of Renewable Energy Credits ("RECs") or other certificates (e.g., Alternative Energy Certificates) approved by the Commission for CFS compliance and retired by the utility toward meeting the applicable percentage of the electric utility's total retail electric sales for the compliance period. MRES supports the Commission permitting the use of Alternative Energy Certificates, or some other similarly approved certificate, for verifying and tracking non-renewable carbon-free technologies (e.g., nuclear), as discussed in reply comments provided by the Midwest Renewable Energy Tracking System ("M-

² The Commission issued a Notice of Comment Period in Docket No. E-999/CI-24-352 on January 22, 2025, which requested comment from interested parties on what actions, if any, should the Commission take to establish the criteria and standards necessary for utilities to calculate partial compliance with the Carbon-Free Standard.

RETS”) in response to the Commission’s November 8, 2023, Notice of Comment Period in this CFS Docket.³

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

Under Minn. Stat. § 216B.1691, subd. 4, utilities may retire RECs towards compliance with the CFS and either the RES or solar energy standard (“SES”). This provides utilities appropriate flexibility in meeting the overlapping requirements of the standards and should not be considered double counting of RECs.

MRES supports the Commission using M-RETS to monitor and track the use of RECs for CFS compliance. Continuing to use M-RETS will reduce the risk of double counting of RECs and save cost and administrative time.

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

On November 7, 2024, the Commission released its *Order Initiating New Docket and Clarifying Environmental Justice Area* in this CFS Docket (“November 7 Order”). Among other things, the November 7 Order provisionally directed utilities, in their filings under the CFS and in resource plans under Minn. Stat. § 216B.2422, to do the following:

- a. Calculate the percentage of carbon-free market purchases on an applicable regional transmission organization subregion—using annual energy fuel mix data—as practicable.
- b. Calculate the percentage of carbon-free energy, when a utility purchases energy from a specified resource such as in the context of a bilateral contract or power purchase agreement, based on the percentage of carbon-free energy generated by the resource.

MRES supports the above approach for calculating the percentage of carbon-free market purchases. As discussed above, utilities should report and describe in their CFS compliance filing all calculations made by the utility in determining any partial compliance credit claimed for carbon-free market purchases. The utility should receive partial compliance credit for such carbon-free purchases by applying the amount of the utility’s net market purchases from the regional transmission organization that are deemed carbon-free towards the utility’s CFS obligation for the applicable compliance period.

³ *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 Midwest Renewable Energy Tracking System Reply Comments (July 25, 2024).

CONCLUSION

MRES appreciates the opportunity to submit these initial comments on behalf of itself and its municipal members, and we respectfully ask the Commission to consider these comments in any future action it may take to clarify CFS compliance reporting and verification under Minn. Stat. § 216B.1691. We look forward to continued participation in this matter.

Dated: January 29, 2025

MISSOURI RIVER ENERGY SERVICES

/s/ *Derek Bertsch*

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Senior Regulatory and Contracts Counsel

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Sioux Falls, SD 57109-8920


Derek Bertsch
My commission expires: 4/26/30