

July 1, 2022

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

RE: **In the Matter of Establishing Frameworks to Compare Lifecycle Greenhouse Gas Emission Intensities of Various Resources, and to Measure Cost Effectiveness of Individual Resources and of Overall Innovation Plans**
Docket No. G999/CI-21-566

Joint Comments

Dear Mr. Seuffert:

The following parties (**collectively Joint Commenters**) respectfully submit these Comments to the Minnesota Public Utilities Commission (Commission) in response to the June 10, 2022 Notice of Comment Period (Notice) in Docket No. G999/CI-21-566 (NGIA Docket):

- Minnesota Department of Commerce, Division of Energy Resources (Department)
- CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint)
- Northern States Power Company, d/b/a Xcel Energy
- Minnesota Energy Resources Corporation
- Greater Minnesota Gas
- Center for Energy and Environment (CEE)
- Fresh Energy
- LIUNA Minnesota and North Dakota
- Coalition for Renewable Natural Gas
- Partnership on Waste and Energy
- International Union of Operating Engineers Local 49

The Commission issued the Notice as required by Order Point 37 of the Commission's June 1, 2022, Order in the NGIA Docket (Order). The Notice specifically asks what energy efficiency and strategic electrification measures are eligible for inclusion in natural gas utility innovation plans.

Joint Commenters recommend that the Commission adopt the criteria listed below for determining eligibility of energy efficiency and strategic electrification investments in utility innovation plans filed under the Natural Gas Innovation Act (NGIA). Joint Commenters note that these criteria are supported by many of the parties who participated in the NGIA Docket ahead of the Commission's Order. Provided other parties do not submit comments or reply comments

disputing the proposed eligibility criteria or proposing new criteria, Joint Commenters believe that the recommendations below meet the requirements in Minnesota Rules 7829.1050 to warrant inclusion on the Commission’s consent calendar.¹

I. Background

The NGIA statute includes energy efficiency and strategic electrification in the definition of innovative resources that can be included in utility innovation plans implemented through the NGIA framework.² The statute defines energy efficiency and strategic electrification, in part, as follows:

“Energy efficiency” has the meaning given in section 216B.241, subdivision 1, paragraph (f), but does not include energy conservation investments that the commissioner determines could reasonably be included in a utility’s conservation improvement program.³

Strategic electrification does not include investments that the commissioner determines could reasonably be included in the natural gas utility’s conservation improvement program under section 216B.241.⁴

Based on these definitions, as well as additional considerations discussed in the NGIA Docket, there has been general agreement among parties that the statute calls for some distinction between energy efficiency and strategic electrification investments implemented through utility conservation improvement programs (CIP) and those implemented through NGIA innovation plans. However, interpretation of “investments that the commissioner [of the Department of Commerce] determines could reasonably be included in a utility’s conservation improvement program” was a point of dispute in the NGIA Docket prior to the Order. CenterPoint proposed one set of eligibility criteria in its Proposed Cost-Benefit Framework filed January 28, 2022 based on its interpretation of the statute.⁵ The Department proposed an alternative set of eligibility criteria in Comments filed February 25, 2022 based on a different interpretation.⁶ Following a proposal by CEE in Reply Comments filed March 18, 2022,⁷ parties agreed to

¹ Minnesota Rules 7829.1050 states, in part, the following: “As authorized by Minnesota Statutes, section 216A.03, subdivision 8, the commission may establish by order a subcommittee to act on uncontested proceedings. The subcommittee will act on behalf of the commission only when: A. commission staff determines a proceeding involves no disputed or novel issues; and B. no party, participant, or commissioner has requested that the proceeding not be delegated to a subcommittee.”

² Minn. Stat. § 216B.2427, subd. 1, paragraph (h).

³ Minn. Stat. § 216B.2427, subd. 1, paragraph (f).

⁴ Minn. Stat. § 216B.2427, subd. 1, paragraph (q).

⁵ See Proposed Cost-Benefit Framework filed by CenterPoint on January 28, 2022, in Docket No. G999/21-566, at 19-22.

⁶ See Comments filed by the Department on February 25, 2022, in Docket No. G999/21-566, at 29-34.

⁷ See Reply Comments filed by CEE on March 18, 2022, in Docket No. G999/21-566, at 21.

recommend that the Commission delay a decision on eligibility of energy efficiency and strategic electrification under NGIA to give parties additional time to discuss the issue. The Commission agreed with this recommendation through Order Point 37 of the Order as follows:

The Commission directs the Executive Secretary to establish a comment period to consider what energy efficiency and strategic electrification measures are eligible for inclusion in utility innovation plans with initial comments to be filed no later than July 1, 2022. The Commission encourages the Department to consult with interested parties to develop proposed guidance on this issue.⁸

Following the Commission's May 3, 2022, agenda meeting to establish frameworks for greenhouse gas emission (GHG) accounting and cost-benefit analysis, the Department developed an updated set of eligibility criteria for energy efficiency and strategic electrification investments under NGIA. The Department, CenterPoint, Xcel Energy, CEE, and Fresh Energy held two meetings to discuss and modify the updated requirements and came to agreement on the recommendations below. The Department also shared the criteria with other parties in the NGIA Docket for consideration.

II. Recommendations

Based on the discussions referenced above, Joint Commenters recommend that the Commission approve the following eligibility criteria for energy efficiency and strategic electrification investments proposed and implemented under NGIA:

To be eligible for inclusion in innovation plans, utilities must:

- Demonstrate that proposed energy efficiency and strategic electrification investments are not included in the utility's current CIP Triennial Plan, and state whether the utility does or does not intend to include any of the proposed investments in future CIP Triennial Plans;
- For proposed energy efficiency and strategic electrification investments in measures that have been included in past CIP plans, provide historical measure level performance data since 2010; and
- Clearly demonstrate why the proposed energy efficiency and strategic electrification investments could not reasonably be included in the utility's conservation improvement program.

⁸ *In the Matter of Establishing Frameworks to Compare Lifecycle Greenhouse Gas Emissions Intensities of Various Resources, and to Measure Cost-Effectiveness of Individual Resources and of Overall Innovation Plans*, Docket No. G999/21-566, Order Establishing Frameworks for Implementing Minnesota's Natural Gas Innovation Act (June 1, 2022). Order Point 37 at 21.

Joint Commenters acknowledge the Department’s authority to determine whether a proposed energy efficiency or strategic electrification investment could reasonably be included in the utility’s conservation improvement program.⁹

Joint Commenters believe that the recommended eligibility criteria achieve a balance between facilitating development of a broad array of energy efficiency and strategic electrification investments under NGIA and preserving the integrity of both the CIP and NGIA frameworks. We conclude that relying on the term “investments” used in the statutory definition of energy efficiency and strategic electrification creates flexibility regarding what type of efficiency and electrification programs, measures, or approaches might qualify in the future. At the same time, retaining the Department’s authority to determine whether an investment could “reasonably” be included in a utility’s CIP portfolio provides a backstop to ensure CIP and NGIA remain two separate frameworks intended to achieve different goals.

In addition, Joint Commenters envision development of NGIA energy efficiency and strategic electrification proposals similar to how proposals are developed and proposed under CIP, with utilities, the Department, and other stakeholders discussing proposed investments before utility innovation plans are filed. This process allows for necessary modifications before proposals are filed, streamlines the review and approval process, and furthers communication between parties as proposals are being developed.

III. Conclusion

Joint Commenters thank the Commission for the opportunity to address this important issue and look forward to working on additional NGIA implementation matters in the future.

Sincerely,

/s/ Will Nissen, Adway De, Chris Davis
Public Utilities Rates Staff
Minnesota Department of Commerce

/s/ Joe Dammel
Managing Director, Buildings
Fresh Energy

/s/ Seth DeMerritt
Manager, Regulatory Affairs
CenterPoint Energy

/s/ Audrey Partridge
Director of Regulatory Policy
Center for Energy and Environment

/s/ Jessie Peterson
Program Strategy & Performance Manager
Xcel Energy

/s/ Kevin Pranis
Marketing Manager
LIUNA Minnesota and North Dakota

⁹ Minn. Stat. § 216B.2427, subd. 1, paragraphs (f) and (q).

/s/ Richard Stasik
Director – State Regulatory Affairs
WEC Energy Group

/s/ Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas

/s/ Nathan Runke
Regulatory and Political Affairs Coordinator
IUOE Local 49

/s/ Sam Lehr
Manager of Sustainability and Markets
Policy
Coalition for Renewable Natural Gas

/s/ Commissioner Fran Miron
Washington County Chair
Partnership on Waste and Energy