

In the Matter of a Commission Investigation into Gas Utility Resource Planning

Docket No. G008, G002, G011/CI-23-117

Commissioner Sullivan offers the following proposed decision options:

Staff note: These decision options consist of the Joint Preferred Decision Options filed on September 9, 2024, by Building Decarbonization Coalition, CEE, CUB, CEOs, the Department, and OAG (Joint Parties), except as follows:

- Deleted CUB/CEE New A and B
- Replaced the Joint Parties' modified 46 with the original from the Staff Briefing Papers
- Added Decision Option 52 from the Staff Briefing Papers
- Added the local governments' new decision options filed on September 6, 2024

Equity

1. Require gas utilities to include in their integrated resource plan a discussion of how equity was considered in the planning process.

Filing Schedule

13. Require Xcel to file its first gas IRP by October 1, 2026, and require the other two utilities to file their plans on a 12-month cadence, beginning with CenterPoint on October 1, 2027, and MERC on October 1, 2028.

Clarifications

15. Clarify that, as used in ordering paragraph 51 of the Commission's March 27, 2024 order in these dockets, "infrastructure costs" are the capital costs the utility would pay to do the project.
16. Clarify that, as used in ordering paragraphs 51 and 54 of the Commission's March 27, 2024 order in these dockets, "Capacity Expansion Project, Resource Expansion, or New Resources" are individual projects, or a set of inter-related facilities needed to meet a specified capacity expansion need due to growth by existing or new customers and facilities.

18. Find that projects that meet the statutory definition of a natural gas extension project (“NGEP”) are eligible to be considered for an Expansion Alternative Analysis if above the investment threshold.¹
19. Replace the section title immediately preceding ordering paragraph 51 of the Commission's March 27, 2024 Order in these dockets with the following: Expansion Alternatives Analysis.
20. Replace ordering paragraph 51 of the Commission’s March 27, 2024 Order in these dockets with the following: Gas integrated resource plans shall include infrastructure projects related to resource expansion or new resources at or above a \$1 million threshold from which utilities select projects for an Expansion Alternatives Analysis. Utility resource plans shall include a discussion of the rationale for the projects selected for an Expansion Alternatives Analysis, and summary of the utility’s discussions with stakeholders throughout the selection process.
 - H. \$1 million, but no more than ten total projects must be considered for the Expansion Alternative Analysis.
25. **Modified** Allow utilities to evaluate and select additional projects for an Expansion Alternatives Analysis below the established cost threshold.
28. **Modified** Replace ordering paragraph 52 from the Commission’s March 27, 2024 Order in these dockets with the following: Require that an Expansion Alternatives Analysis a full alternatives evaluation, as required by Order Point 54 of the Commission’s March 27, 2024 Order, includes at a minimum, evaluation of:
 - A. non-pipeline alternatives and/or non-natural-gas alternatives;
 - B. costs and benefits of those alternatives including the costs of direct investment, variable costs, and the social costs of carbon and methane for emissions due to or avoided by the alternative;
 - C. air quality impacts;
 - D. a thorough and transparent explanation of the criteria used to rank or eliminate such alternatives; and an explanation of how equity was considered.
41. **Modified:** Require utilities to select prioritize capacity expansion projects for Expansion Alternatives Analysis with the potential for learning-using equity criteria and those located in low-income and/or Environmental Justice Areas as defined in Minn. Stat. § 116.065, subd. 1(e) (2023) or indigenous communities.

¹ Minn. Stat. § 216B.1638 defines NGEPs as “the construction of new infrastructure or upgrades to existing natural gas facilities necessary to serve currently unserved or inadequately served areas.”

Emissions

46. Require utilities in their gas IRPs to consider the State's economy-wide greenhouse gas reduction statutory goals consistent with Minn. Stat. § 216H.01 and 216H.02 using 2020 as the baseline year. Lifecycle GHG emission factors from filed Natural Gas Innovation Act (NGIA) Plans can also be considered in resource analysis to ensure lower emissions on a lifecycle basis.
52. Require Xcel, MERC, and CPE to report methane emissions from natural gas distribution system operations using recognized reporting protocols, such as 40 CFR Part 98, Subpart W, in the natural gas integrated resource plan and annual updates.
54. Require utilities to include in their gas IRPs additional information about upstream emissions data availability.
58. Require each utility to include in each integrated resource plan a narrative description of how its preferred plan will support and serve Minnesota's greenhouse- gas- emission-reduction goals.
61. **Modified:** To estimate environmental externality costs of resource options in gas IRPs, ~~require~~ utilities ~~to shall~~ use the most recent externality values adopted by the Commission in Docket No. E-999/CI-14-643.
68. Delegate authority to the Executive Secretary to open a comment period in Docket Number E999/CI-07-1199 to consider and determine the appropriate data source and values for the regulatory cost of greenhouse gas emissions for natural gas resource planning through the upcoming docket to update the regulatory cost of carbon for electric resource planning.

Others

88. Deny MERC's request for deferred accounting.
91. For each project proposed in its preferred five-year action plan, require the utility to include justification of need, resource mix, project scope, construction timeline, cost estimates including any offsetting revenues and tax benefits, and a narrative discussion of any equity impacts the project may have.
94. Modify ordering paragraph 36 of the March 27, 2024 Order in these dockets as follows: A utility shall include in its resource plan filing a nontechnical summary, not exceeding 25 pages in length, describing the utility's resource needs, the resource plan created by the utility to meet those needs, the process and analytical techniques used to create the plan, activities required over the next five years to implement the plan, and the likely effect of plan implementation on ~~electric~~ rates and bills.

95. Require Xcel, CenterPoint Energy, and MERC to work with electric utilities in their service territories to understand, to the extent possible, the electric system impacts on resource options in the natural gas IRPs.
101. Authorize the Executive Secretary to create a "Comprehensive Gas IRP Requirements" document which reconciles the gas IRP requirements established in the Framework Order filed March 27, 2024, and the additions and modifications to those requirements made above, and issue the document as an attachment to the Order. Delegate continuing authority to the Executive Secretary to update the Comprehensive Gas IRP Requirements document to reflect any future modifications or additions to the gas IRP requirements established in future Commission decisions, to be filed as an attachment to future orders establishing such changes.

New local government decision option:

102. Natural gas utilities shall work with local government agencies to:
 1. Consider local climate goals in resource plans and provide a narrative discussion of how resource plans impact those goals.
 2. Collaborate with local governments with adopted climate goals to prioritize greenhouse gas reduction investments and pilots when possible.
 3. Actively include local government representatives in resource planning stakeholder engagement to discuss community-specific concerns. Gas utilities will provide a narrative description of its government engagement activities and a summary of how input is or is not incorporated into final decisions.
 4. Align gas infrastructure projects with approved community capital improvement plans. Plans will include a narrative description of how utilities will coordinate with government representatives.

CEE NEW C:

105. In developing their Integrated Resource Plan, the utilities will engage with stakeholder groups to provide information about the utilities' planning process and Expansion Alternative Analysis project selection, answer stakeholder questions, and seek stakeholder feedback to inform the resource plan. The stakeholder groups shall include, at minimum, relevant state agencies, clean energy advocates, consumer advocates, low-income and environmental justice advocates, organized labor, local governments, and business, and communities directly impacted or served by Expansion Alternative Analysis projects. In each resource plan, natural gas utilities will provide a narrative description of its outreach and engagement activities and a summary of stakeholder feedback.