



Minnesota Energy Resources Corporation
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Rosemount, MN 55068
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September 15, 2025

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

VIA ELECTRONIC FILING

**Re: Minnesota Energy Resources Corporation Reply Comments on the Proposal for Modifications to the Shared Savings DSM Financial Incentive Mechanism for Implementation Beginning in 2027
Docket No. G999/CI-08-133**

Dear Ms. Bergman:

On July 16, 2025, the Minnesota Public Utilities Commission (the "Commission") issued a Notice of Comment Period ("Notice") requesting comments on whether the Commission should approve the proposed modifications to the existing Shared Savings Demand-Side Management ("DSM") Financial Incentive Mechanism (the "Incentive Mechanism") for implementation beginning in 2027, as found in the June 26, 2025, joint proposal from the Minnesota Department of Commerce, Division of Energy Resources (the "Department"); Center for Energy and Environment ("CEE"); and Fresh Energy ("Proposal").

On August 13, 2025, Minnesota Energy Resources Corporation ("MERC" or the "Company"), Xcel Energy, CenterPoint Energy, Minnesota Power, and Otter Tail Power filed initial comments in the above-referenced docket, recommending various modifications to the Proposal. MERC's Initial Comments requested that the Commission take the following action regarding the proposed multi-factor Incentive Mechanism:

1. Approve *Metric 1: First Year Energy Savings Achievement as a % of Average Retail Sales* as recommended in the Proposal.
2. Modify *Metric 2: Insulation and Air Sealing First-Year Savings (Dth)* as follows:
 - a. Include Efficient Fuel Switching ("EFS") measure savings to more closely align with the Energy Conservation and Optimization Act's ("ECO") policy goals and to encourage coordination between electric and natural gas utilities to jointly deliver EFS programs in the 2027-2029 Triennial.
 - b. Modify the achievement threshold and goals for Metric 2 to ensure this metric is reasonably achievable while incentivizing utilities to expand investment in these measures.
3. Approve *Metric 3: Low-Income Spend (\$)* as set forth in the Proposal.

MERC appreciates the opportunity to provide these Reply Comments. As discussed in the Company's Initial Comments, the Incentive Mechanism is an important component of MERC's

ECO planning and implementation decisions, guiding the Company's efforts to achieve cost-effective energy savings, while also advancing other policy objectives and ensuring that ECO is accessible to all communities we serve.

Following the initial comment period, CEE, Fresh Energy, and the Department reached out to MERC on an alternative approach to Metric 2 in response to MERC's concerns about the reasonableness of the Metric's achievement threshold and goals. This alternative approach uses utility-specific 2027-2029 average insulation and air sealing program potential values from the 2018 Minnesota Statewide Potential Study for each gas utility's achievement goal, and one-third of these values as each utility's achievement threshold. For MERC, this would result in an achievement threshold equal to 0.06% of average residential sales and an achievement goal equal to 0.18%.

MERC appreciates CEE, Fresh Energy, and the Department's consideration of MERC's concerns and is supportive of this proposed alternative approach to Metric 2. Additionally, MERC continues to support our recommendation, as set forth in initial comments, to include EFS measure savings in Metric 2.

MERC also agrees with and supports Xcel Energy's proposed changes to the natural gas incentive mechanism that includes:

- Removing the caps on individual components of the multi-factor financial incentive mechanism and relying on the overall net benefits cap of 5 percent.
- Requiring that utilities meet the minimum earning thresholds in both the first-year energy savings metric and the low-income spending metric in order to earn a financial incentive.

Please contact me at (651) 322-8917 or jennifer.kimmen@wecenergygroup.com if you have any questions regarding these Comments.

Sincerely,

A handwritten signature in black ink, reading "Jennifer A. Kimmen". The signature is fluid and cursive, with the first name "Jennifer" being the most prominent part.

Jennifer Kimmen
Senior Customer Program Manager
WEC Business Services, Inc.

cc: Service List

In the Matter of Commission Review of
Utility Performance Incentives for Energy
Conservation

Docket No. E,G999/CI-08-133

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 15th day of September, 2025, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Reply Comments on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service lists.

Dated this 15th day of September, 2025.

/s/ Kristin M. Stastny
Kristin M. Stastny

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP		50 S 6th St Ste 1500 Minneapolis MN, 55402-1498 United States	Electronic Service		No	8-133Official
2	Anjali	Bains	bains@fresh-energy.org	Fresh Energy		408 Saint Peter Ste 220 Saint Paul MN, 55102 United States	Electronic Service		No	8-133Official
3	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul MN, 55101-2147 United States	Electronic Service		No	8-133Official
4	Annika	Brindel	abrindel@nhtinc.org	National Housing Trust		1101 30th Street NW Ste 100A Washington DC, 20007 United States	Electronic Service		No	8-133Official
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6	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	8-133Official
7	Stacy	Dahl	sdahl@minnkota.com	Minnkota Power Cooperative, Inc.		5301 32nd Ave S Grand Forks ND, 58201 United States	Electronic Service		No	8-133Official
8	Justin	Fay	fay@fresh-energy.org	Fresh Energy		408 St. Peter St Ste 220 St. Paul MN, 55102 United States	Electronic Service		No	8-133Official
9	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		Yes	8-133Official
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11	Metric	Giles	metriccsp@gmail.com	Community Stabilization Project		501 Dale St N Saint Paul MN, 55101 United States	Electronic Service		No	8-133Official
12	Jenny	Glumack	jenny@mrea.org	Minnesota Rural Electric Association		11640 73rd Ave N Maple Grove MN, 55369 United States	Electronic Service		No	8-133Official
13	Laura	Goldberg	lgoldberg@nrdc.org	Natural Resources Defense Council		20 N. Upper Wacker Dr. Suite 1600 Chicago IL, 60606 United States	Electronic Service		No	8-133Official

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21	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis MN, 55402 United States	Electronic Service		No	8-133Official
22	Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company		200 1st Street SE PO Box 351 Cedar Rapids IA, 52406-0351 United States	Electronic Service		No	8-133Official
23	James	Phillippo	james.phillippo@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)		PO Box 19001 Green Bay WI, 54307-9001 United States	Electronic Service		No	8-133Official
24	Lisa	Pickard	lseverson@minnkota.com	Minnkota Power Cooperative		5301 32nd Ave S Grand Forks ND, 58201 United States	Electronic Service		No	8-133Official
25	Scott	Reimer	reimer@federatedrea.coop	Federated Rural Electric Assoc.		77100 US Highway 71 PO Box 69 Jackson MN, 56143 United States	Electronic Service		No	8-133Official
26	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential	1400 BRM Tower 445 Minnesota St	Electronic Service		Yes	8-133Official

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
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