



April 16, 2025

**Via Electronic Filing**

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

Re: Supplemental 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 Supplemental 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](mailto:jaya@CMPAS.org) with any questions.

Sincerely,

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

Enc. Reply Comments of CMPAS  
cc: Service List

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

Katie J. Sieben  
Joseph Sullivan  
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Audrey Partridge

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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

Supplemental Comments of  
Central Municipal Power  
Agency/Services

**Introduction**

Central Municipal Power Agency/Services (CMPAS) submits these enclosed Supplemental Comments responding to the Public Utilities Commission's 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 utilities.

**Synopsis**

This document provides responses to certain issues raised by other parties in the Reply Comments submitted March 19, 2025, corrects one sentence from its Reply Comments, and adds three more recommendations for the Commission's consideration in Round 3 of Docket No. E-999/CI-23-151. The recommendations (#11 - #13) are in addition to the nine recommendations stated in the CMPAS Reply Comments.

Topic(s) Open for Comment:

**1. When and how should utilities report preparedness for meeting upcoming Carbon Free Standard (CFS) requirements?**

CMPAS has no new comments beyond its Reply Comments, filed March 19, 2025.

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

*CSG's Reply Comments support adoption of Recommendation #1 in CMPAS Reply Comments*

In its Reply Comments, the Carbon Solutions Group ("CSG") compares the CMPAS request about Power Purchase Agreement ("PPA") billing statements with its request to ensure that RECs from existing forward contracts are eligible and notes these ideas appear contradictory. It appears CSG is thinking about the CMPAS proposals solely from the perspective of resources yet to be acquired, as if CMPAS does not already have existing forward contracts supplying RECs and carbon-free energy that were executed years before the passage of Minnesota's Carbon Free Standard. CMPAS recommends that CSG and others keep in mind that utilities have an interest in making sure their existing renewable and carbon-free resources can be counted in CFS compliance reporting; indeed, this calculus was why CMPAS submitted these comments to begin with. CSG's focus only on future resources is exactly why the Commission needs to adopt Recommendation #1 from the CMPAS Reply Comments submitted on March 19, 2025, which is to allow RECs or Alternative Energy Credits (AEC)s from existing contracts that extend beyond 2030 to be eligible for CFS compliance.

*CMPAS agrees with Basin Electric on not rescinding order points 1 and 3 from the Commission's December 18, 2007 Order in Docket Nos. E-999/CI-04-1616 and E-999/CI-03-86 (CMPAS Recommendation #3 in CMPAS Reply Comments)*

CMPAS agrees with the position in Basin Electric's Reply Comments that the Commission is not able to rescind the 2007 Order without following the process for reconsideration identified in Minn. Stat. § 216B.27 and Minn. R. 7829.3000.<sup>1</sup> For this reason, in addition to the reason mentioned in the CMPAS Reply Comments, the Commission should adopt Recommendation #3 in the CMPAS Reply Comments, which is to reject the proposal to rescind elements of the Commission's 2007 Order in Docket Nos. E-999/CI-04-1616 and E-999/CI-03-86.

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<sup>1</sup> Docket No. E002/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*. Submitted by Basin Electric Power Cooperative. Reply Comments, March 19, 2025. Page 2.

New information allows CMPAS to withdraw its suggestion of flexibility including “PPA billing statements” for carbon-free, nonrenewable energy from Table 1 of its Initial Comments.

CMPAS recommends assuming best intent as utilities are trying to determine their plans for compliance with the Carbon Free Standard. Regarding existing resources that will still be in operation when compliance reporting for the CFS begins, the point is to ensure that utilities can get credit for existing resources rather than disallow them on technical grounds based on contractual language that predated the CFS.

This is the case with CMPAS, which has a circa-2010 Power Purchase Agreement (“PPA”) with Wisconsin Public Power, Inc. (“WPPI”) for a share of WPPI’s offtake from the Point Beach nuclear facilities, which includes environmental attributes. CMPAS included PPA billing statements as a potential option in Table 1 of its Initial Comments because it was still determining whether the environmental attributes to which it is entitled under the contract includes Alternative Energy Credits (AECs), which did not exist in 2010, and the procedure for how to go about obtaining them from the seller. CMPAS can now report that it has confirmed with the seller whether and how it will receive AECs under this PPA.

Therefore CMPAS withdraws its request for PPA billing statements as a way of complying with CFS in the absence of express PPA language. As CMPAS also notes in Table 1 of its Initial Comments<sup>2</sup>, it has already been using M-RETS for EETS compliance reporting, just like other Minnesota utilities. It is now satisfied with use of that proposed tracking system for retirement of qualifying RECs and AECs for documenting CFS compliance.

Recommendation #11: Any “audit” or “rigorous audit” of CFS compliance filings should follow an established process, with initial input by utilities.

The Clean Energy Organizations (“CEOs”) have called for the Commission to authorize rigorous audits<sup>3</sup> of utility CFS filings; the Department has supported this recommendation in its Reply Comments.<sup>4</sup> CMPAS requests that any such audit be subject to specific procedures and that utilities and other stakeholders be allowed to provide input into these procedures. The example cited above with CMPAS’s Point Beach PPA demonstrates why specific procedures and utility input is necessary. When CMPAS mentions flexibility on page 5 of its Initial Comments, it raises multiple issues associated with the process of how to actually receive credits. It does not ever say CMPAS doesn’t have contractual rights to environmental attributes for the carbon-free energy it

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<sup>2</sup> Docket No. E002/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*. Submitted by CMPAS. Initial Comments, January 29, 2025. Page 4.

<sup>3</sup> Docket No. E002/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*. Submitted by Clean Energy Organizations. Initial Comments, January 29, 2025. Page 19.

<sup>4</sup> Docket No. E002/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*. Submitted by Department of Commerce. Reply Comments, March 19, 2025. Page 14.

receives.

Yet in its Reply Comments, the Department appears to disregard what CMPAS actually says in its Initial Comments and assumes that the PPA in question was an “energy-only” contract without environmental attributes, *without having seen or requested a copy of the PPA at issue*.<sup>5</sup>

More generally, the lack of clear definitions of key terminology is problematic, as explained further below in the CMPAS response to Commission Topic #5. For example, the phrase “bilateral contract” is being used by multiple different parties for a variety of different things, including CSG, which refers to “bilateral contracts for unbundled RECs”<sup>6</sup> and the Department, which interprets the use of “bilateral contract” in the November 7, 2024 Order as “bilateral contract involving the purchase of energy by a utility.”<sup>7</sup> As CMPAS points out below, it is not clear whether much of the language encapsulates all the sources that utilities of different sizes and types may have for EACs, such as forward contracts for EACs coupled with physical energy from the MISO Market instead of power purchase agreements with a specific generator. This means that utilities who utilize different sources of EACs for CFS compliance may not interpret the terminology in the same ways.

For these reasons, CMPAS believes that authorizing a “rigorous” audit process without further structure could result in: 1) incorrect assumptions being made on an ad-hoc basis without consulting the utilities themselves; and 2) Utility compliance filings being “rigorously” audited using terms that are subject to varying interpretations.

CMPAS thus asks the Commission to add basic procedural ground rules to any audit process approved for CFS compliance, and to allow for interested stakeholders and utilities to provide input as this structure is being developed. CMPAS does not object to the idea of an audit; CMPAS simply wants an opportunity to answer any questions during an audit process or clarify information about itself or its small municipal utility members. CMPAS also wants clearly defined terms so that it can be sure that the auditor and the utility respondents have an identical understanding of what information is being sought.

*Recommendation #12: Any EAC Trading Platform Authorized or Started for CFS Compliance Should Clearly Define How EAC Commodity Traders Can Participate*

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<sup>5</sup> Docket No. E002/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*. Submitted by Department of Commerce. Reply Comments, February 19, 2025. Page 18.

<sup>6</sup> Docket No. E002/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*. Submitted by Carbon Solutions Group. Initial Comments, January 29, 2025. Page 9.

<sup>7</sup> Docket No. E002/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*. Submitted by Department of Commerce. Reply Comments, February 19, 2025. Page 21.

In its Reply Comments, CMPAS indicated a concern that hourly matching may push utilities to prioritize owning resources over PPAs.<sup>8</sup> Of course, utilities could also rely on unbundled EACs (RECs or AECs) from non-utility commodity traders or renewable developers instead of PPAs with specific generators. Indeed, CMPAS and its member utilities do utilize some unbundled RECs from traders for EETS compliance.

Based on the Initial Comments submitted by the Department, it is not immediately clear if third party EAC commodity traders and renewable developers will be allowed to participate in any platform or the “suite of solutions to facilitate hourly EAC trading.”<sup>9</sup> For example, the Department’s comments mention a docket “to determine the rules by which hourly trading of EACs will be regulated.” If indeed, third party, non-utility traders are also participating, it is not clear if they would be subject to such regulations, particularly if they traded with each other instead of with utilities on such a platform.

CMPAS recommends that if the Commission does authorize the further study of hourly EAC trading solutions at this time, that it specifies now, not in 2029, whether third parties, such as EAC commodity traders and renewable developers, are also allowed to participate. Planning for CFS compliance means adding resources and sources of EACs now, not waiting several years for rules to be developed. Furthermore, as discussed in our CMPAS Reply Comments, for municipal electric utilities, it is the local councils and boards that will ultimately decide whether to proceed with any EAC trades, not the Department of Commerce.

*Indications are That Tracking RECs and EACs on an Hourly Basis will Have a Cost; It is Unclear Whether There Will be Buyers for Excess EACs During a Given Hour, Which Further Diminishes the Department’s “Data Set of an Electric Utility’s Reliance Upon Potentially CFS-Ineligible Generation”*

CMPAS has begun researching the feasibility of purchases and sales of hourly EACs from environmental commodity traders for its own members and will continue to research this in the future. To date, indications from environmental commodity traders are that 1) hourly EACs are available in certain contract types but are more expensive than less granular EACs for the same technology; 2) hourly EACs are not always certified in systems that CMPAS can use for compliance (i.e., not tracked in M-RETS); and 3) some of the increased cost for currently available hourly EACs is due to the administrative costs for registering and tracking them on a more granular basis.

Because of this, CMPAS believes there will be substantial additional administrative cost for tracking hourly EACs, much less matching them to load each hour, including the need to hire

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<sup>8</sup> Docket No. E002/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*. Submitted by CMPAS. Reply Comments, February 19, 2025. Pages numbered 4 and 5.

<sup>9</sup> Docket No. E002/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*. Submitted by Department of Commerce. Initial Comments, January 29, 2025. Page 24.

more staff, should an hourly matching framework be implemented for CFS compliance.

Finally, the Department has stated that requiring utilities to report hourly EAC sales will be part of “an entire data set of an electric utility’s reliance upon potentially CFS-ineligible generation.”<sup>10</sup> CMPAS is concerned that if these hourly EACs indeed remain more expensive than less granular EACs of the same technology, there may be few, if any buyers for some excess hourly EACs. This means that there would be hours in which a utility has excess EACs but is not able to sell them. These “excess EACs” would not be disclosed in the Department’s requested reporting of hourly EAC sales and purchases, and would become stranded assets (i.e., a commodity the utility has purchased but is not able to sell, retire, otherwise use). CMPAS had expressed other concerns in its Reply Comments about how truly useful this hourly data set would be toward the stated end of the rule. The presence of these unused EACs is another confounding factor that will distort what conclusions can be made with the proposed dataset of hourly AMI retail sales, EAC sales, and EAC purchases.

*Compliance Standards and Criteria Should Not Focus on a Single Policy Outcome*

Some commenters in this docket focus primarily on the investment in and development of new clean firm technologies as the rationale for hourly matching. CMPAS does not believe it or its more rural, small utility members are at the top of the priority list for clean tech startups interested in scaling up experimental clean firm technology such as small nuclear modular units to serve utilities or huge data centers with 1 GW loads. Smaller utilities like CMPAS or its members cannot utilize generation for compliance purposes that serves retail customers in additional states besides Minnesota, as they do not serve retail customers in other states. Given the size of CMPAS members and the nuclear moratorium in Minnesota, additional nuclear resource opportunities for CMPAS member utilities beyond Point Beach are likely cost prohibitive or likely prohibited while the moratorium remains. At the same time, CMPAS member utilities are located in southern or western Minnesota, surrounded by large-scale renewable generation and high voltage transmission lines that serve other utilities or the greater region.

It’s important to many CMPAS members that they can point their customers to specific projects that are directly serving their own communities. For this key reason, CMPAS is supporting some of its members by investigating locally sited solar, small wind projects owned by local farmers, or locally sited batteries, depending upon each utility’s need or interest. CMPAS would like these local projects to help with CFS compliance, but it is concerned these projects would realize fewer benefits in an hourly matching paradigm than either clean firm resources or resources located closer to major demand centers. In the limited CMPAS geographic footprint of southern and western Minnesota, these local projects are likely to be curtailed and to produce power when other renewable projects in the same area are generating, meaning that its EACs will always be low priced and CMPAS will have to purchase high priced EACs for many hours, possibly more

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<sup>10</sup> Docket No. E002/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*. Submitted by Department of Commerce. Initial Comments, January 29, 2025. Page 7.

so than some other utilities.

While CMPAS is planning for CFS compliance, its members are also funding separate, local upgrades for aging distribution, transmission, and generation infrastructure necessary for reliability<sup>11</sup>. Making all of these upgrades while keeping rates affordable *takes years of advance planning* for smaller customer rate bases like those in CMPAS communities. The level of price volatility CMPAS members could potentially face from an hourly matching paradigm is likely higher than some other utilities serving Minnesota and makes it far more difficult for CMPAS members to cost effectively plan their other infrastructure upgrades necessary for maintaining reliability. For this reason, CMPAS takes exception to the Department's statement in its Initial Comments "Reliability requirements will similarly not change for electric utilities that do not submit IRPs."<sup>12</sup> An hourly matching requirement makes it harder for CMPAS member utilities to do the long-term planning necessary to ensure all the components of their systems – generation, distribution, and transmission – can meet these existing reliability requirements.

In conclusion, in addition to other reasons mentioned in its Initial and Reply Comments, CMPAS believes that requiring hourly matching for CFS compliance will likely result in a net flow of dollars leaving CMPAS member communities, to benefit other utilities, clean tech startups or large hyper scale data centers. The unpredictability of the amount of costs leaving CMPAS communities will also make it harder for CMPAS members to plan long term projects necessary for local reliability.

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

CMPAS has no new comments on this Commission topic beyond its Initial and Reply Comments.

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

Given different power supply portfolios in Minnesota, ensuring clear and consistent terminology for Topic 4: how net market purchases should be counted for CFS compliance; will be critical. As repeated further below in its response to Commission Topic Comment #5 below, it remains unclear to CMPAS whether contracts for EACs bundled with MISO Market Energy will be regarded in the same way for CFS compliance as 1) truly unbundled RECs, which are not bundled with physical energy from any generator or the MISO Market; or 2) a "specified resource" (not a "market purchase" but instead similar to a power purchase agreement for energy and environmental attributes from a specific generator).

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<sup>11</sup> Many of these projects have applied for grants but were not selected or are not considered regional projects, meaning that the utilities must fund these projects themselves, not through regional transmission cost recovery.

<sup>12</sup> Docket No. E002/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*. Submitted by Department of Commerce. Initial Comments, January 29, 2025. Page 19.



CMPAS has no further comments on this Commission topic beyond the comment above and its Initial and Reply Comments.

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

There are two other matters in addition to CMPAS's multiple requests for a stakeholder group.

First, there was one modification CMPAS wishes to add to its Reply Comments. CMPAS had cited the Department, indicating the Department mentioned that hourly matching is the only thing that would provide "price signals" for clean firm generation.<sup>13</sup> The exact words used were that it is "the only thing that's going to incentivize clean firm versus an overbuild of intermittent renewables." Quotation correction aside, CMPAS believes the interpretation is still the same in this application.

The second matter is a revised recommendation about clear terminology:

*Recommendation #13: Ensure terminology is defined for all sources of EACs, including definitions of "bundled EAC", "unbundled EAC", "specified purchase", and "unspecified purchase", and that consistent terminology is used when describing how net market purchases can be counted for compliance. Confirm whether the terms "bilateral contracts" and "specified resource" from the November 7, 2024 Order also include sources of unbundled EACs.*

In their Reply Comments, the Department indicated that the CEO's should "address all template recommendations in the current proceeding."<sup>14</sup> In their Reply Comments, the CEO's ask for additional things, such as reporting on the "reliance on RECs purchased without purchasing the associated energy (unbundled RECs)."<sup>15</sup>

With these requests in mind, CMPAS includes in its Supplemental Comments a request for clear terminology and clarification on some existing terminology used in the November 7, 2024 Order.

While CMPAS has requested that Commission decisions about net market purchases be discussed in Docket No. E099/CI-24-392, CMPAS recommends here more language about unbundled RECs is also added in subsequent Orders for Dockets No. CI-23-151 and No. CI-24-392 because most language appears to refer only to bundled EACs (i.e., EACs that are coupled with the physical energy from the same generator). While CMPAS certainly relies on bundled

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<sup>13</sup> Minnesota PUC Agenda meeting, February 20, 2025. Docket No. E002/RP-24-67; In the Matter of Northern States Power Co. d/b/a Xcel Energy 2024-2040 Integrated Resource Plan.

<sup>14</sup> Docket No. E002/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*. Submitted by Department of Commerce. Reply Comments, March 19, 2025. Page 13.

<sup>15</sup> Docket No. E002/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*. Submitted by Clean Energy Organization. Reply Comments, March 19, 2025. Page 10.

EACs for compliance, it noted in its Initial Comments that it also does have forward, bilateral contracts for some EACs that are bundled with MISO Market Energy, and purchases some EACs that are unbundled (i.e., do not accompany the purchase of any physical energy).<sup>16</sup> It remains unclear to CMPAS whether contracts for EACs bundled with MISO Market Energy will be regarded in the same way for CFS compliance as 1) truly unbundled RECs, which are not bundled with physical energy from any generator or the MISO Market; or 2) a “specified resource” (not a “market purchase” but instead similar to a power purchase agreement for energy and environmental attributes from a specific generator). CMPAS has been consistent in pointing out that this uncertainty is problematic, as indicated in Initial Comments about whether contracts for these types of EACs are included in the term “specified resources” that was included in the November 7, 2024 Order.

CMPAS is not sure that the Commission’s intent is to exclude reporting on these types of EACs in such language, given that it has been including EACs from these sources in past EETS compliance filings. However, the Department’s indication that “bilateral contracts” involves “purchase of energy by a utility” seems to possibly exclude bilateral contracts for unbundled EACs (with no physical energy) and bilateral contracts for fixed levels of purchases of MISO Market energy by a utility, instead of purchases from a specific generator. As such, since there is not another chance for further record development on bilateral contracts, PPAs, and market purchases, CMPAS remains unclear and in avoidance of doubt asks the Commission to clarify whether the terms “bilateral contracts” and “specified resource” from the November 7, 2024 Order for provisional reporting also include forward contracts or other sources of unbundled EACs.

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<sup>16</sup> Docket No. E002/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*. Submitted by CMPAS. Initial Comments, January 29, 2025. Topic Comments 1 (page 3).