

May 29, 2025

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

Re: **IN THE MATTER OF SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY'S
2025-2039 INTEGRATED RESOURCE PLAN: DOCKET NO. ET9/RP-24-356**

Dear Mr. Seuffert:

The enclosed document contains Southern Minnesota Municipal Power Agency's comments in response to the Public Utilities Commission's April 1, 2025 notice of comment in the above referenced docket.

This document has been filed by e-filing with Minnesota Public Utilities Commission on May 29, 2025, as shown in the attached Certificate of Service.

If you have any questions, please contact me at (507) 292-6460.

Sincerely,



Jeremy Sutton
Director of Operations and COO

Attachments

cc: Dave Geschwind

JBS:jh

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

Katie Sieben	Chair
Joseph Sullivan	Vice-chair
Hwikwon Ham	Commissioner
Audrey Partridge	Commissioner
John Tuma	Commissioner

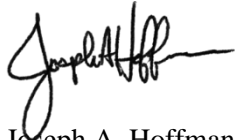
In the Matter of Southern Minnesota Municipal Power Agency's 2025-2039 Resource Plan
Docket No. ET9/RP-24-356

Southern Minnesota Municipal Power Agency's comments in response to the Public Utilities Commission's April 1, 2025 notice of comment in the above referenced docket.

CERTIFICATE OF SERVICE

I, Joseph A. Hoffman, hereby certify that I have this day served a copy of the following, or a summary thereof, on Will Seuffert and Sharon Ferguson by e-filing and First Class mail, and to all other persons on the attached service list by electronic service or by First Class mail.

Dated this 29th day of May, 2025



Joseph A. Hoffman
Chief External Affairs Officer
Southern Minnesota Municipal Power Agency
507-292-6427

Official Service List
Southern Minnesota Municipal Power Agency
2025-2039 Integrated Resource Plan
Docket No. ET9/RP-24-356

Last Name	First Name	Email	Company Name	Delivery Method	View Trade Secret
Commerce Attorneys	Generic	commerce.attorneys@ag.state.mn.us	Office of the Attorney General - Department of Commerce	Electronic Service	Yes
Ferguson	Sharon	sharon.ferguson@state.mn.us	Department of Commerce	Electronic Service	No
Hoffman	Joe	ja.hoffman@smmpa.org	SMMPA	Electronic Service	No
Residential Utilities Division	Generic Notice	residential.utilities@ag.state.mn.us	Office of the Attorney General - Residential Utilities Division	Electronic Service	Yes
Seuffert	Will	will.seuffert@state.mn.us	Public Utilities Commission	Electronic Service	Yes
Sutton	Jeremy	jb.sutton@smmpa.org	Southern MN Municipal Power Agency	Electronic Service	No

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

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

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Southern Minnesota Municipal
Power Agency's 2025-2039 Resource Plan

Docket No. ET9/RP-24-356
Comments of
Southern Minnesota Municipal
Power Agency

INTRODUCTION

Southern Minnesota Municipal Power Agency (SMMPA) offers these comments in response to the Public Utilities Commission's April 1, 2025 notice of comment. Specifically, SMMPA's comments below address the recommendations made by the Minnesota Department of Commerce dated March 26, 2025.

SMMPA is a not-for-profit joint-action agency (municipal power agency) that provides wholesale energy, transmission service, and other energy-related services to 17 municipally-owned utilities located across the State of Minnesota.

COMMENTS

In the filing dated March 26, 2025, the Minnesota Department of Commerce made a series of recommendations related to the SMMPA 2025-2039 Resource Plan. Below please find SMMPA's response to each of these recommendations.

E. FORECAST

E.5.2. The Department recommends that the Commission accept SMMPA's energy and demand forecast for this IRP.

SMMPA Response:

SMMPA agrees with this recommendation.

F. MODELING AND EXPANSION PLAN

F.5.2. The Department recommends that the Commission accept SMMPA's expansion modeling and preferred plan for this IRP.

SMMPA Response:

SMMPA agrees with this recommendation.

F.5.2. The Department recommends that SMMPA provide in reply comments a more detailed justification for selecting the preferred plan, particularly regarding the \$90 million cost differential compared to the least-cost case, and how the trade-offs align with SMMPA's long-term goals and financial considerations.

SMMPA Response:

In 2020, the SMMPA Board of Directors set an ambitious goal: to achieve a 90% reduction in CO2 emissions from 2005 levels and to provide 80% of annual energy needs from carbon-free sources by 2030. The plan is a bold reimagining of the Agency that, at the time, made financial sense and was supported by the Agency's members. This SMMPA 2.0 vision was a new direction and was made with the understanding that future costs would need to be appropriately weighed as specific resource decisions are considered. Since SMMPA 2.0 was first announced in February 2020, the cost of renewable energy projects has risen significantly. The Agency thought it prudent to not abandon the goal during the current planning period. No renewable project procurement will be needed during the next three years. Staying on the course will allow for a clearer picture of solar and wind project pricing. Too many factors are currently in a state of flux to make immediate planning decisions for projects that are six years out from commercial operation.

F.5.2. The Department recommends that Aurora modeling explore potential technological advancements in energy storage or grid flexibility in future IRPs, as these developments could influence the need for additional dispatchable resources.

SMMPA Response:

SMMPA has closely monitored developments in battery technology, recognizing its potential as a valuable capacity resource. The Agency has run multiple models within Aurora using NREL battery cost numbers. Battery pricing continues to be 2x plus that of traditional units. The cost barriers and MISO capacity accreditation uncertainty make selecting a battery storage project difficult right now. SMMPA has partnered with the Pacific Northwest National Laboratory (PNNL) as part of an American Public Power Association (APPA) project to further study the benefits and limitations of battery storage in hopes of deploying a project when the timing is right.

G. REGULATORY COMPLIANCE

G.2.2. The Department recommends that SMMPA explain in reply comments what the Agency plans to do to ensure that the utility completes enough planned actions to achieve the 60 percent Carbon-free Standard in 2030.

G.2.2. The Department further recommends that SMMPA state in reply comments what month or quarter they currently plan to achieve the 2030 Carbon-free Standard.

SMMPA Response:

The Agency's IRP identified the addition of 225 MW of solar and 50 MW of wind projects to supplement current Agency wind and solar projects and supplement expected renewable project retirements. These additional resources were based on energy production curves SMMPA has

experienced with similar projects that are currently in service. With these additional resources, SMMPA projects to be in compliance with the Carbon Free Standard on the first day the new law takes effect. SMMPA has run models to ensure that renewable levels will increase to a level sufficient to cover the additional load from Austin extending their contract. The current model analysis selects up to 300 MW of solar and 90 MW of wind to cover the additional load from Austin. However, the exact mix of renewable resources continues to be refined based on load forecasts, market conditions, and project costs.

G.2.3. *The Department recommends that in reply comments SMMPA describe the assumption regarding the treatment of RECs and market purchases that were used in calculating the percentage of retail electric sales coming from carbon-free technology, as depicted in Figure 10.*

SMMPA Response:

SMMPA's assumptions regarding the treatment of RECs and market purchases is consistent with the Agency's understanding of the legislation as written and as it has been interpreted since its inception in 2007. Minnesota Statute 216B.1691, subd.4(b) states "In lieu of generating or procuring energy directly to satisfy a standard obligation under subdivision 2a, 2f, or 2g, an electric utility may utilize renewable energy credits allowed under the program to satisfy the standard." Accordingly, the Agency's planning assumes that adding the Carbon Free standard into 216B would wrap the standard into the same flow of accounting methodology, as was the intent of the Carbon Free legislation. Likewise, the Agency believes the legislation was intended to transition the state to a less carbon-intensive electric grid, and the use of RECs and market purchases could be a key element in any utility's compliance strategy.

The Department indicated that "... SMMPA should explain the use of double-counting of RECS to meet more than one requirement." SMMPA assumes that the Department is not suggesting that a utility would produce renewable electricity to meet Subd. 2a. and separately produce carbon-free electricity to meet Subd. 2g. This would have utilities producing or procuring RECs at a level that is well above 100% of retail customers' load. To the extent that MRETS evolves to separately track renewable attributes and carbon-free attributes from generation resources, such as wind and solar that produce both attributes, and to the extent the Agency includes the use of certificates as part of a compliance strategy, separate carbon-free certificates and separate renewable certificates would be a part of that compliance strategy. However, to the extent a REC from wind and solar resources, as is the case today, includes both renewable and carbon-free attributes, the Agency does not view the use of a REC for both the renewable and carbon-free requirements as double-counting. Given the current landscape of available technology, as well as economic factors, we anticipate all of SMMPA's carbon-free resources being sourced from renewable energy projects that meet the requirements in both Subd 2g and Subd 2a. Utilizing the compliance definitions outlined in 216B, it is SMMPA's interpretation that RECs within MRETS would be utilized in the same fashion to prove compliance, and that RECs that meet the state definitions would be allowed. SMMPA also believes that the shelf life of a REC, including any carbon-free attributes, would follow the current definition.

G.2.3. *The Department recommends that SMMPA provide further detail in reply comments on whether SMMPA calculated alternative scenarios that include AU in meeting the Carbon-free Standard.*

SMMPA Response:

The Agency has calculated a scenario that includes the Austin forecasted load. Attached please find “Attachment A” SMMPA Forecasted MRETS Account Balance (Bank) and “Attachment B” SMMPA RPS/CFS Compliance Projection that both assume the additional Austin load.

G.3. *The Department recommends that SMMPA provide in reply comments a discussion of whether the RES data depicted in Figure 10 is correct and, if so, the Agency’s plans to comply with the RES.*

SMMPA Response:

The Agency believes that Figure 10 (page 25) of the Department’s response depicts the Agency’s percentage of renewable energy if the banking of REC’s was not utilized. The table in “Attachment B - SMMPA RPS/CFS Compliance Projection” illustrates the Agency’s expected compliance with the Renewable Energy Standard while utilizing banked RECs. Please note the right-most column which shows the projected surplus of RECs for the Agency each year through 2040.

G.4.2. *The Department recommends that SMMPA state in reply comments further detail on its plans to meet the greenhouse gas emissions goals in the years 2025-2031.*

SMMPA Response:

The dispatch of Sherco 3 into the MISO market is required until its planned retirement in 2030. Keeping Sherco 3 available for dispatch is crucial in maintaining a reliable grid to Minnesota. The actual dispatch will be dependent on the needs of the grid operator. While forecasts do not perfectly align with the State’s goals from 2025 to 2030, SMMPA is forecasted to meet the 2050 reduction goal as early as 2031.

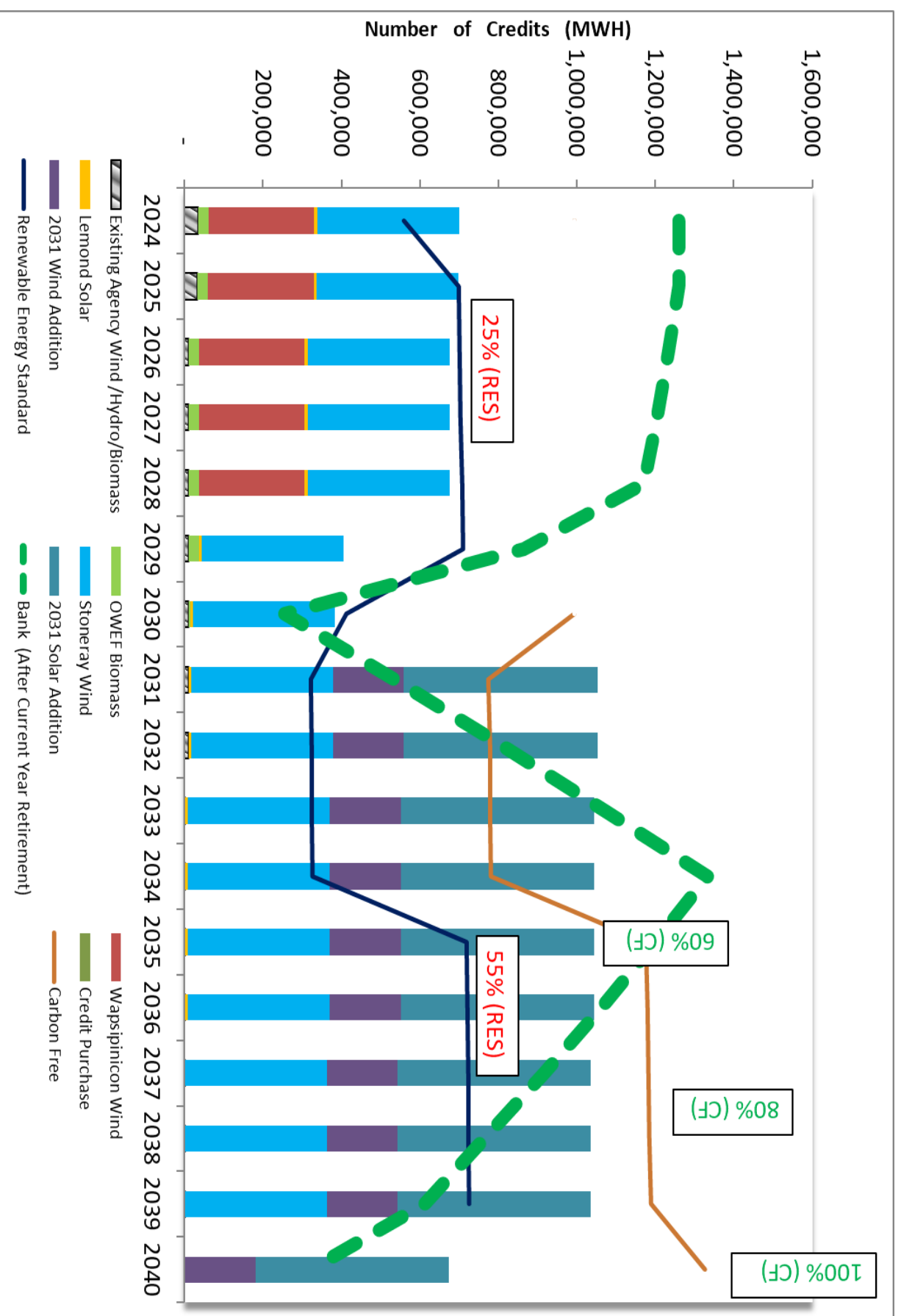
CONCLUSION

SMMPA appreciates the opportunity to provide these comments to the Commission regarding the Agency’s 2025-2039 Integrated Resource Plan.

Date: May 29, 2025

Southern Minnesota Municipal Power Agency

SMMPA Forecasted MRETS Account Balance (Bank)



Utilizing current methodology, this graph shows that SMMPA has sufficient resources to meet Minnesota's Renewable Energy Objectives during the study period. This forecast includes the additional Austin load.

SMMPA RPS/CFS Compliance Projection

(Includes Austin Load Forecast)

Year	Credit Production	RPS/CFS Standard	RES / CF Compliance Requirement	MRETS Account Balance after retirement for compliance
2023	595,694	20%	559,042	1,121,111
2024	700,446	20%	560,041	1,261,516
2025	698,803	25%	699,898	1,260,421
2026	675,868	25%	702,105	1,234,184
2027	675,813	25%	704,819	1,205,178
2028	675,758	25%	709,241	1,171,694
2029	405,638	25%	710,831	866,501
2030	384,278	60%	993,869	256,909
2031	1,052,086	60%	774,672	534,322
2032	1,052,032	60%	778,517	807,837
2033	1,043,657	60%	779,574	1,071,920
2034	1,043,604	60%	781,947	1,333,577
2035	1,043,552	90%	1,176,376	1,200,752
2036	1,043,500	90%	1,181,519	1,062,733
2037	1,036,114	90%	1,182,900	915,947
2038	1,036,114	90%	1,185,967	766,094
2039	1,036,114	90%	1,189,087	613,121
2040	1,036,114	100%	1,326,890	322,345

MRETS account balance with injection and withdrawal forecast required to achieve annual compliance.