



Minnesota Public Utilities Commission

121 7th Place East, Suite 350

St. Paul, MN 55101

RE: Comments of Housing First Minnesota on a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals– Docket No. G-999/CI-21-565

Via Electronic Delivery

Dear Commissioners,

On behalf of Housing First Minnesota—representing nearly 1,000 homebuilding, remodeling, and housing industry businesses across the state—we appreciate the opportunity to provide comments on the Commission’s ongoing evaluation of Minnesota’s natural gas regulatory framework under Docket No. G-999/CI-21-565.

As Minnesota charts a course toward a lower-carbon energy future, it is imperative that any policy reforms in this proceeding be considered in the context of the state’s worsening housing supply shortage and deepening affordability crisis.

Home prices and rents continue to outpace income growth, and Minnesota currently faces a shortfall of tens of thousands of housing units needed to meet both current and projected demand. Any regulatory changes that raise costs, limit energy choices, or introduce uncertainty for developers will exacerbate these challenges and further restrict access to attainable housing—especially for first-time and moderate-income buyers.

State Building Code Requirements

Under the Minnesota Residential Code, homes must maintain interior temperatures in line with safety standards, even during extreme cold:

R303.10 Required Heating (Minnesota Rules Chapter 1309):

Where the winter design temperature in Table R301.2(1) is below 60°F (16°C), every dwelling unit shall be provided with heating facilities capable of maintaining a room temperature of not less than 68°F (20°C) at a point 3 feet above the floor and 2 feet from



exterior walls in habitable rooms. Portable space heaters may not be used to achieve compliance.

Natural gas remains the most widely used fuel to meet these requirements due to its reliability and low operating cost. Nearly two-thirds of all homes in Minnesota utilize natural gas, and in fast-growing areas like the Twin Cities metro, that number approaches 85%.

Given current technology limitations, electric heat pumps struggle to maintain necessary indoor temperatures during Minnesota's coldest days. Efficiency begins to decline at 40°F and many models become ineffective between -5°F and -13°F. As a result, homes will require supplemental heat sources, increasing construction costs and energy usage.

Electric furnaces, another alternative, must often run continuously to maintain temperature, placing additional strain on the power grid and reducing equipment longevity—issues not encountered with natural gas systems. In short, dependable fuel sources like natural gas are not only a matter of comfort and cost—they are a matter of life safety and code compliance in Minnesota.

Key Concerns and Considerations

1. Housing Affordability Must Be a Central Metric

Policy proposals under this docket—particularly those encouraging or mandating electrification or restricting new natural gas connections—must be assessed through the lens of their impact on housing costs. Studies show that all-electric homes in cold-climate regions like Minnesota cost significantly more to build and operate, particularly when factoring in grid infrastructure upgrades and current technological limitations. These costs are inevitably passed on to consumers.

2. Supply Constraints Demand Caution with Cost-Shifting Policies

With housing supply already constrained by regulatory, labor, and material challenges, any changes to line extension policies, rate design, or interconnection standards that increase the burden on new development will slow or stall needed housing. Long-standing policies—such as gas line extension allowances and cost-sharing frameworks—have supported stable and affordable housing development for decades. Undermining these policies could disrupt planning and escalate costs across the market.

3. Fuel Choice is Critical for Builders and Buyers

Maintaining access to natural gas as a reliable, efficient, and cost-effective energy source is vital to ensuring design flexibility and meeting the diverse needs of homeowners.



Restricting this option—before scalable alternatives are available—reduces builder responsiveness and limits consumer choice. A successful transition must be driven by innovation and economic readiness, not rigid mandates.

4. Infrastructure and Technology Readiness Require Realistic Timelines

Proposals for widespread electrification, thermal energy networks, or alternative fuels must align with technological maturity and grid capacity. Large-scale deployment remains uncertain in the short term. A phased approach, informed by pilot program data and Integrated Resource Plans (IRPs), is essential to avoid unintended consequences that could destabilize the housing sector.

5. Affordability and Equity Go Hand-in-Hand

We commend the Commission’s emphasis on equity in energy planning. However, true equity cannot exist if housing becomes unaffordable. Policymaking must account for both environmental and economic equity to ensure working families are not excluded from homeownership by high energy-related construction and operational costs.

Conclusion and Request

Housing First Minnesota respectfully urges the Commission to balance Minnesota’s climate goals with the urgent need to expand housing supply and preserve affordability. Specifically, we ask the Commission to:

- Maintain fuel choice in residential development;
- Avoid regulatory changes that increase the cost of housing construction;
- Preserve long-standing regulatory policies, including gas line extension and cost-allocation frameworks that have supported affordability for decades;
- Phase in new standards based on demonstrated technological and economic readiness;
- Explicitly evaluate affordability and housing supply impacts in all resource planning and pilot program evaluations;
- Engage housing industry stakeholders in all future regulatory and policy development.

Minnesota cannot afford to address one crisis while worsening another. As the state continues to lead in climate and energy innovation, we urge the Commission to maintain a balanced regulatory foundation that supports both sustainability and attainable housing.



Housing First Minnesota stands ready to work collaboratively with the Commission, utilities, and stakeholders to develop practical, affordable, and equitable solutions.

Sincerely,

A handwritten signature in black ink that reads "Mark Foster". The signature is fluid and cursive, with the first name "Mark" and last name "Foster" clearly distinguishable.

Mark Foster
Vice President of Legislative & Political Affairs
Housing First Minnesota

