

**Reply Comments from Operating Engineers Local 49 and North Central States Regional
Council of Carpenters**

March 19, 2025

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

*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 (23-151)*

Dear Mr. Seuffert,

We appreciate the opportunity to submit reply comments in this docket.

We write to oppose the recommendation put forward by the Department of Commerce in initial comments asking the Public Utilities Commission (Commission) to adopt hourly renewable energy credit (REC) matching for the purposes of complying with the new 100% clean energy standard.

As the Commission knows, both unions were supportive of the 100% by 2040 law when it passed the legislature in 2023. Throughout the legislative process, legislators and stakeholders agreed that it was important to balance the ambitious decarbonization requirements of the bill with affordability and reliability. This approach resulted in legislation that a wide array of energy stakeholders either supported or were neutral towards.

A key component driving that consensus was that the bill built on the structure put in place through the renewable energy standard and did not require hourly-matching RECs. The text of the bill makes this clear by explicitly stating that the clean energy standard requirements are based on each utility's "total retail electric sales to retail customers by the end of the year."¹ This understanding, was confirmed during a house committee hearing on the bill when the bill's chief author was asked about the use of renewable energy credits and stated:

"if you are attempting to meet one of the standards under the bill and you are generating more carbon than that standard would allow, than one option under the bill, which is a current option under the renewable energy standard and is being maintained in this bill is that you could . . . purchase renewable energy credits, which is a widely used and very respected way to measure

¹ Minn. Stat. 2024 216B.1691 Sec. 10 Subd. 2g.

generation of renewable energy, and so you would have to purchase kilowatt hour per kilowatt hour renewable energy credits for any additional generation that is over the standard.”²

This statement reflects the fact that the intention was to maintain the existing option of utilizing RECs to comply with the clean energy standard as is currently available under the renewable energy standard. The author states that RECs are widely used (something not true of hourly matching RECs) and that they would need to be purchased for any additional carbon-based generation that exceeds the standard. This aligns with the text of the bill.

Requiring hourly-matching of RECs would also result in significant cost increases and uncertainty for Minnesota ratepayers. As of now, a robust hourly-matching REC market doesn't exist and it is unclear what the cost of those RECs would be in the coming years. However, it is likely that the costs would be significantly higher than current RECs. Because wind and solar generation are correlated, it is likely that all of our utilities will have a deficit of wind and solar generation during the same hours of the day. These are also hours where other utilities and independent power producers won't be generating wind or solar electricity. As a result there will be a spike in demand for hourly RECs for those hours and a corresponding lack of supply. This would lead to a significant price impact for Minnesota ratepayers. These costs could also impact system reliability by raising the operating costs of needed carbon-emitting firm peaking resources and increasing reliance on the MISO market.

For the above reasons, we would encourage the Commission to not require hourly-matching RECs.

Sincerely,

Nathan Runke, Regulatory and Political Affairs Coordinator, International Union of Operating Engineers Local 49

Richard Kolodziejski, Public Affairs Director, North Central States Regional Council of Carpenters

² January, 18, 2023, Minnesota House Climate and Energy Finance and Policy Committee hearing at 1:23:43.