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Provide the docket's number.	21-565
Leave a comment on the docket. *	Please see attached document.
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9 September 2025

VIA ELECTRONIC FILING

Minnesota Public Utilities Commission
121 7th Place E, Suite 350
Saint Paul, MN 55101-2147

**RE: In the Matter of 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**

Dear members of the Public Utilities Commission,

Thank you for the opportunity to comment on this matter. On behalf of Phius Alliance Minnesota, **we are writing to recommend that the Commission end subsidies for gas line extensions in new construction.**

In short, the need to subsidize gas line extension is a decades-old notion that no longer reflects today's building science, technology, or market realities. Continuing to expand the gas system through subsidies is unnecessary, wasteful, and counterproductive to Minnesota's climate and electrification goals.

As a coalition of builders, architects, energy raters, and developers working on projects across Minnesota, we know firsthand that:

- **All-electric new construction is both feasible and affordable.** Advances in cold-climate heat pumps, air sealing, and high-performance building assemblies allow new homes and buildings to meet comfort and efficiency standards without gas service – even in Minnesota's cold winters. We have already seen this in projects across the state, and costs continue to decline.
- **Subsidizing gas works against housing affordability.** Others have argued that removing subsidies will raise costs for buyers. In fact, the opposite is true. Redirecting funds away from gas infrastructure and toward efficiency, weatherization, and electrification helps homeowners and tenants avoid long-term costs associated with fuel price volatility, higher energy bills, and future retrofits.
- **Subsidizing gas undermines consumer choice.** By covering part of the cost of gas infrastructure, utilities tilt the playing field toward gas rather than letting building owners and developers pursue electric options that are increasingly cleaner, healthier, and cost-competitive.
- **Health and climate benefits matter.** Burning gas indoors contributes to asthma and other respiratory problems, and expanding fossil fuel infrastructure is incompatible with Minnesota's commitment to a carbon-free future. Heat pumps and other electric technologies improve indoor air quality and reduce emissions while maintaining comfort and reliability.

For these reasons, we urge the Commission to eliminate gas line extension subsidies. Ending this outdated policy will allow public dollars to support technologies and practices that reflect where the building industry is headed – toward energy efficiency, electrification, affordability, and health.

RECOMMENDATION:

Rather than subsidizing the expansion of the gas system, we recommend that the Commission redirect these funds to support measures that deliver lasting affordability and resilience for Minnesota households.

Revised incentives should prioritize:

- **Energy efficiency and weatherization** to reduce overall energy demand and protect homeowners and tenants from future cost increases.
- **Strategic electrification** through cold-climate heat pumps, heat pump water heaters, and induction cooking technologies that improve both comfort and indoor air quality.
- **All-electric new construction** that avoids costly retrofits, supports long-term housing affordability, and aligns with Minnesota’s climate and public health goals.

By investing in these areas, the Commission can ensure that ratepayer dollars are used to lower bills, improve health outcomes, and support a clean energy future, rather than locking communities into outdated and expensive gas infrastructure.

We thank the Commission for its careful consideration of this issue and respectfully urge that future policies ensure new housing in Minnesota is affordable, efficient, and aligned with the state’s climate and public health goals.

Respectfully submitted,

Peter Schmeltzer
AIA, LEED AP, NCARB, Phius CPHC
President

Jared Johnson
Policy Advocacy Lead

WHO WE ARE

We are a nonprofit, volunteer-driven coalition of construction, design, and development professionals across Minnesota committed to advancing high-performance, energy-efficient building standards. Our members include:

- **Builders**
- **Architects**
- **Energy Raters**
- **Property Owners and Developers**

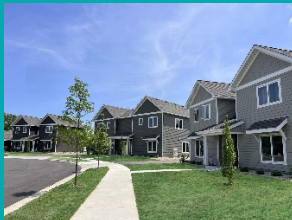
We support Passive Building standards, which focus on lowering energy use by setting a clear budget for heating, cooling, and other major needs like hot water heating. These standards are met through robust insulation, high-quality windows, airtight building envelopes that prevent leaks, intentional detailing to avoid common sources of energy loss, and efficient layouts for building systems.

Our coalition brings firsthand experience from projects across Minnesota and throughout the United States that have successfully implemented such standards. **These projects have not only demonstrated that high-performance, energy-efficient construction is practical and cost-effective, but also represent the future of the building industry.** By drawing on this expertise, we are well-positioned to help Minnesota advance policies that align with proven best practices in design and construction.

REPRESENTATIVE PROJECTS



Verdant Apartments
St. Paul, MN



Hillcrest Village
Northfield, MN



Afton Passive House
Afton, MN

To see more projects and learn more, visit www.phiusmn.org