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Feel the Power

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

PUC Docket Nos. G008,G002,G011/CI-23-117; G999/CI-21-565

LIUNA Minnesota and North Dakota ("LIUNA") thanks the Minnesota Public Utilities Commission ("Commission") for the opportunity to offer reply comments regarding proposed planning requirements for regulated natural gas utilities operating in Minnesota.

GREENHOUSE GAS GOALS

Earlier this year, the Commission carefully considered how Minnesota's policy goal of achieving net zero greenhouse gas ("GHG") emissions by 2050 should be incorporated into gas resource planning and concluded that the plans should "[consider] the State's economy-wide greenhouse gas reduction statutory goals" while rejecting proposals to mandate that utility plans meet any specific GHG benchmarks. Several commenters appear to be using the current comment period as an opportunity to re-litigate the question or introduce de-facto GHG benchmarks under the guise of clarifying the contents of the plan.

In our view, the Commission's March 27, 2024 Order is clear and well founded. Achievement of Minnesota's GHG emission reduction goals is an important objective, but that objective does not trump affordability, reliability, safety, equity, or economic progress. Minnesota's economy-wide GHG emission reduction goals do not constitute a mandate of the type established by the 100% by 2040 law, nor do they assign specific obligations to particular sectors of the economy. We believe that it is appropriate to ask gas utilities to explain in their resource plans how they expect and propose to advance policy goals. But it would not be appropriate or useful to require utilities to demonstrate compliance pathways for a non-existent mandate, especially given the lack of proven and cost-effective alternatives to conventional delivery of gas. While we hope to advance the conversation rapidly in coming years through the deployment of natural gas innovations, today we lack pathways to meet the needs of natural gas customers affordably and reliably, and a requirement to fabricate such pathways for the purpose of planning serves no one.

ALTERNATIVE ANALYSIS THRESHOLDS

We anticipate that alternatives analysis will be an intensive exercise, not least because the needs served by each capital expansion project are unique and cannot be addressed using the type of simple replacement formula that applies to power generation resource analysis. For this reason, we support limiting the number of projects subject to alternatives analysis, which will facilitate more thorough analysis and better understanding of an emerging practice, especially during the initial round of resource planning,

We believe that a $10 million threshold would effectively prioritize significant investments that support robust analysis but would also be open to a threshold that varies by utility, or alternatively, a requirement that the largest two or three or four projects be subject to alternatives analysis regardless of their size.

CONSIDERATION OF LOCAL POLICIES

We support consideration of policies, programs and goals adopted by local governments in the resource planning process to the degree that they impact anticipated demand or the feasibility of diverse offerings. For example, if a city has launched a program to deploy residential energy efficiency improvements at scale and target them toward specific neighborhoods, the projected impacts of the program should be factored into demand projections and resource assumptions to the degree feasible.

On the other hand, utilities should not and cannot make predictions about demand or resource availability based on goals that are not tied to enforceable policies or otherwise clearly certain to be achieved. Further, while utilities are bound to comply with lawful ordinances, resource plans should not accommodate local goals or policy preferences in a manner that undercuts their ability to meet policy priorities established by state law, Commission rule and Commission order (e.g. affordability, reliability, equitable service).

Nor should the Commission allow efforts to accommodate local goals to shift costs or burdens to other communities and their ratepayers. If, for example, a city wishes to lower carbon emissions associated with services provided by the utility more quickly than is feasible or prudent for the system as a whole, responsibility for funding achievement of the goal should fall on the city in question and not ratepayers living in other cities that have not adopted comparable goals.

REGULATORY AND SOCIAL COSTS

In our view, estimating the regulatory costs of carbon is a highly speculative exercise that relies on assumed election and legislative outcomes. We recommend against including a regulatory cost of carbon absent a specific and detailed analysis of policies that are likely to be adopted. If the Commission is committed to including regulatory costs factors in gas resource planning, however, we suggest that utilities be required to incorporate factors that reflect the full range of potential outcomes, including increasingly common policy swings against decarbonization that effectively produce negative cost factors for GHG emissions.

We take a different view of social costs, which are real but which also need to be weighed with a grain of salt. Climate change is a global problem that must be mitigated by large-scale collective action, but that does not necessarily respond proportionally to the small incremental steps that Minnesota can achieve under our most aggressive decarbonization scenarios. While we have a moral obligation and general state policy directive to do our part, that does not mean that these efforts will deliver any tangible benefits to citizens and ratepayers, let alone benefit of the magnitude suggested by social cost of carbon figures employed by the Commission.

Thank you for your consideration.

Dated: December 29, 2023

Respectfully Submitted,
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