



March 19, 2025

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

**RE: 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:

Pursuant to the Minnesota Public Utilities Commission's ("Commission") February 21, 2025, Notice of Supplemental Comment Period ("Notice"), Basin Electric Power Cooperative ("Basin Electric") submits the following Reply Comments on questions related to implementation of, and compliance with, the new carbon free standard ("CFS") set forth in Minn. Stat. § 216B.1691. Basin Electric is also joining and endorses the Aligned Parties comments being submitted in accordance with the Notice. As discussed further below, Basin Electric is very concerned with the Minnesota Department of Commerce's ("Department") recommendation that the Commission adopt hourly matching for CFS compliance. The Department's proposal is contrary to both the plain language and intent of Minn. Stat. § 216B.1691 and would negatively impact Basin Electric's cooperative members in Minnesota.

Basin Electric is a regional rural electric wholesale power supplier headquartered in Bismarck, North Dakota. The region served by Basin Electric and its 140 member cooperatives includes all or portions of nine states: Montana, Wyoming, Colorado, North Dakota, South Dakota, Nebraska, Minnesota, Iowa and New Mexico. Basin Electric owns and operates or otherwise jointly shares energy conversion and transmission facilities throughout this region. Of Basin Electric's cooperative members, only twelve (9%) deliver power within the state of Minnesota. Basin Electric is unique in that it provides service in the Midcontinent Independent System Operator ("MISO"), the Southwest Power Pool ("SPP"), and in the Western Interconnection. Basin Electric's planning process includes how best to meet all of its compliance requirements and allocation of renewable energy credits ("RECs") across all of its cooperative members.

Basin Electric is filing reply comments in response to the Department's hourly matching proposal that would significantly alter Basin Electric's compliance with the State of Minnesota's CFS. In meeting its current Renewable Energy Standard ("RES") requirements, Basin Electric has relied upon the Commission's establishment in 2007 that RECs have a four-year shelf life after the year of generation. Basin Electric has also counted on access to RECs from its renewable generation facilities and resources in the United States and Canada. This vintage and geographic flexibility has allowed Basin Electric to meet the Minnesota RES in a least cost

way.<sup>1</sup> The required utility plans that must be filed with the Commission already address what information must be provided for an electric utility utilizing RECs to satisfy its compliance obligations and it does not require specific hours or a direct match to the utility's load.<sup>2</sup> Also, Minn. Stat. § 216B.1691, subd. 3(a)(9) addresses compliance using RECs and includes reporting on "the dates when the energy associated with the credits was generated" and not specific hours or matching to load.

If approved by the Commission, the Department's proposal would severely restrict this flexibility and result in significantly higher compliance costs for Basin Electric's cooperative members. First, the Department requests the Commission rescind its December 18, 2007 Order establishing a four-year shelf life for RECs.<sup>3</sup> This request 17 years later does not meet the Commission's standard for reconsideration under Minn. Stat. § 216B.27 and Minn. R. 7829.3000 nor is it grounded in good public policy.<sup>4</sup> Basin Electric has planned its system and compliance upon the existing regulatory construct as established by Commission orders, annual filings, Integrated Resource Plan submittals under Minn. Stat. § 216B.2422, and future resource and system planning across Basin Electric's system. Also, given the current state of renewable and carbon free technology, Basin Electric has developed its resources to cost effectively utilize intermittent generation with seasonal and annual production variability.

Second, the Department's hourly proposal is based on the MISO market.<sup>5</sup> While most of Basin Electric's Minnesota cooperative members are in the MISO market; the renewable generation that Basin Electric currently owns and operates is primarily within SPP. In addition to the hourly data and overall market purchase roadblocks that come with the Department's proposal, this mismatch between MISO and SPP would require significant compliance costs to track and match generation in non-MISO regions to load that sinks in MISO. The Department's recommendation runs contrary to the requirement that the Commission must establish a REC program that "must treat all eligible energy technology equally and shall not give more or less credit to energy based on the state where the energy was generated or the technology with which the energy was generated."<sup>6</sup> Requiring Basin Electric to track its hourly generation data in MISO would restrict the use of RECs to comply with the CFS and the RES. Minn. Stat. § 216B.1691, subd. 4 clearly allows RECs to be used to satisfy both the CFS and the RES or

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<sup>1</sup> See Minn. Stat. § 216B.1691, subd. 9(a): "The commission shall take all reasonable actions within the commission's statutory authority to ensure this section is implemented in a manner that maximizes net benefits to all Minnesota citizens."

<sup>2</sup> Minn. Stat. § 216B.1691, subd. 3(a)(9): "for an electric utility utilizing renewable energy credits to satisfy any portion of the electric utility's obligations under this section, the following information:

(i) the name and location of energy facilities that generated the energy associated with the credits;  
(ii) the dates when the energy associated with the credits was generated;  
(iii) the type of fuel that generated the energy associated with the credits; and  
(iv) whether the energy associated with the credits was purchased by the utility purchasing the credits."

<sup>3</sup> Docket Nos. E-999/CI-04-1616 and E-999/CI-03-869.

<sup>4</sup> Minn. Stat. § 216B.27, subd. 3 states: "If in the commission's judgment, after the rehearing, it shall appear that the original decision, order, or determination is in any respect unlawful or unreasonable, the commission may reverse, change, modify, or suspend the original action accordingly."

<sup>5</sup> Minn. Stat. § 216B.1691, subd. 2d(b)(ii) does not specify MISO in calculating market purchases, but from "a regional transmission organization" which could include SPP or other markets.

<sup>6</sup> Minn. Stat. § 216B.1691, subd. 4(a).

Solar Energy Standard ("SES").<sup>7</sup> In addition, purchase of RECs is authorized for utilities to comply with the requirements under Minn. Stat. § 216B.1691. For example, another utility purchased S-RECs to comply with its SES requirements and the Department recommended the Commission find in compliance with the statute.<sup>8</sup>

In conclusion, the Department's recommendation is contrary to the plain language and intent of Minn. Stat. § 216B.1691, long-established Commission orders, and the reliance by Minnesota utilities in planning their systems and compliance requirements. For Basin Electric, it would result in a restrictive operating environment making compliance with the CFS prohibitive to achieve and ultimately costly for our Minnesota members.

Basin Electric appreciates the opportunity to provide comments and thank you for your consideration of these. Should you have any questions regarding these comments, please contact me at [cjacobson@bepc.com](mailto:cjacobson@bepc.com) or (701) 557-5413.

Respectfully submitted,



Casey J. Jacobson  
Sr. Staff Counsel

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C: Service List

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<sup>7</sup> Minn. Stat. § 216B.1691, subd. 4(a) states: "The program must permit a credit to be used only once, except that a credit may be used to satisfy both the carbon-free energy standard obligation under subdivision 2g and either the renewable energy standard obligation under subdivision 2a or the solar energy standard obligation under subdivision 2f, if the credit meets the requirements of each subdivision."

<sup>8</sup> See In the Matter of Annual Reports on Progress in Achieving the Solar Energy Standard, Order dated September 11, 2019, Docket No. E-999/M-19-276 ("In the meantime, OTP has pursued meeting its 2020 and 2021 SES requirements through the purchase of S-RECs.").