MINNESOTA
PUBLIC UTILITIES COMMISSION

Staff Briefing Papers

Meeting Date	**April 17, 2025**	**Agenda Item 1****
Company	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas Great Plains Natural Gas Co. Northern States Power Co. d/b/a Xcel Energy Minnesota Energy Resources Corp.	
Docket No.	G-999/CI-21-135 In the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers G-008/M-21-138 In the Matter of the Petition of CenterPoint Energy Minnesota Gas for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions G-004/M-21-235 In the Matter of the Petition by Great Plains Natural Gas Co. for Approval of Rule Variances to Recover Natural Gas Costs from February 2021 G-002/CI-21-610 In the Matter of the Petition of Xcel Energy to Recover February 2021 Natural Gas Costs G-011/CI-21-611 In the Matter of the Petition of Minnesota Energy Resources Corp. for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions	

Issues	• Should the Gas Utilities'[1] August 1, 2024 Annual Compliance Filings be accepted and approved? • Should the Commission make any changes to future compliance filing requirements?		
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✓ **Relevant Documents**	**Date**
CenterPoint Energy – Compliance Filing (Public and Trade Secret) (Cross Filed in Dockets 21-135 and 21-138)	August 1, 2024
Great Plains Natural Gas Co. – Compliance Filing (Cross Filed in Dockets 21-135 and 21-235)	August 1, 2024
Xcel Energy – Compliance Filing (Cross Filed in Dockets 21-135 and 21-610)	August 1, 2024
Minnesota Energy Resources Corp. – Compliance Filing (Cross Filed in Dockets 21-135 and 21-611)	August 1, 2024
Department of Commerce – Comments (Public and Trade Secret) (Cross Filed in Dockets 21-135 and 21-138)	November 27, 2024
Office of the Attorney General – Comments (Public and Trade Secret) (Cross Filed in Dockets 21-135, 21-138, 21-235, 21-610 and 21-611)	December 2, 2024
Department of Commerce – Comments (Public and Trade Secret) (Cross Filed in Dockets 21-135 and 21-610)	December 3, 2024[2]
Department of Commerce – Comments (Public and Trade Secret) (Cross Filed in Dockets 21-135 and 21-611)	December 3, 2024[3]
Department of Commerce – Corrected Comments (Cross Filed in Dockets 21-135 and 21-235)	December 4, 2024
CenterPoint Energy – Reply Comments (Cross Filed in Dockets 21-135 and 21-138)	December 6, 2024
Xcel Energy – Reply Comments (Cross Filed in Dockets 21-135 and 21-610)	December 12, 2024

[1] The Gas Utilities are CenterPoint Energy Minnesota Gas (CenterPoint Energy), Great Plains Natural Gas Co. (Great Plains), Xcel Energy (Xcel) and Minnesota Energy Resources Corp. (MERC).

[2] Edockets date is December 3, 2024. The actual filing date is December 2, 2024.

[3] Edockets date is December 3, 2024. The actual filing date is December 2, 2024.

✓**Relevant Documents**	**Date**
Minnesota Energy Resources Corp. – Reply Comments (Cross Filed in Dockets 21-135 and 21-611)	December 12, 2024
Great Plains Natural Gas Co. – Reply Comments (Cross Filed in Dockets 21-135 and 21-235)	December 12, 2024
Citizens Utility Board of Minnesota – Reply Comments (Cross Filed in Dockets 21-135, 21-138, 21-235, 21-610 and 21-611)	December 12, 2024
Department of Commerce – Errata to November 27, 2024 Comments (Cross Filed in Dockets 21-135 and 21-138)	February 11, 2025

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I. STATEMENT OF THE ISSUES

- Should the Gas Utilities' August 1, 2024 Annual Compliance Filings be accepted and approved?
- Should the Commission make any changes to future compliance filing requirements?

II. BACKGROUND

On February 12 – 22, 2021, a combination of significant disruptions in natural gas supply combined with a sharp rise in natural gas demand, led to an extraordinary increase in natural gas spot market prices in Minnesota (Winter Storm Uri or February 2021 Pricing Event).

On October 19, 2022, the Commission issued Orders[4] disallowing recovery of some extraordinary gas costs. The Orders also required the Gas Utilities[5] to file plans to better protect ratepayers from future price spikes in the natural gas spot market and to discuss the possibility of incorporating long-term resource planning into gas-utility regulation.

On February 17, 2023, the Commission issued Orders in the Uri Dockets directing the Gas Utilities to, by August 1, file an annual compliance detailing the utility's recent efforts to protect ratepayers from future price spikes in the market for natural gas.

On August 1, 2023, the Gas Utilities filed their first annual compliance.

On January 13 – 16, 2024, natural gas wholesale prices spiked across Minnesota and the Upper Midwest (January 2024 Pricing Event). This event triggered a reporting requirement that was included in the Minnesota Public Utilities Commission's (Commission) February 17th, 2023, Order related to rapid price increases.

On July 30, 2024, the Commission issued Orders approving the 2023 annual compliance filings, and required the Gas Utilities to evaluate the storage service options provided by the interstate pipelines that serve them to determine which storage service option is most appropriate for their situation.

On August 1, 2024, the Gas Utilities filed their second annual compliance.

On November 27, 2024, the Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) filed comments recommending that CenterPoint Energy Minnesota Gas' (CenterPoint or CenterPoint Energy) compliance filing be accepted and approved and include an

[4] Dockets G-999/CI-21-135, G-008/M-21-138, G-004/M-21-235, G-002/CI-21-610 and G-011/CI-21-611 (collectively, Uri Dockets).

[5] CenterPoint Energy, Great Plains, Xcel and MERC.

update on demand response efforts in reply comments.

On December 2, 2024, the Office of the Attorney General, Residential Utilities Division (OAG) filed comments recommending denial of CenterPoint's request to implement a $25 pricing floor for reporting. The OAG also proposed an extension of the pricing event reporting timeframe and additional curtailment reporting requirements for all the Gas Utilities.

On December 3, 2024[6], the Department filed comments recommending that Minnesota Energy Resources Corp. (MERC) and Xcel Energy's compliance filings be accepted and approved.

On December 4, 2024, the Department filed comments recommending that Great Plains Natural Gas Co.'s (Great Plains) compliance filing be accepted and approved and to include a consultant report on voluntary conservation in its August 1, 2025 compliance filing.

On December 6, 2024, CenterPoint Energy filed reply comments addressing updates to demand response efforts.

On December 12, 2024, MERC filed reply comments in support of the OAG's additional curtailment reporting requirements.

On December 12, 2024, Xcel Energy filed reply comments addressing term and monthly baseload, peak shaving, customer conservation, curtailment, and reporting requirement timelines.

On December 12, 2024, Great Plains filed reply comments agreeing to the Department and OAG's recommendations for future compliance filings.

On December 12, 2024, Citizen's Utility Board of Minnesota (CUB) filed reply comments in support of the OAG recommendations.

On February 11, 2025, the Department filed an Errata to its comments on CenterPoint's filing, noting changes to the Winter Procurement Strategies data tables and supporting commentary.

III. GAS UTILITIES' ANNUAL COMPLIANCE FILINGS

The Gas Utilities' Annual Compliance Filings addressed various Ordering Points in the Commission's February 17, 2023 Order.

[6] Edockets date is December 3, 2024. The actual filing date is December 2, 2024.

A. Order Point #2: No later than its next rate case, each gas utility in this docket shall update its existing interruptible tariffs to ensure customers understand the possibility of economic interruptions and propose new or alternative interruptible tariffs that include additional economic curtailment provisions that could protect the system from future price spikes

1. CenterPoint Energy

a) Compliance Filing

On November 1, 2023, CenterPoint Energy filed a rate case that included updates of existing interruptible tariffs and proposed new and alternative interruptible tariffs with economic curtailment provisions.[7]

b) Department of Commerce – Comments

The Department noted CenterPoint's testimony included changes to economic curtailment in the following existing interruptible tariffs in the rate case:

- Small Volume Dual Fuel Sales Service
- Small Volume Firm/Interruptible Sales Service
- Large Volume Dual Fuel Sales Service
- Large Volume Firm/Interruptible Sales Service
- Interruptible Agricultural Grain Dryer Sales Service

CenterPoint also sponsored new interruptible tariffs for Small Volume Dual Fuel Transportation, Large Volume Dual Fuel Transportation Service and Large Volume Dual Fuel Transportation Service customers, which provide a 10 percent reduction in base rates and exemption from additional surcharges resulting from a future price spike.

The Department issued two information requests regarding additional load of these tariffs[8] and whether CenterPoint was pursuing other ideas for economic dispatch of Company-owned storage, its LNG peaking facility, or interruptible customer loads.[9] CenterPoint did not project any additional interruptible load from the economic curtailment tariffs, and was not pursuing any other ideas for economic dispatch.

The Department recommended that CenterPoint's compliance filing relative to Order Point #2 be accepted and approved.

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[7] Docket G-008/GR-23-173, Schedule 17.

[8] Attachment 5 includes DOC IR No. 86 and CenterPoint's response.

[9] Attachment 6 includes DOC IR No. 85 and CenterPoint's response.

2. Great Plains Natural Gas Co

a) Compliance Filing

Great Plains did not supply information to this Order Point in the August 1, 2024 compliance filing.

b) Department of Commerce – Comments

The Department expects Great Plains will update interruptible tariffs in its next general rate case.

The Department recommended that Great Plains' compliance filing relative to Order Point #2 be accepted and approved.

3. Xcel Energy

a) Compliance Filing

In its latest Gas Rate Case, Xcel proposed tariff language to ensure all interruptible customers understand the potential for curtailment during extraordinary economic events.[10] Xcel also proposed to modify its existing Interruptible Service rate schedule by establishing two tiers of interruptible service:

- Tier I Interruptible customers shall be subject to curtailment whenever Xcel determines that the supply or capacity of the natural gas system is at risk.
- Tier II Interruptible customers shall be subject to curtailment whenever Xcel determines that the supply or capacity of the natural gas system is at risk and/or during economic events.

As part of the rate case's settlement agreement,[11] all parties agreed that the tariff revisions should include the proposed two-tier tariffs. Rates would be set in which the Interruptible class revenue recovery would be consistent with the Interruptible class revenue recovery absent the economic curtailment proposal.

b) Department of Commerce – Comments

The Department determined that of Xcel's 327 interruptible customers, 283 complied with curtailment orders and reduced gas usage by 118,964 dekatherms (Dth) during the January

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[10] Docket G-002/GR-23-413.

[11] On March 5, 2025, the Commission issued its Order Accepting and Adopting Agreement Setting Rates in Xcel's rate case.

2024 Pricing Event.[12] The Department also found that Xcel has been diligent in following Commission directives on economic dispatch of interruptible customers.

The Department recommended that Xcel Energy's compliance filing relative to Order Point #2 be accepted and approved.

4. Minnesota Energy Resources Corp.

a) Compliance Filing

MERC noted the information relevant to this Order Point has been or will be provided in other dockets, such as rate cases and demand entitlement filings.

b) Department of Commerce – Comments

The Department expects MERC will update interruptible tariffs in its next general rate case.

The Department noted that, while MERC has not fully complied with the reporting requirement, gas commodity prices are being utilized as an input for curtailing interruptible customers.[13]

The Department recommended that MERC's compliance filing relative to Order Point #2 be accepted and approved.

B. Order Point #3: If a gas utility in this docket pays prices on the daily spot market that exceed five times the average price of gas in the utility's filed purchased-gas adjustment for the current month when the gas was purchased, the utility shall make a filing to the Commission within 14 days identifying its costs for procuring gas for Minnesota customers while gas prices were inflated above this amount, what actions the utility took to account for or mitigate those costs, and justifications for why its actions were prudent

1. CenterPoint Energy

a) Compliance Filing

On January 12, 2024, in order to meet forecasted customer need over the January 13 – 16 weekend, CenterPoint Energy purchased daily gas supplies that settled in excess of five times the average price of gas in January's purchased gas adjustment (PGA).

On January 26, 2024, as ordered, CenterPoint Energy made the compliance filing related to the January 13 – 16 period.

[12] DOC – Comments on Xcel, December 2, 2024, at 12.

[13] DOC - Comments on MERC, December 2, 2024, at 14.

In the instant filing, CenterPoint requested two edits to Order Point #3 as follows:

- In addition to the "five times the average price of gas" the statement include "and over $25".
- State that the utility shall make a filing to the Commission within 14 days "after the event ends".

CenterPoint Energy argued that $2 per dekatherm (Dth) natural gas prices have regularly occurred in recent years, and adding the $25 stipulation would ensure CenterPoint filed during times of extreme gas price increases.

CenterPoint asserted that when price spikes last multiple days in a row, its experts are busy procuring gas, ensuring reliability, and providing pricing stability. By adjusting the reporting timeframe, CenterPoint could focus on its customers during the event and give additional time to provide meaningful analysis to the Commission.

b) Department of Commerce – Comments

The Department noted that CenterPoint paid an average of $36.50/Dth for daily spot gas at two main trading points between January 13th – 16th, which was over nine times higher than CenterPoint's monthly PGA estimate of $3.81.[14]

The Department did not oppose CenterPoint's request to change the language to Order Point #3, for the following reasons:

- The January 2024 Pricing Event would have triggered a 14-day compliance filing even if the proposed changes were already in place.
- The Commission set a $20/Dth threshold for extraordinary gas costs in this proceeding, of which the proposed $25/Dth does not vary much from that definition.
- The Commission does not initiate review of CenterPoint's efforts until the August 1 compliance filing, thus the additional time requested to make the compliance filing does not seem unreasonable.

The Department recommended that CenterPoint's compliance filing relative to Order Point #3 be accepted and approved.

c) Office of Attorney General – Comments

The OAG opposed CenterPoint's request to change the reporting threshold to over $25/Dth, noting the Commission determined a variable pricing threshold that can adjust over time to

[14] CenterPoint, Price Spike Compliance Filing, January 26, 2024, Docket G-008/M-21-138, at 2.

prevailing gas prices was more appropriate.[15]

The OAG did not object to providing more time for the Gas Utilities to compile Pricing Event reports but suggested lengthening the deadline to 21 days from the first day gas prices spike to five times the PGA cost.

The OAG argued that CenterPoint's proposed change to add "after the event ends" leaves ambiguous when the end of the event occurs, as utilities purchase gas at different hubs and price points and thus cause the compliance filings to be due at different timeframes.

d) Citizens Utility Board – Reply Comments

CUB opposed CenterPoint's request to heighten the price reporting threshold and agreed with the OAG that the current threshold is in the public interest and not unduly burdensome.

CUB did not oppose the OAG's suggestion that "if the Commission believes more time is necessary for reporting, the reporting period should be extended to 21 days from the first day when gas prices exceed 5-times the PGA amount instead of attempting to determine when the pricing event ends,"[16] as CUB believed this adds clarity to Order Point #3, and alleviates CenterPoint's concerns about the timing of the filing requirement.

2. Great Plains Natural Gas Co.

a) Compliance Filing

Great Plains did not supply additional information to this Order Point in the August 1, 2024 compliance filing.

b) Department of Commerce – Comments

The Department noted that Great Plains paid $33.00/Dth for 16,000 Dth of daily spot gas at the Demarc Hub between January 13 and 16, 2024, for a total preliminary estimate of $528,000.[17] This expense was nearly ten times higher than Great Plains' January PGA estimate of $3.35.

On January 26, 2024, as ordered, Great Plains made the compliance filing related to the January 13 – 16 period.

The Department recommended that Great Plains' compliance filing relative to Order Point #3

[15] Commission February 17, 2023 Order, Dockets G-999/CI-21-135, G-008/M-21-138, G-004/M-21-235, G-002/CI-21-610 and G-011/CI-21-611, at 16.

[16] OAG Comments, December 2, 2024, at 22.

[17] Great Plains, Price Spike Compliance filing, January 26, 2024, Docket G-004/M-21-235, at 2.

be accepted and approved.

c) Office of Attorney General – Comments

The OAG indicated that during the January 2024 Pricing Event, Great Plains purchased 4,000 Dth/day of spot gas at Emerson and Demarc, which cost $788,800 ($260,800 at Emerson[18], $528,000 at Demarc[19]). The OAG noted that "the potential savings from using economic curtailment to mitigate price spike impacts are substantial for a utility the size of Great Plains. But Great Plains appears to be in no rush to determine ways to use its interruptible customer load to protect customers from price spikes". The OAG added that "in response to a Department of Commerce information request, Great Plains stated that it has simply "completed a survey . . . to gather ideas related to economic dispatch" but that it "has not fully analyzed the report at this time."

The OAG recommended that, to protect customers from price spikes, Great Plains be required to move more deliberately in seeking to improve incorporating its curtailment decisions into its gas supply processes. While the amount of compliance with curtailment orders in a similar event is unknown, due to Great Plains not calling on interruptible customers to curtail, Great Plains should also report annually on the levels of compliance with curtailment orders and any efforts to improve compliance.

d) Staff Comments

The OAG recommended Great Plains be required to move more deliberately in seeking to improve incorporating its curtailment decisions into its gas supply processes; however, the OAG did not offer any specifics. Thus, as the agenda meeting, the Commission may want to ask Great Plains to provide an update regarding their curtailment efforts.

3. Xcel Energy

a) Compliance Filing

Xcel submitted a pricing report filing on January 26, 2024, and committed to continue submitting these filings within 14 days if the described situation arises.

b) Department of Commerce – Comments

The Department noted that, on January 10 and 12, 2024, Xcel made two Trade Secret fixed-price purchases that exceeded five times the average cost of gas in the monthly PGA. The Department estimated that, by making fixed-price purchases rather than spot-market

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[18] The Emerson purchase did not meet the price reporting threshold of five times the average price of gas.

[19] Attachment 14 includes OAG IR No. 8 and Great Plains' response. Great Plains Swing contracts include an adder to the daily index price making the costs slightly higher than the direct index price costs times the number of Dth.

purchases, Xcel saved ratepayers $3.2 million.

On January 26, 2024, Xcel made the compliance filing as requested.

The Department recommended that Xcel's compliance filing relative to Order Point #3 be accepted and approved.

c) Xcel Energy – Reply Comments

Similar to CenterPoint's proposal, Xcel supported starting the 14-day reporting deadline following the last day of the pricing event. Alternatively, Xcel indicated it could support changing the reporting requirement to 21 days after the first day of the pricing event.

Xcel believes the additional time to gather relevant data and provide clear reporting to the Commission would be helpful.[20]

4. Minnesota Energy Resources Corp.

a) Compliance Filing

On January 12, 2024, MERC noted that it executed two Supply Call contracts for 4,400 Dth/day from January 13 – January 16 on the MERC Consolidated system.

MERC paid $16.215/Dth for 3,000 Dth/day of gas at the Emerson hub and $16.295/Dth for 1,400 Dth/day at the Centra-Spruce location, which exceeded five times the average price of gas in the January PGA ($2.582/Dth).

In its January 26, 2024 compliance filing, MERC noted that, since the 2020-2021 winter season, it contracted for 30 percent more baseload in 2022-2023 to minimize exposure to daily prices. While the overall baseload volumes for 2023-2024 were lower than the previous winter, MERC contended that they were well above the 2020-2021 level. Additionally, MERC increased its protection from market price spikes by executing a Supply Call contract that is priced off monthly prices.[21]

b) Department of Commerce – Comments

The Department noted MERC's two purchases that exceeded five times the average cost of gas of the January PGA were priced on the Platt's Gas Daily Midpoint Gas Daily Emerson Viking GL index.

MERC noted the two contracts as follows:

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[20] Xcel Energy Reply Comments, December 12, 2024, Docket G-002/CI-21-610, at 5-6.

[21] MERC, Price Spike Compliance Filing, January 26, 2024, Docket G-011/CI-21-611, at 3.

- A Supply Call Option for 3,000 Dth/day for January 13th – 17th at $16.215/Dth at the Emerson hub to flow to the Viking pipeline to MERC's Consolidated PGA service area**.**
- A Supply Call Option for 1,400 Dth/day for January 13th – 17th at $16.295/Dth at the Centra-Spruce location to flow to the Centra pipeline on MERC's Consolidated PGA service area**.**

The Department preliminary estimated that MERC incurred $285,832 in costs for 17,600 Dth in contracts that met the reporting threshold during the January 2024 Pricing Event. MERC, to Department IR #88, verified the Department's estimated cost in response.[22]

The Department recommended that MERC's compliance filing relative to Order Point #3 be accepted and approved.

c) Minnesota Energy Resources Corp. – Reply Comments

In Reply Comments, MERC agreed with CenterPoint Energy's proposed modifications to Order Point #3,[23] and recommended Commission approval.

C. Order Point #4: The gas utilities in this docket shall participate in the North American Energy Standards Board (NAESB) Gas/Electric Harmonization Forum and other relevant efforts to track and pursue beneficial reforms, such as improving the force majeure language in the NAESB standard contract

1. All Gas Utilities

a) Compliance Filing

All of the Gas Utilities reported participating in the NAESB Gas/Electric Harmonization Forum (Forum) proceedings in 2022 and 2023.

The Forum's July 28, 2023 report contained twenty recommendations for various regulatory or governing bodies to consider. Additionally, NAESB held separate discussions around changing the *force majeure* language of the gas contract. Many of the recommendations had sharp divisions between the wholesale electric and wholesale gas participants. On September 2023, the NAESB WGQ Contract Subcommittee voted not to take action, essentially ending the discussion.

The Gas Utilities have agreed to update the Commission on any new developments in subsequent annual filings.

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[22] Attachment 9 includes DOC IR No. 88 and MERC's response.

[23] MERC Reply Comments, December 12, 2024, Docket G-011/CI-21-611, at 4.

2. Department of Commerce – Comments

a) All Gas Utilities

The Department noted that the Gas Utilities were unsuccessful in trying to change the Force Majeure language in the NAESB standard contract. Specifically, a weighted vote by NAESB's participants rejected the Gas Utilities' proposals.

The Department recommended that the Gas Utilities' compliance filings relative to Order Point #4 be accepted and approved.

D. Order Point #5: The gas utilities in this docket shall continue exploring the availability and cost of contracting, hedging, and supply options that would provide better protection against price spikes

1. CenterPoint Energy

a) Compliance Filing

To maintain reliability, price stability and protection, CenterPoint's supply portfolio consists of baseload supplies, call options, daily spot market purchases, storage and peaking supplies.

CenterPoint has continued to evaluate its supply plan and procurement strategies to further protect customers from extraordinary costs due to price volatility or future market price spikes as follows:

- Increased baseload first-of-the-month index purchases which reduced the percentage of planned supply to be met through daily/swing gas purchases.
- Ensured CenterPoint's supply mix strategy at its primary receipt points is to be met by a blend of first-of-the-month index purchases as well as daily index purchases to better achieve price diversification.
- Acted on securing long-term hedges of 24-months beginning April 1, 2023 and will continue to evaluate these opportunities going forward.
- Received approval from the Minnesota Public Utilities Commission (MPUC)_to modify the structure of the hedging order to allow for more flexibility and to accommodate future customer growth in Docket G-008/M-23-360.
- Adjusted Winter Season 24-25 hedging strategy to be based on a maximum hedged volume of 25% of anticipated customer load requirements.
- Continue to evaluate and explore storage opportunities whose acquisitions would further stabilize CenterPoint's supply portfolio (i.e., East Cheyenne and ANR Pipeline Company).

b) Department of Commerce – Comments

The Department issued three information requests regarding supply mix diversity,[24] pipeline capacity contracts,[25] and hedging efforts.[26]

CenterPoint did not provide new information on supply mix diversity but mentioned ongoing negotiations with Northern Natural Gas in the Northern Lights capacity expansion process. Additionally, CenterPoint is evaluating Viking Gas Transmission and LNG facilities as alternative solutions and increasing hedging diversity to include additional delivery points.

The Department recommended that CenterPoint's compliance filing relative to Order Point #5 be accepted and approved.

2. Great Plains Natural Gas Co.

a) Compliance Filing

Great Plains has increased its base supply, thus reducing exposure to potentially volatile day/spot market pricing during times of higher demand and has also more actively pursued fixed pricing both during and external to its RFP process.

Although it has reviewed a variety of tangential products traded through the Intercontinental Exchange, Great Plains has not implemented financial hedging because it has not found compelling cause to participate in such options trading.

b) Department of Commerce – Comments

The Department asked about Great Plains' efforts to mitigate short-term price spike risk by using transportation capacity on interstate or in-state pipelines during the winter heating season.[27] Great Plains indicated:

> Great Plains maintains a well-diversified portfolio of receipt capacity, supplies are secured in similar ratios to this diversity, thereby diversifying Great Plains' exposure to day market prices.

Table 1 shows the Department's summary of Great Plains' receipt capacity by delivery , which illustrates how diversifying gas purchases can mitigate short-term price spike risk.

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[24] Attachment 7 includes DOC IR No. 80 and CenterPoint's response.

[25] Attachment 8 includes DOC IR No. 84 and CenterPoint's TRADE SECRET response.

[26] Attachment 9 includes DOC IR No. 83 and CenterPoint's response.

[27] Attachment 3 includes DOC IR No. 59 and Great Plains' response.

Table 1 – Great Plains' Receipt Capacity by Delivery Point

Delivery Pt.	% of Receipt Capacity
NNG Carlton	4%
Marshall	17%
Demarc	21%
Ventura	31%
Emerson	28%
Total	100%

Great Plains estimated $226,500 - $453,000 in annual costs of these efforts.

The Department recommended that Great Plains' compliance filing relative to Order Point #5 be accepted and approved.

3. Xcel Energy

a) Compliance Filing

Xcel is continually exploring, evaluating, and pursuing new contracting, hedging, and physical storage options for gas supply. Specifically, it discussed options for physical storage, fixed price contracts, and financial hedging.

First, one option to provide for price certainty is long-term (greater than one year) fixed price contracts, which can protect against price volatility resulting from adverse winter weather and price spikes.[28] However, such long-term price contracts protect against not only unfavorable price moves, but also prevent the realization of favorable price moves. For example, a one-dollar difference between a one-year baseload package of 50,000 Dth per day and a lower average First of Month price would result in $18.25 million more in gas expense to customers. The prudence of such long-term contracts would have to be assessed before entering the contracts. Also, long-term baseload contracts are not effective against price spikes in daily priced gas.

Second, physical underground storage, which can address nearly 30 percent of winter design day requirements, is the best hedge against daily price spikes because it assures supply reliability and price protection.[29] Xcel continues to explore opportunities to expand its gas storage portfolio.

Third, Xcel continues to employ 50 percent of all hedging on financial hedges against monthly

[28] Xcel Energy, Compliance Filing Annual Report, August 1, 2024, Docket G-002/CI-21-610, at 3.
[29] *Id.*

natural gas commodity price volatility.[30] However, in the past, financial hedges have been expensive and were sometimes not beneficial when natural gas price market volatility was too low.

Xcel continues to explore hedging solutions for short-term protection from daily price spikes; however, these hedges are expensive and in short supply because suppliers are unwilling to accept the additional risk. Acceptable prices and quantities would not greatly reduce cost risk. Xcel was able to secure one physical swing supply contract for up to 10,000 Dth per day priced at the First of Month (FOM) Index for the winter of 2021-2022. For winters of 2022-2023 and 2023-2024, suppliers were unwilling to offer this type of supply option due to the high price uncertainty in the marketplace. Xcel continues to survey the market for financial hedging products that would protect against daily price swings. However, while Xcel may test some newer financial products, these products are not offered by the market at price or quantity levels that would significantly offset cost risk.

b) Department of Commerce – Comments

The Department noted that Xcel proposed to pilot several financial hedging tools in its petition to extend rule variances for recovery of financial instrument costs through the PGA. The Commission approved that petition in its May 21, 2024 Order in that docket.[31]

The Department recommended that Xcel's compliance filing relative to Order Point #5 be accepted and approved.

4. Minnesota Energy Resources Corp.

a) Compliance Filing

MERC reported that it has reviewed its gas contracting, purchasing, hedging, storage, peak-shaving,[32] and other relevant practices and implemented the following improvements and modifications to its practices to provide additional protection to customers from extraordinary natural gas spikes in the future.

MERC reviewed its contracts to determine if modifications could provide additional protection in the event of market price spikes. MERC had previously executed NAESB contracts with its suppliers, which would provide contract protection consistent with industry standards.[33] MERC did not identify any reasonable or cost-beneficial modifications at this time but continues to

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[30] *Id.*, at 4.

[31] Docket No. G-002/M-23-521.

[32] MERC does not have peak shaving resources available but, as discussed below, has undertaken a further evaluation regarding the feasibility of incorporating peak shaving resources into MERC's distribution system.

[33] MERC, Compliance Filing Annual Report, August 1, 2024, Docket G-011/CI-21-611, at 3.

evaluate possible future modifications or changes, including those resulting from the NAESB Forum.

For all gas supply purchases with a term of one month or greater, a request for proposal (RFP) letter and bid form are sent to all suppliers that have an executed NAESB agreement with MERC. The RFP letter describes the products, locations, and price indices (e.g., first-of-month (FOM), Gas Daily (GDD), etc.).[34] All bids are analyzed to maximize customer value based on reliability, need, price, term, location, and quantity before contracts are awarded. As part of this process, MERC issued RFPs to obtain information as to availability and pricing for additional products that could provide greater protection for customers against the impacts of future price spikes. For example, MERC requested bids on call options priced at the FOM index rather than daily pricing. Such a product would provide MERC with flexibility to call on gas supplies when needed, minimizing the exposure to the volatility of the daily market. Unfortunately, since the 2020-2021 winter, MERC has only received a small number of quotes for this type of product, which it noted has been costly and not beneficial to customers.

For the 2024-2025 winter heating season, MERC issued several RFPs as part of an Asset Management Agreement (AMA) that included capacity releases and call options based on FOM instead of the traditional daily prices. MERC was able to execute an agreement that includes FOM call supply at several Northern Border Pipeline and Northern Natural Gas interconnects. The RFP at the NNG Ventura supply basin resulted in no suppliers submitting responses. MERC will continue to explore physical products that contribute to protecting customers from daily price spikes.

MERC reported that its hedging activities are subject to significant oversight, regular review, and Commission requirements designed to enable MERC to mitigate expected price volatility risk while recognizing that such instruments come at a cost.

MERC's hedging strategy covers approximately 10 percent futures and 20 percent options. The Commission has authorized MERC to hedge, "contingent upon MERC only using financial hedging instruments for risk hedging on behalf of ratepayers and not for speculation."[35] Approval of hedging is limited to specific instruments, subject to a 30 percent cap of MERC's total projected heating season sales volumes, and to various review and reporting requirements.

MERC stated it will continue utilizing financial futures and call options as part of its hedging portfolio, as well as reviewing the availability of other products that could be implemented to help hedge against winter price spikes (summer-priced winter delivery supply, incremental storage, etc.). Additionally, MERC will continue to evaluate products that may provide

[34] *Id.,* at 4.

[35] *Id.,* at 5.

additional customer protections from future extraordinary price increases.

Upon reviewing peak shaving feasibility, MERC determined that, due to limitations on customer demand and for moving peak shaving supplies to other areas of the distribution system, it would not be feasible to incorporate peak shaving resources at most locations on its distribution system.[36] MERC reported that the Rochester area may have sufficient customer demand to support peak shaving; however, since MERC has excess pipeline capacity reserve margins for Rochester, peak shaving is not needed at this time.

MERC identified the Farmington area needs increased supply deliverability. Therefore, peak shaving is currently being explored as part of the solution to the forecasted need.

b) Department of Commerce – Comments

The Department noted that MERC continued to pursue call options priced at the first-of-month (FOM) index, not daily pricing. This financial instrument provides MERC with the flexibility to call on gas supplies when needed, thus minimizing exposure to daily market volatility.

The Department asked how MERC modified its gas supply processes to avoid purchasing daily natural gas on NNG during the January 2024 Pricing Event.[37] MERC responded as follows:

> For the 2023-2024 winter heating season, MERC issued several requests for proposals (RFPs) as part of an Asset Management Agreement (AMA) that includes capacity releases as well as call options that have traditionally been based on daily prices but were requested to be based on first-of-month pricing. Despite there being minimal interest by counterparties to offer FOM calls in past years, MERC was able to execute an agreement that includes FOM call supply at several different Northern Border Pipeline and Northern Natural Gas interconnects. The other RFP was at a different supply basin (NNG Ventura) which resulted in no suppliers submitting responses.

The Department noted that MERC managed to mitigate short-term price spike risk cost effectively on NNG; however, the Department believes that the decentralized wholesale natural gas market and perhaps some contract anomalies played a role in MERC's ability to secure these FOM call options. The Department does not believe MERC's approach can be generalized and used by other gas utilities serving Minnesota.[38] The lack of responses to MERC's RFP for the same product for the NNG-Ventura supply basis appears to support this conclusion.

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[36] *Id.,* at 6.

[37] DOC IR No. 85.

[38] DOC – Comments on MERC, December 2, 2024, at 7.

MERC's most recent filing on this topic was in Docket No. G-011/M-20-833. The current rule variances necessary to allow MERC to continue the hedging program will lapse on June 30, 2025.[39] The Department noted that MERC did not report any significant changes in any of the compliance filings during the past several months, and its hedging program is consistent with Xcel's and CenterPoint's.

The Department noted that MERC had identified the Farmington area as a potential site for a new peak shaving facility and discussed the possibility in its most recent Contract Demand Entitlement filing.[40] The Department noted that MERC does not have specific reporting requirements regarding peak shaving, but that the reporting requirement may become applicable in the future.

The Department requested a narrative that discussed MERC's efforts since the February 2021 Pricing Event on this topic.[41] MERC responded as follows:

> MERC ensures that it procures its gas supply at the locations that are identified as the primary receipt location on their transportation service agreements (aka capacity). This is to maximize the reliability of gas deliveries, as using capacity at a location other than the contractual primary locations will likely result in some gas not being delivered. The other opportunity that would allow for more geographic diversity is for when new pipeline capacity purchases are made. Since 2021, MERC has made several capacity purchases to meet its peak day requirements.

The Department asked about MERC's efforts to mitigate short-term price spike risk by using transportation capacity on interstate or in-state pipelines during the winter heating season.[42] MERC explained as follows:

> There have not been any meaningful options to utilize MERC's transportation capacity on the interstate pipelines differently to mitigate the risk of short-term price spikes. Further, the pipelines have not offered any service changes that could allow for the transportation capacity to be used any differently to mitigate the risk of short-term prices.

The Department noted that interstate pipelines have offered minimal actions in helping customers mitigate short-term price spike risk.

39 Commission Order dated April 9, 2021, in Docket No. G-011/M-20-833.

40 Docket No. G-011/M-23-359.

41 Attachment 3 includes DOC IR No. 78 and MERC's response.

42 Attachment 4 includes DOC IR No. 82 and MERC's response.

The Department recommended that MERC's compliance filing relative to Order Point #5 be accepted and approved.

E. Order Point #6: The gas utilities in this docket shall consider variations to, and explain their plans to, incorporate a greater degree of baseload purchases

1. CenterPoint Energy

a) Compliance Filing

Pursuant to Order Point #6, CenterPoint continued to increase baseload FOM index purchases, which reduced the percentage of supply to be met through daily/swing gas purchases. Table 2 illustrates the planned increase in baseload FOM index purchases compared to planned total system purchases over the last four years:

Table 2 – CenterPoint's Baseload Index Purchases

Winter Plan Year	Baseload - Index Price (Dth)	Total System Purchases (Dth)	% of Total System Purchases
2020-2021	21,050,000	104,336,576	20%
2021-2022	28,100,000	107,636,370	26%
2022-2023	26,669,930	103,458,231	26%
2023-2024	27,145,000	102,444,522	26%

b) Department of Commerce – Comments

In Table 3 the Department compares CenterPoint's 2020-2021 and 2023-2024 winter heating season procurement strategies.[43]

[43] CenterPoint is unique among rate-regulated natural gas distribution companies in Minnesota in that it submits a Gas Procurement Plan (GPP) annually that details its plans for meeting winter season demand. The information for Table 3 is taken from those filings made on June 16, 2020 and September 27, 2023, in Docket No. G-008/M-19-699.

Table 3 – Comparison of CPE's Winter Procurement Strategies for 2020-2021 and 2023-2024 Winter Heating Seasons[44]

	2020-2021 Winter Plan		2023-2024 Winter Plan		Difference Winter Plans	
Purchases	**DTH**	**Percent**	**DTH**	**Percent**	**DTH**	**Percent**
Baseload/Hdgd	23,000,000	22.0%	26,000,000	25.1%	3,000,000	13%
Baseload/FOM	21,050,000	20.2%	26,700,000	25.8%	5,650,000	27%
Daily/Swing	33,339,302	32.0%	22,600,000	21.8%	(10,739,302)	-32%
Storage	26,872,151	25.8%	28,200,000	27.2%	1,327,849	5%
Peaking	75,123	0.1%	-	0.0%	(75,123)	-100%
Total System Purchases	104,336,576	100%	103,500,000	100%	(836,576)	
Transport	18,120,000		21,100,000		2,980,000	16%
Total System Supply	122,456,576		124,600,000		2,143,424	2%
Total Price Stabilization	49,947,274[45]	47.9%	54,200,000	52.4%	4,252,726	9%

In 2023-2024, CenterPoint minimized short-term price spike risk by increasing baseload index and storage dekatherms, while reducing daily swing or spot gas dekatherms in the same timeframe. Therefore, CenterPoint's price stabilization portfolio increased by 4.3 million dekatherms or 9 percent between the 2020-2021 and 2023-2024 heating seasons.

In Table 4, the Department compared CenterPoint's 2023-2024 and 2024-2025 winter heating season procurement strategies.

[44] The Department included the comparison of the 2020-2021 and 2023-2024 winter procurement strategies since the January 2024 Pricing Event occurred during that period.

[45] The Department's total of 49,947,274 dekatherms includes the 75,123 Peaking dekatherms, whereas CenterPoint's 2020 GPP filing does not include this column. The difference is in-material to CenterPoint's Total Price Stabilization purchases.

Table 4 – Comparison of CPE's Winter Procurement Strategies for 2023-2024 and 2024-2025 Winter Heating Seasons

	2023-2024 Winter Plan		2024-2025 Winter Plan		Difference Winter Plans	
Purchases	**DTH**	**Percent**	**DTH**	**Percent**	**DTH**	**Percent**
Baseload/Hdgd	26,000,000	25.1%	26,000,000	25.4%	-	0%
Baseload/FOM	26,700,000	25.8%	27,100,000	26.5%	400,000	1%
Daily/Swing	22,600,000	21.8%	21,100,000	20.6%	(1,500,000)	-7%
Storage	28,200,000	27.2%	28,200,000	27.5%	-	0%
Peaking	-	0.0%	-	0.0%	-	0%
Total System Purchases	103,500,000	100%	102,400,000	100%	(1,100,000)	
Transport	18,120,000		21,100,000		2,980,000	16%
Total System Supply	121,620,000		123,500,000		1,880,000	2%
Total Price Stabilization	54,200,000	52.4%	54,200,000	52.9%	-	0%

In 2024-2025, CenterPoint continued to minimize pricing risk by increasing baseload index dekatherms, while decreasing daily swing or spot gas dekatherms in the same timeframe.

In its February 11, 2025 Errata, the Department provided Revised Tables 3a and 4a along with subsequent commentary.

Revised Table 3a – Comparison of CPE's Winter Procurement Strategies for 2020-2021 and 2023- 2024 Winter Heating Seasons

	2020-2021 Winter Plan		2023-2024 Winter Plan		Difference Winter Plans	
Purchases	DTH	Percent	DTH	Percent	DTH	Percent
Baseload/Hdgd	23,000,000	22.0%	26,000,000	25.4%	3,000,000	13%
Baseload/FOM	21,050,000	20.2%	27,145,000	26.5%	6,095,000	29%
Daily/Swing	33,339,302	32.0%	21,136,967	20.6%	(12,202,335)	-37%
Storage	26,872,151	25.8%	28,162,556	27.5%	1,290,405	5%
Peaking	75,123	0.1%	-	0.0%	(75,123)	-100%
Total System Purchases	104,336,576	100%	102,444,523	100%	(1,892,053)	-2%
Transport	18,120,000		23,560,000		5,440,000	30%
Total System Supply	122,456,576		126,004,523		3,547,947	3%
Total Price Stabilization	49,947,274	47.9%	54,162,556	53%	4,215,282	8%

In Revised Table 3a, the Department noted that CenterPoint minimized short-term price spike risk by increasing baseload index and storage dekatherms, while reducing daily swing or spot gas dekatherms in the same timeframe. Therefore, CenterPoint's price stabilization portfolio increased by 4.2 million dekatherms or 8 percent between the 2020-2021 and 2023-2024 heating seasons.

Revised Table 4a – Comparison of CPE's Winter Procurement Strategies for 2023-2024 and 2024- 2025 Winter Heating Seasons

	2023-2024		2024-2025		Difference	
	Winter Plan		Winter Plan		Winter Plans	
Purchases	DTH	Percent	DTH	Percent	DTH	Percent
Baseload/Hdgd	26,000,000	25.4%	23,000,050	22.5%	(2,999,950)	-12%
Baseload/FOM	27,145,000	26.5%	29,969,950	29.3%	2,824,950	10%
Daily/Swing	21,136,967	20.6%	19,290,797	18.8%	(1,846,170)	-9%
Storage	28,162,556	27.5%	30,130,169	29.4%	1,967,613	7%
Peaking	-	0.0%	-	0.0%	-	NA
Total System Purchases	102,444,523	100%	102,390,966	100%	(53,557)	
Transport	23,560,000		23,405,000		(155,000)	-1%
Total System Supply	126,004,523		125,795,966		(208,557)	0%
Total Price Stabilization	54,162,556	52.9%	53,130,219	51.9%	(1,032,337)	-2%

Regarding the Winter Procurement Strategies differences in Revised Table 4a, the Department noted that the increased dekatherms in Baseload Index Priced contracts (2.8 million) and Storage (2 million) is offset by decreased Daily Swing (1.8 million) and Baseload Hedged contracts (3 million).[46]

The Department recommended that CenterPoint's compliance filing relative to Order Point #6 be accepted and approved.

2. Great Plains Natural Gas Co.

a) Compliance Filing

For the past three heating seasons Great Plains has maximized base supply purchases during the heating season. Great Plains contracts the monthly base supply to approximately 75 percent of the normalized requirement, which limits the supply gap between base supply and peak requirements.

Factoring the daily design day supply requirement, Great Plains secures swing supply to ensure availability. However, Great Plains' yearly take of swing supplies has diminished over the past two years in favor of spot (fixed-priced) supplies.

[46] The Commission may want to explore how those changes affected CenterPoint's risk profile for the 2024-2025 heating season. The Department did not complete that task as part of its review.

b) Department of Commerce – Comments

In Table 5, the Department summarized Great Plains' annual winter supply plan for the 2020-2021 to 2024-2025 heating seasons.

Table 5 – Great Plains Comparison of Forecasted Purchases for 2020-2021 through 2024-2025 Winter Heating Seasons (%)[47]

Purchases	2020-2021 Winter Plan	2021-2022 Winter Plan	2022-2023 Winter Plan	2023-2024 Winter Plan	2024-2025 Winter Plan
Daily	48%	17%	15%	7%	12%
Monthly	44%	76%	77%	85%	78%
Storage	8%	8%	8%	8%	10%
Total	100%	100%	100%	100%	100%

Prior to Winter Storm Uri, Great Plains purchased nearly half its supply via the daily market. For the 2023-2024 winter season, Great Plains purchased just 7 percent of supply via the daily market, while monthly contracts increased to 85 percent in the same timeframe.

The Department noted that changes to Great Plains' contracting, purchasing, and storage strategies helped mitigate some short-term price spike risk.

The Department recommended that Great Plains' compliance filing relative to Order Point #6 be accepted and approved.

3. Xcel Energy

a) Compliance Filing

For Xcel, baseload gas is usually purchased before the beginning of the heating season and, at the start of each month, is assigned a First of Month Index price, which may be higher or lower than daily spot prices during the month.

After Winter Storm Uri, Xcel reviewed its baseload purchase program and decided to increase term and monthly baseload purchases for the 2021-2022, 2022-2023, and 2023-2024 winter seasons by 12 percent, or about 30,000 Dth per day.

Xcel also studied the effect of increasing baseload purchase volumes between 5 and 30 percent for the 2023-2024 winter. The increased baseload volumes were compared to historical daily load. Differences between purchases and load were assumed to be adjusted in storage. In each case, storage on NNG exceeded contracted storage capacity starting in February, exposing Xcel to financial penalties for being out of contract compliance. With the contractual requirement to

[47] Attachment 2 includes DOC IR No. 58 and Great Plains' response.

rachet down storage inventories in late winter, Xcel could face additional penalties too. Therefore, Xcel concluded that the current level of baseload purchases is appropriate.

Weather variability, as shown in the 2023-2024 heating season, continued to show the difficulties in predicting baseload contracting levels. The warm winter of 2023-2024 reduced demand, making storage contract drawdowns more difficult to implement. Xcel believes contracted baseload purchase quantities are at the high end of its comfort range, limiting further purchases of baseload gas.

b) Department of Commerce – Comments

The Department noted that Xcel planned to increase winter gas procurement by 12 percent between 2020 and 2023.[48] However, warmer winter weather reduced purchases to only 8 percent more baseload gas. Xcel adjusted its purchase plan by displacing baseload contracts with storage volumes and spot gas.

The Department recommended that Xcel's compliance filing relative to Order Point #6 be accepted and approved.

c) Office of Attorney General – Comments

The OAG requested that Xcel clarify its analysis of baseload supplies and its limitations, specifically to separate "term and monthly baseload" in its report.[49]

d) Xcel Energy – Reply Comments

Xcel clarified that monthly baseload refers to gas purchased and delivered for a one-month period, whereas term baseload refers to gas purchased and delivered for longer than one month, such as the five-month heating season. The price for each month's purchases is locked in using the published FOM index price.[50] Xcel agreed to separate term and monthly baseload purchases for future analysis in the 2025 annual compliance filing.

4. Minnesota Energy Resources Corp.

a) Compliance Filing

MERC reported that, to minimize exposure to daily prices, it contracted for 30 percent more baseload in 2024-2025 than in 2020-2021. Further protection from daily prices will be attained with the re-contracting of a monthly-priced supply call.

[48] DOC – Comments on Xcel, December 2, 2024, at 7-8.

[49] OAG Comments, December 2, 2024, at 8-9.

[50] Xcel Energy Reply Comments, December 12, 2024, Docket G-002/CI-21-610, at 2.

Overall, MERC has consistently been able to reduce its exposure to daily prices, as can be seen in Table 6.

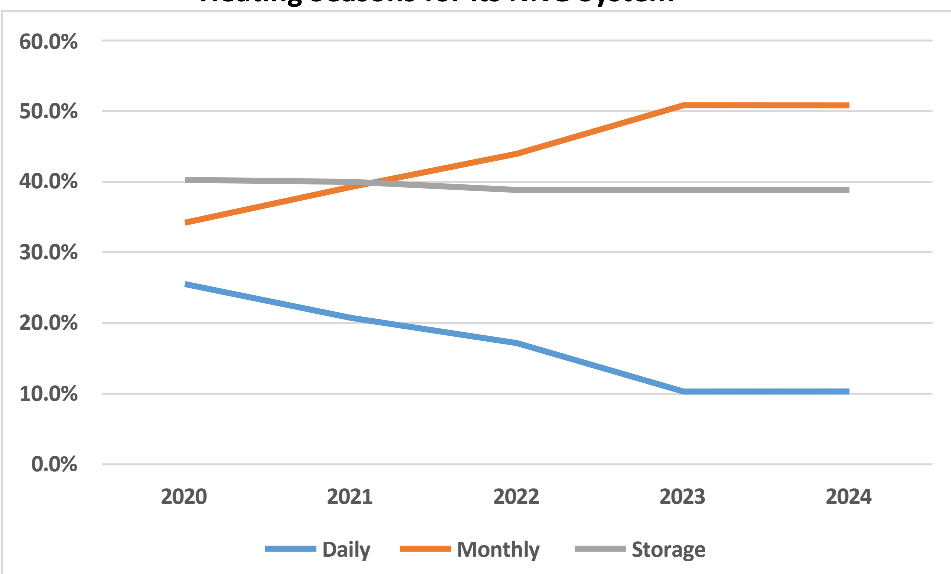
Table 6 – MERC's Total Supply Mix, 2020 – 2024

Type	2020-21	2021-22	2022-23	2023-24	2024-25
Daily Priced	27%	21%	17%	11%	11%
Monthly Priced	35%	42%	45%	51%	51%
Storage	38%	38%	38%	38%	38%

b) Department of Commerce – Comments

Tables 7 through 9 summarize, in percentage terms for daily, monthly and storage gas supplies, MERC's 2020-2021 through 2024-2025 winter heating season procurement strategies.

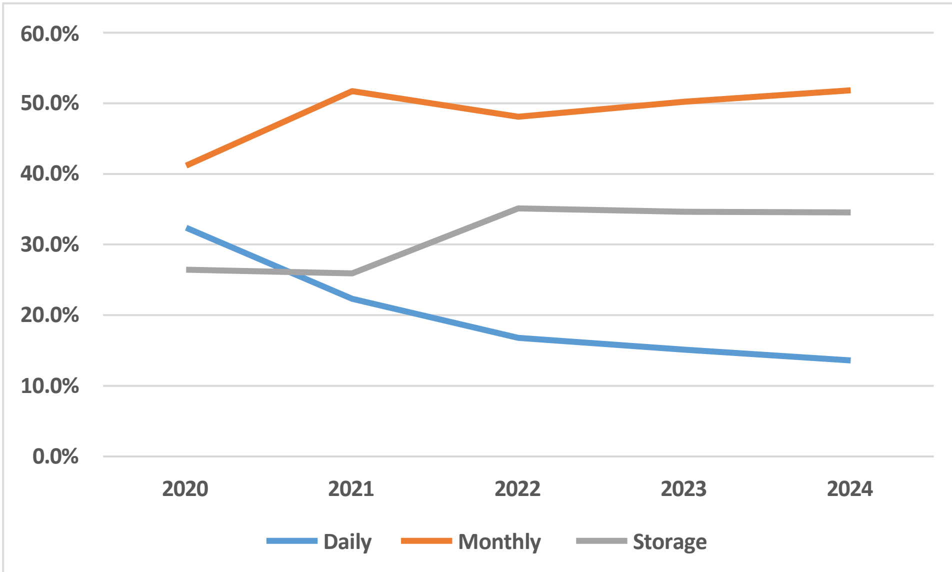
Table 7 - Comparison of Forecasted Purchases for 2020-2021 through 2024-2025 Winter Heating Seasons for its NNG System[51]



For the NNG system, the Department noted that, during the 2020-2021 heating season, MERC purchased a little over 25 percent of its winter needs via daily gas supply. For 2024-2025, MERC forecasted it would purchase only around 10 percent of its winter needs via daily contracts, while monthly contract purchases increased from 34 to 51 percent during the same timeframe. Storage supply remained constant, declining from 40 to 39 percent. The difficulty of securing new storage facilities likely contributed to this result.

[51] Attachment 5 includes DOC IR No. 79 and MERC's response.

Table 8 - Comparison of Forecasted Purchases for 2020-2021 through 2024-2025 Winter Heating Seasons for its Consolidated System[52]

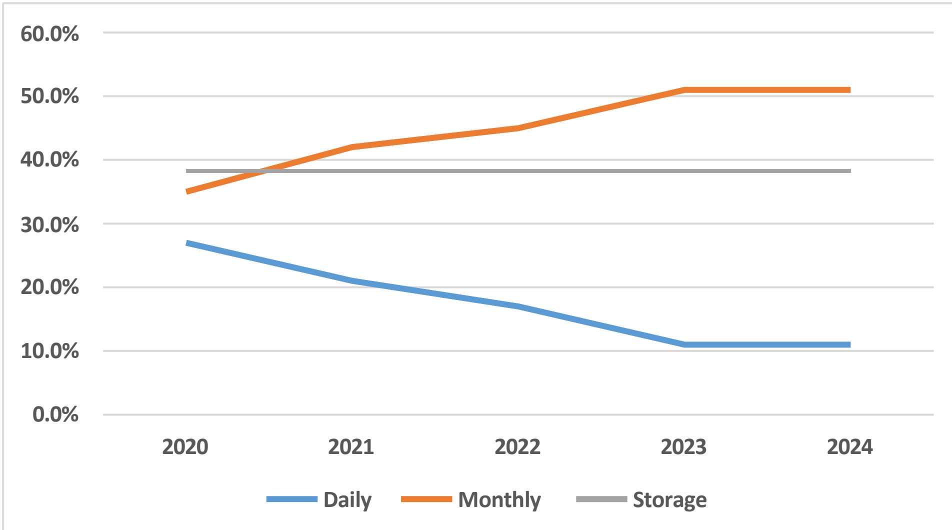


For the Consolidated System, the Department noted that, during the 2020-2021 heating season, MERC purchased 32 percent of its winter needs via daily gas supply. For 2024-2025, MERC forecasted it would purchase only 14 percent of its winter needs via daily contracts, while monthly contract purchases increased from 32 to 52 percent and storage increased from 26 to 35 percent. MERC secured additional storage for this service area through an incremental storage delivery contract from ANRS for 5,000 Dth.[53]

52 *Id.*

53 DOC – Comments on MERC, December 2, 2024, at 9.

Table 9 - Comparison of Forecasted Purchases for 2020-2021 through 2024-2025 Winter Heating Seasons for MERC Total Company[54]



For MERC's entire service area, the Department noted a decrease in daily contracts, an increase in monthly contracts, and storage remaining constant during that five-year period.

Changes to MERC's contracting, purchasing, supply call options, and storage strategies mitigated some short-term price spike risk since the January 2024 Pricing Event.

The Department recommended that MERC's compliance filing relative to Order Point #6 be accepted and approved.

F. Order Point #7: The gas utilities in this docket shall explore modifications to storage inventory management that could preserve withdrawal capabilities for later in the winter

1. CenterPoint Energy

a) Compliance Filing

In September 2023, CenterPoint participated in the Ventura Xpress Project Open Season (Project) posted by ANR Pipeline Company (ANR) for 4.5 Bcf of firm storage services. The Project would deliver approximately 75,000 Dth/day from ANR storage to the Ventura interconnect on Northern Border Pipeline Company. CenterPoint was awarded the full capacity for 15-years with April 1, 2025 as the earliest in-service date.

On April 1, 2024, CenterPoint requested approval of demand charges associated with the

[54] MERC, Compliance Filing Annual Report, August 1, 2024, Docket G-011/CI-21-611, at 6.

Tenaska and East Cheyenne storage partnership transaction, for firm storage services effective April 1, 2024 to March 31, 2029.[55] East Cheyenne held an open season for 2.5 Bcf maximum yearly storage capacity and a maximum withdrawal deliverability of 30,000 Dth/day. Tenaska agreed to hold the storage capacity and deliver to CenterPoint at a mutually agreeable Northern Natural Gas (NNG) receipt point.

CenterPoint intended on holding its highest level of storage withdrawal capability through the end of January to mid-February. January had historically experienced peak day throughput until Winter Storm Uri occurred. Table 10 illustrates CenterPoint's highest level of storage withdrawal deliverability.

Table 10 - CenterPoint's Withdrawal Deliverability

Pipeline/Source	Storage Capacity	Max Withdrawal Deliverability
Northern Natural Gas Company	3,291,777	57,094
Natural Gas Pipeline Company	15,823,950	210,986
Medford Underground Storage (Company Owned)	1,400,000	50,000
BP Canada Marketer Storage (NNG)	10,000,000	120,000
Tenaska Marketer Storage (East Cheyenne)	2,500,000	30,000
Total (Capacity, Max Daily Withdrawal)	33,015,727	468,080

b) Department of Commerce – Comments

The Department indicated that, for the 2024-2025 winter heating season, CenterPoint's contract with the Tenaska/East Cheyenne storage facility would increase maximum daily withdrawal quantity and cover a (Trade Secret)[56] percentage of CenterPoint's design day from physical storage. The Department also noted CenterPoint's efforts to increase capacity and deliverability of gas stored at its Waterville facility, which will likely be implemented prior to the 2025 winter season.

In its 2024-2025 Contract Demand Entitlement Filing, CenterPoint noted that storage has become more difficult to contract for in the past few years.[57] The Department expressed concern in the lack of incremental physical storage, particularly given the periodic lapsing of multi-year contracts that CenterPoint relies on. The Department recommended that, to further stabilize the supply portfolio, CenterPoint continuously evaluate storage opportunities.

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[55] Docket No. G-008/M-24-146.

[56] DOC – TRADE SECRET Comments on CenterPoint, November 27, 2024, at 9.

[57] Docket No. G-008/M-24-146, TRADE SECRET response to DOC IR No. 5.

The Department recommended that CenterPoint's compliance filing relative to Order Point #7 be accepted and approved.

2. Great Plains Natural Gas Co.

a) Compliance Filing

Great Plains has a total contracted storage inventory capacity of 267,547 dekatherms and, in lieu of taking swing supplies or participating in the high spot market, it is used only when foreseeable pricing events may occur.

Gas is strategically held for use only during potential events or until such a date when withdrawals must be taken to cycle gas out of storage, which typically occurs in late January.

Per Table 11, Great Plains noted three types of Northern Natural Gas storage service options: 1) 4-step option; 2) 3-step option; and 3) Gas-in-Place (GIP.

Table 11 – Great Plains' Storage Service Options – Monthly Withdrawal Capacity

4-Step

267,547

Month	Withdrawal	% of FSQ
November	6,978	2.61%
December	6,978	2.61%
January	6,978	2.61%
February	5,390	2.01%
March	3,658	1.37%
April	2,166	0.81%

3-Step

267,547

Month	Withdrawal	% of FSQ
November	6,978	2.61%
December	6,978	2.61%
January	6,978	2.61%
February	3,658	1.37%
March	3,658	1.37%
April	2,166	0.81%

GIP

267,547

Month	Avg Inventory	Withdrawal	% of FSQ
November	267,547	4,640	1.73%
December	267,547	4,640	1.73%
January	267,547	4,640	1.73%
February	205,206	4,640	1.73%
March	79,607	1,907	0.71%
April	7,816	1,440	0.54%

Great Plains considered the GIP Option best as it provides more daily withdrawal capacity into February, and more control of the injection and withdrawal schedule throughout the year.

b) Department of Commerce – Comments

The Department indicated that Great Plains' changes would result in more storage available later into the winter heating season, which is consistent with the Commission's directive.

The Department asked Great Plains about efforts to expand third-party underground storage and peak shaving facilities. Great Plains responded that while it does not have direct access to third-party storage, it does monitor availability of incremental storage (capacity and withdrawal capacity). Great Plains has also not found peak shaving facilities to be a cost-effective solution.[58]

The Department recommended that Great Plains' compliance filing relative to Order Point #7 be accepted and approved.

3. Xcel Energy

a) Compliance Filing

Xcel has two types of storage inventory—storage services on three major pipelines/storage companies, and underground storage fields. Xcel's goal is to manage storage services through the end of February. Xcel relies on storage services to provide 26 percent of its winter requirements and 27 percent of a design day with up to 242,800 Dth/day of daily deliverability capacity. Storage provides for reliable supply and price protection in times of extreme prices.

The geologic nature of underground storage requires an annual rest period (over the low demand summer season) where inventories are nearly depleted to allow for optimal restoration of holding capacity. Thus, Xcel is contractually obligated to slowly reduce its inventory as Spring approaches. Underground storage is located on NNG's system in Iowa and Kansas, and on ANR's Michigan system. NNG provides 90 percent of Xcel's contracted storage withdrawal service.

NNG offers Xcel three storage reduction options, all at the same cost: 1) Gas-in-Place (GIP); 2) 3-step option; and 3) 4-step option.[59] These options provide alternate 'stair-step' targets for the reduction of gas inventories. Xcel prefers the 4-step option since it provides four levels of fixed withdrawal deliverability that are not affected by fluctuations in actual storage inventories. Also, the 4-step option provides the best inventory protection for late February storage service.

b) Department of Commerce – Comments

The Department asked Xcel about efforts on this topic, and Xcel noted of two recent opportunities were not realized while continuing to search for more third-party storage.[60]

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58 Attachment 4 includes DOC IR No. 60 and Great Plains' response.

59 Xcel Energy, Compliance Filing Annual Report, August 1, 2024, Docket G-002/CI-21-610, at 8-11.

60 Attachment 6 includes DOC IR No. 75 and Xcel's response.

The Department recommended that Xcel's compliance filing relative to Order Point #7 be accepted and approved.

4. Minnesota Energy Resources Corp.

a) Compliance Filing

MERC noted that it utilizes storage to provide natural gas deliverability during periods of high demand and for operational flexibility in balancing the system. Additionally, MERC pointed out that storage provides a physical price hedge for customers, by reducing the amount of gas purchased in the winter and by purchasing in the summer for delivery later.

MERC has pipeline storage contracts with ANR Pipeline Company (ANR) and Northern Natural Gas (NNG). The ANR storage is only deliverable to MERC's Consolidated Purchased Gas Adjustment (PGA) system, while the NNG storage is only deliverable to customers served by MERC's NNG PGA system. On the Consolidated PGA system, effective April 1, 2022;[61] MERC increased its ANR storage by 5,000 Dth/day – a ratcheted service that provides for a maximum storage quantity of 1,004,300 Dth and a maximum daily withdrawal of 20,086 Dth/day.[62] On the NNG PGA system, NNG's contracted storage capacity is currently fully subscribed; however, if additional storage becomes available, it will evaluate its viability and cost-effectiveness.

Prior to the 2022-2023 winter, MERC reviewed the NNG tariffs for storage service and was able to amend its firm storage contract to go from a 4-step storage service to a 3-step storage service. In a 4-step storage service, which MERC had during the 2020-2021 winter, MERC's maximum storage withdrawal capability drops by 23 percent on February 1, and then drops again on March 1 by another 25 percent. A 3-step storage service does not reduce its maximum storage withdrawal capability until February 15, extending MERC's full NNG withdrawal rights, which covers MERC for the highest statistical chance of realizing a peak demand day in early February versus late February.[63]

For the 2023-2024 winter heating season, MERC executed an agreement with a counterparty to acquire its NNG storage service on a permanent basis. Acquiring the storage capacity on a permanent basis protects the storage rights for the benefits of customers long-term.

b) Department of Commerce – Comments

The Department noted MERC's use of NNG's Three-Step Firm Deferred Delivery (FDD) Service Withdrawal Option and considered the approach reasonable.

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[61] See MERC's Petition for Approval of a Change in Demand Entitlement for its Consolidated System, Docket No. G-011/M-22-423.

[62] A ratchet is when the withdrawal rights are reduced from the maximum storage withdrawal capability based on either volume or date.

[63] MERC, Compliance Filing Annual Report, August 1, 2024, Docket G-011/CI-21-611, at 7.

In an October 2024 conference call, the Department asked about MERC's efforts to expand third-party underground storage volumes. MERC responded it continues efforts to secure additional third-party storage.

The Department recommended that MERC's compliance filing relative to Order Point #7 be accepted and approved.

G. Order Point #8: The gas utilities in this docket shall commit to improving their supply reserve margin practices to minimize these quantities to the greatest extent reasonable and be prepared to explain the level of their supply reserve margins in the future

1. CenterPoint Energy

a) Compliance Filing

CenterPoint identified several factors in determining whether to acquire gas supplies in excess of forecasted load, which include monthly pipeline imbalance levels, storage inventory levels, pipeline constraints and the availability of System Management Service (SMS) balancing, potential supply cuts, and weather forecast uncertainty.

CenterPoint aims to match gas supplies as closely as possible to forecasted load. On most days, supply/demand levels are closely in balance. However, on high demand days, CenterPoint aims to procure slightly more gas than it expects is needed to ensure reliable service, to avoid punitive imbalance penalties, cover any potential supply cuts, and adjust to forecast uncertainty.

b) Department of Commerce – Comments

The Department noted CenterPoint's efforts to improve demand forecasting for sales and transportation customers and believes this to be the best tool for improving CenterPoint's supply reserve margin and recommended that CenterPoint's compliance filing relative to Order Point #8 be accepted and approved.

2. Great Plains Natural Gas Co.

a) Compliance Filing

Great Plains noted that daily customer consumption is primarily a product of ambient air temperature and, based on forecasted temperatures up to the time of scheduling natural gas deliveries, continually evaluates forecasted customer consumption.

Great Plains also monitors natural gas deliveries to insure they are consistent with forecasted consumption.

b) Department of Commerce – Comments

The Department noted Great Plains' continuous evaluation of demand forecasts and customer consumption and recommended that Great Plains' compliance filing relative to Order Point #8 be accepted and approved.

3. Xcel Energy

a) Compliance Filing

Xcel's supply reserve margin provides a margin of safety in the event of colder than expected temperatures or unexpected supply failures. The supply reserve margin also provides other benefits. First, it protects from pipeline penalties if Xcel consumes more gas than it delivered for that day. Second, it protects from potential pipeline capacity constraints if one of its pipelines experiences a daily facility outage restricting capacity in part of the delivery network. Third, it protects against upstream supply failures.

Prudent supply reserve margins depend on several factors related to local weather conditions, gas transmission operations, longer range weather forecasts, and season. An additional, important factor is the accuracy of demand forecasts. The average forecasting variance of a sample of demand forecasts over the three-year period from July 2021 to June 2024 is a reasonable 0.49 percent. However, deviations from average ranged up to a miss of 25 percent. A supply reserve margin can protect against such forecasting variances. A reasonable supply reserve margin is dynamic, depending on current conditions. Rules calling for rigid supply reserve margins may risk reliability.

b) Department of Commerce – Comments

The Department noted that improving the accuracy of a daily load forecast is not an easy task for Xcel and recommended that Xcel's compliance filing relative to Order Point #8 be accepted and approved.

4. Minnesota Energy Resources Corp.

a) Compliance Filing

MERC enhanced its forecasting practice by isolating the large electric generation demand from the overall system demand. Eliminating this variability allows MERC to better align supplies to demand forecasts and minimize the potential purchase of daily priced gas during price spike periods. However, when determining the daily supply reserve margin, other variables come into play for daily operation concerns, such as: pipeline deliverability issues, production problems, and freeze-offs.

b) Department of Commerce – Comments

The Department noted that MERC, prior to the January 2024 Pricing Event, reminded its transportation customers of their tariff requirements. Additionally, MERC contacted the marketer for several large transportation customers regarding the nominations on behalf of those customers. These actions enabled MERC to manage its Supply Reserve Margin.[64]

The Department recommended that MERC's compliance filing relative to Order Point #8 be accepted and approved.

H. Order Point #9: In future contract demand entitlement filings, the gas utilities in this docket shall discuss how changes to their pipeline capacity affect their supply diversity and, if pipeline capacity comes at a cost premium but increases supply diversity, provide a meaningful cost/benefit discussion of the tradeoff, including a comparison with the least-cost capacity option

1. CenterPoint Energy

a) Compliance Filing

On April 1, 2024, CenterPoint discussed the relevant information in its most recent Demand Entitlement filing.[65]

b) Department of Commerce – Comments

The Department discussed this matter previously in Order Point #8 and had no further comment. The Department recommended that CenterPoint's compliance filing relative to Order Point #9 be accepted and approved.

2. Great Plains Natural Gas Co.

a) Compliance Filing

Great Plains noted its transportation contracts are structured and long-term in nature, thus changes to pipeline capacity do not regularly affect supply diversity. Currently, it is not seeking contracts for incremental capacity or changes to its transportation services portfolio.

b) Department of Commerce – Comments

The Department explained that Order Point #9 relates to Great Plains' demand entitlement filing and had no further comment. The Department recommended that Great Plains'

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[64] MERC, Compliance Filing Annual Report, August 1, 2024, Docket G-011/CI-21-611, at 3.

[65] Docket No. G-008/M-24-146.

compliance filing relative to Order Point #9 be accepted and approved.

3. Xcel Energy

a) Compliance Filing

Xcel discussed geographic supply diversity in Attachment 1 of its recent Contract Demand Entitlement filing.[66]

Xcel renewed, through October 31, 2029, 97,213 Dth/day of capacity on three Viking contracts at the same terms and slightly lower rates as previous agreements. Additionally, the new contract, eliminates the 4,000 Dth/day of delivered supply from Viking that expired November 1, 2024.

FERC's delayed final approval of the NNG Northern Lights 2023 expansion project has pushed the in-service date to November 1, 2024. To serve growing demand in the St. Cloud, Delano, and St. Michael areas, Xcel acquired partial capacity on an interim basis.

For the ANR Pipeline, Xcel renewed one Firm Transportation Agreement for a 3-year term ending March 31, 2027, providing 4,800 Dth/day of access to gas markets in the Oklahoma panhandle through a connection with Viking at Marshfield, WI. Due to strong demand for capacity on ANR, the discounted price was not continued, and Xcel contracted at the maximum tariff rate.

For the Viking Pipeline, Xcel extended 66,500 Dth/day of Firm Transportation capacity from the Chicago hub for a 5-year term ending October 31, 2029. This contract provides further regional diversity of gas supplies, and a supply source for Xcel's upstream Viking capacity. The 5-year term was needed to meet increased competition for capacity on ANR.

Regarding Great Lakes Gas Transmission (GLGT), Xcel renewed two Firm Transportation Agreements to provide forward haul service to fill ANR Storage Company (ANRS) storage in the summer and backhaul to withdraw gas from storage in the winter. These agreements continue to provide gas supplies through access to the Emerson Hub. Due to high demand for GLGT capacity, the renewal term for each agreement is 13 years, through March 31, 2037.

Changes in ANR Storage Company (ANRS) included the renewal of 1,165,000 Dth of storage capacity for a term of five years, through March 31, 2030. Compared to other market-based alternatives, ANRS's offer was competitive, especially in consideration of the transportation capacity to access storage.

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[66] Docket No. G-002/M-24-271.

b) Department of Commerce – Comments

The Department appreciated Xcel's efforts to realize the benefits of geographic diversity of gas supply[67] and noted that Xcel's purchases of incremental supplies at Emerson and storage on ANRS help ensure supply diversity from Western Canada or the Eastern United States, especially since Xcel's two price spikes occurred primarily on NNG pipelines.

The Department recommended that Xcel's compliance filing relative to Order Point #9 be accepted and approved.

4. Minnesota Energy Resources Corp.

a) Compliance Filing

MERC noted that the relevant information has been or will be provided in other dockets, such as rate cases and demand entitlement filings.

b) Department of Commerce – Comments

The Department explained that Order Point #9 concerns MERC's demand entitlement filing and had no further comment. The Department recommended that MERC's compliance filing relative to Order Point #9 be accepted and approved.

I. Order Point #10: Each gas utility in this docket shall include in its relevant annual, forward-looking gas planning or hedging filings: its expected supply mixes across different load and weather conditions throughout each month of the upcoming winter season, the forecasted minimum, average, and maximum day load requirements, the expected mix of baseload, storage, and spot supply on those days

1. CenterPoint Energy

a) Compliance Filing

CenterPoint addressed its actual and forward-looking gas planning in the annual Gas Procurement Plan that was filed in September 2024.[68] This document can be referenced for supply purchase planning; including but not limited to, hedging plan, supply mix strategy, and expected load requirements.

b) Department of Commerce – Comments

The Department discussed this matter further in Order Point #6 and had no further comment.

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67 DOC – Comments on Xcel, December 2, 2024, at 6-7.

68 Docket No. G-008/M-19-699.

The Department recommended that CenterPoint's compliance filing relative to Order Point #10 be accepted and approved.

2. Great Plains Natural Gas Co.

a) Compliance Filing

Great Plains plans to comply in future forward-looking gas planning or hedging filings.

b) Department of Commerce – Comments

The Department explained that Order Point #10 being relates to Great Plains' gas planning or hedging filing and had no further comment. The Department recommended that Great Plains' compliance filing relative to Order Point #10 be accepted and approved.

3. Xcel Energy

a) Compliance Filing

Xcel provided ranges of daily load estimates in preparation for the upcoming 2024-2025 heating season in Table 12. Due to weather and market conditions, this supply and storage mix is unlikely to exactly follow the chart. Xcel will aim to maximize storage withdrawal capabilities while maintaining operational flexibility.

Table 12 – Xcel's Daily Load Estimate & Supply Mix, 2024-2025 Heating Season

Minimum Load	November	December	January	February	March
5 Year Load	142,151	293,236	345,665	335,313	212,681
Baseload	100%	80%	71%	65%	84%
Estimated Storage	0%	20%	29%	35%	16%
Delivered Peaking	0%	0%	0%	0%	0%
Estimated Spot	0%	0%	0%	0%	0%
Total Est Supply	208,700	293,236	345,665	335,313	212,681

Average Load	November	December	January	February	March
5 Year Load	367,127	485,213	541,409	554,663	389,298
Baseload	57%	48%	45%	39%	46%
Estimated Storage	8%	18%	31%	25%	11%
Delivered Peaking	0%	0%	0%	0%	0%
Estimated Spot	35%	34%	24%	35%	43%
Total Est Supply	367,127	485,213	541,409	554,663	389,298

Max Load	November	December	January	February	March
5 Year Load	620,346	782,293	775,523	805,192	693,688
Baseload	34%	35%	36%	33%	26%
Estimated Storage	39%	36%	36%	29%	19%
Delivered Peaking	3%	3%	3%	3%	3%
Estimated Spot	24%	26%	24%	35%	53%
Total Est Supply	620,346	668,771	668,771	668,771	693,688

b) Department of Commerce – Comments

The Department found that by using the Maximum Load scenario, Xcel was consistent with the Commission's preference for mitigating short-term price spike risk for ratepayers.[69] The Department recommended that Xcel's compliance filing relative to Order Point #10 be accepted and approved.

4. Minnesota Energy Resources Corp.

a) Compliance Filing

MERC noted that the information relevant to this Order Point has been or will be provided in

[69] DOC – Comments on Xcel, December 2, 2024, at 11.

other dockets, such as rate cases and demand entitlement filings.

b) Department of Commerce – Comments

The Department noted that MERC did not provide information on this topic in the instant petition, as the Commission does not currently require MERC to make that type of filing annually. The Department recommended that MERC's compliance filing relative to Order Point #10 be accepted and approved.

J. Order Point #11: The gas utilities in this docket shall design plans that study customer responses to conservation calls

1. CenterPoint Energy

a) Compliance Filing

CenterPoint noted that, if the commodity cost exceeded five times the monthly weighted average cost of gas (WACOG), or $25, it would initiate customer conservation calls. If the expected next day gas price was over $25 and 5 times the monthly WACOG, additional communication would be disseminated via the website, email, and social media platforms. CenterPoint's communications department agreed to monitor social media feedback to conservation calls and include such feedback in the 2025 annual compliance filing.

To study customer response to conservation calls, CenterPoint will also review models of expected gas usage of similar weather days without conservation calls and compare to actual usage during the said conservation call. As meter technologies continue to get smarter, CenterPoint expects studies of conservation calls will be more impactful in the future. If conservation calls occur during the 2024-2025 heating season, CenterPoint will report in the 2025 annual compliance filing.

To meet forecasted customer need over the January 13 – 16 weekend, on January 12, 2024, CenterPoint Energy purchased daily gas supplies at prices that settled in excess of five times the average price of gas in January 2024's Purchased Gas Adjustment (PGA).

On January 10th - 12th, CenterPoint alerted customers of the upcoming sub-freezing temperatures through various platforms. The communications included safety and energy-saving tips, payment assistance information, the possibility of increased natural gas prices, and a request for customers to lower their thermostats to help mitigate the potential impact of higher natural gas bills. CenterPoint also notified leadership at the Commission, Department, and OAG of these customer communications. Exhibit 3 of CenterPoint's filing details these communications.

CenterPoint also provided customer response metrics to email communications, which are summarized in Table 13.

Table 13 – CenterPoint Email Response Metrics - January 2024 Pricing Event

Date Distributed	Campaign	Open Rate	Click Rate
January 11, 2024	Cold weather email for residential customers	51.29%	0.26%
January 12, 2024	Conservation email for residential customers	41.05%	0.27%
January 12, 2024	Conservation email for commercial customers	31	0.38%

Additionally, CenterPoint issued a news release to approximately 270 media contacts on January 12th, detailing steps customers could take to mitigate the higher than anticipated natural gas prices. This resulted in coverage from a diversity of media outlets, including television, newspapers, and radio stations.

After the January Pricing Event, CenterPoint Energy tracked firm customer usage to determine if the conservation calls had any material impact. The findings are summarized in Table 14.

Table 14 – CenterPoint Firm Customer Metrics – January 2024 Pricing Event

Date	Day	System Firm Usage	Temperature Minneapolis	Heating Degree Days (HDD)	Therms/HDD
1/10/2024	Wed	619,694	24.8	40	15,492
1/11/2024	Thu	837,099	10.2	47	17,811
1/12/2024	Fri	904,804	11.2	54	16,756
1/13/2024	Sat	1,070,005	-2	61	17,541
1/14/2024	Sun	1,102,560	-3.9	68	16,214
1/15/2024	Mon	1,123,563	-1.3	67	16,770
1/16/2024	Tue	996,581	4.5	62	16,074
1/17/2024	Wed	923,192	7.5	57	16,196

CenterPoint sought to better analyze the data and correlate between therms used and temperature by adding Heating Degree Days. However, as the January 2024 Pricing Event occurred on a holiday weekend, CenterPoint acknowledged the difficulty of drawing conclusions, as customers tend to have different usage habits with travel and business activity. CenterPoint acknowledged that newer technologies such as smarter meters should improve future analysis of conservation calls.

Additionally, CenterPoint Energy was able to meet firm customer demand and avoid incremental daily supply purchases by curtailing interruptible and some transportation customers on January 15 – 16.

b) Department of Commerce – Comments

The Department noted that CenterPoint curtailed interruptible customers only for reliability reasons during Winter Storm Uri, whereas for the January 2024 Pricing Event, CenterPoint curtailed customers for both reliability and economic reasons.[70] The Department also noted that CenterPoint did not issue a voluntary conservation call during Winter Storm Uri but did so during the January 2024 Pricing Event.

The Department concluded that CenterPoint modified curtailment protocol for interruptible customers and used curtailment more extensively during the January 2024 Pricing Event.

The Department recommended that CenterPoint's compliance filing relative to Order Point #11 be accepted and approved.

c) Office of Attorney General – Comments

The OAG noted that CenterPoint issued a curtailment order for 242 LV and SV-B Sales Service customers on January 15. Of these customers, 153 complied on January 15, while 170 complied on January 16.[71] While CenterPoint curtailed approximately 100,000 Dth of gas, it was unclear how much was curtailed for reliability or economic purposes and how much spot gas purchases were reduced.

The OAG indicated that CenterPoint should report annually on curtailment practice improvements as well as plans to ensure interruptible customers timely curtail when required.

d) CenterPoint Energy – Reply Comments

In Reply Comments, CenterPoint referenced existing customer communication responses and usage patterns from its 2024 annual compliance filing. Additionally, CenterPoint provided an update on demand response efforts.

Regarding customer communications response, CenterPoint referenced a conservation request email sent on January 11. Half of customers opened the email, while 0.26 percent clicked the link to obtain more information. CenterPoint indicated that customers clicking the link would more likely take advice and conserve energy.

Regarding customer usage, CenterPoint indicated of doing a similar analysis to the 2024 annual compliance filing, and the 2025 filing would include:

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[70] CenterPoint Energy, Compliance Filing Annual Report, August 1, 2024, Docket G-008/M-21-138, Exhibit 2, at 4.

[71] Attachment 10 contains OAG IR No. 20 and CenterPoint's response.

> A study regarding customer response to conservation calls should they occur during the 2024-2025 heating season. Within this study, CenterPoint will review models of our expected gas usage without conservation calls and compare that to what the actual usage was during the conservation call. As there are many variables that could alter our expected usage, CenterPoint will use the usage from the most consistent weather day of the same winter season. By comparing a similar weather day, CenterPoint will have the ability to analyze the impacts the conservation call may have had on customers based on usage. As meter technologies continue to get smarter, we expect that our studies of conservation calls will be more impactful in the future.

CenterPoint also referenced an annual survey conducted with large interruptible customers regarding why they used unauthorized gas. Exhibit 4 of CenterPoint's 2024 Compliance Filing contains this information, and CenterPoint plans to continue this practice in the 2025 annual compliance filing.

2. Great Plains Natural Gas Co.

a) Compliance Filing

Great Plains will practice interruptions and curtailments (or conservation) on its interruptible customers during the following circumstances:

1. When operating conditions on the distribution system or upstream transmission systems are not operating at full capacity. Examples could be pipeline facility outages, line hits, and scheduled or unscheduled maintenance.
2. When expected customer demand exceeds transmission or distribution capacity.

In such cases, interruptible customers would be required to curtail/interrupt usage of natural gas to ensure Great Plains' firm customers continue to receive service.

For a curtailment or conservation event, Great Plains developed a notification process in which customers required to curtail acknowledge that they understand the notification.

Great Plains conducted a residential customer survey in June 2024 and a firm commercial survey in July 2024, of which results are expected in mid-August 2024.

b) Department of Commerce – Comments

The Department noted that Great Plains did not initiate a conservation call during the January 2024 Pricing Event, but did curtail interruptible customers for reliability purposes, noting the following:

> Conservation pleas were not made to the public. Absent an understanding of how Great Plains' customers will respond to conservation requests, the Company does not have a reasonable basis to reduce gas purchases. As a result, conservation requests cannot be relied upon to reduce gas purchases to meet customer requirements.[72]

The Department asked if Great Plains had any processes in place to notify customers of conservation calls for reliability or economic purposes. Great Plains indicated that it did not have written policies, but can relay important service information to customers.[73]

Great Plains also noted of receiving the consultant's study results in October 2024, and was currently reviewing the document. The Department recommended Great Plains summarize the consultant's report on conservation calls in its 2025 annual compliance filing.

The Department recommended that Great Plains' compliance filing relative to Order Point #11 be accepted and approved.

c) Office of Attorney General – Comments

The OAG noted that Great Plains curtailed two interruptible customers on January 15-17 and that both customers complied with the order. Great Plains acknowledged the curtailment did not prevent additional gas purchases due to being "called in real-time to stabilize distribution-level pressure."[74]

The OAG argued that, to protect customers from price spikes, Great Plains should seek to improve incorporating curtailment decisions into gas supply processes.

d) Great Plains Natural Gas Co. – Reply Comments

Great Plains agreed to summarize the consultant's report on voluntary conservation in the 2025 annual compliance filing.

Great Plains did not oppose the OAG recommendation to report annually on the levels of compliance with curtailment orders.

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[72] Great Plains, Compliance Filing Annual Report, August 1, 2024, Docket G-004/M-21-235, at 2.

[73] Attachment 5 includes DOC IR No. 61 and Great Plains' response.

[74] Attachment 9 includes DOC IR No. 14 and Great Plain's response.

3. Xcel Energy

a) Compliance Filing

Xcel has two initiatives to provide information for research into customer responses. The first study will review and validate the observed responses from the Energy Action Days demand response product offered as part of its Energy Conservation and Optimization (EDCO) portfolio. This study is expected to be completed after the 2024 cooling season. Despite the electric focus of this study, Xcel is analyzing the Energy Action Days product for gas segment applications.

The Colorado Conservation Messaging Research report drew some conclusions applicable to Minnesota, as follows:

- Economic-focused conservation alerts are likely to yield limited reductions in consumption, whereas, as part of a broader demand-side management program, messages are more effective in reducing consumption.
- Gas forecasting teams at Xcel and other utilities are not confident that gas supply purchases are strongly responsive to messaging alerts at the day-specific level, as gas consumption reductions have not been significant on alert days.
- If consumers do not perceive bill reductions after acting on an alert, they could become more unresponsive to future alerts and conclude that the alerts have no impact on their billed amounts.

b) Department of Commerce – Comments

The Department noted that Xcel updated its customer communication protocol since the February 2021 Pricing Event. Xcel now contacts customers through communication channels outlined in its Gas Practices Compliance when the average price for spot or swing gas is greater or equal to five times the monthly PGA.[75] Xcel activated communications efforts for the January 2024 Pricing Event on January 12.

The Department also noted that Xcel curtailed interruptible customers during the January 2024 Pricing Event.

The Department recommended that Xcel's compliance filing relative to Order Point #11 be accepted and approved.

c) Office of Attorney General – Comments

The OAG suggested that Xcel has prejudged the effectiveness of conservation calls in its

[75] Attachment 8 includes DOC IR No. 80 and Xcel's response.

statistical study, painting the potential for conservation calls in a weaker fashion.[76]

d) Xcel Energy – Reply Comments

In Reply Comments, Xcel cited evidence-based research showing higher engagement efforts on conservation calls are less likely to reduce commodity costs when compared to other program designs.[77] Xcel's efforts to study and consider the timing for conservation calls based on facts and customer benefits show that it was responsive to the Commission's directive.

Xcel also noted that at the current reporting threshold, an average residential customer impact was slightly more than one dollar per month during the January 2024 Pricing Event. Xcel argued that issuing conservation calls at lower thresholds may cause customer fatigue, as they may not realize much benefit on monthly bills.

Xcel indicated that reliability and economic curtailments often overlap simultaneously during times of cold weather and high demand and did so for the January 2024 Pricing Event. Xcel noted of continuing to incorporate interruptions into forecasting and purchasing practices as well as improving compliance with curtailment orders.

4. Minnesota Energy Resources Corp.

a) Compliance Filing

Except for text messaging, MERC included customer outreach, phone calls, messages, e-mails and social media in its communication plan, as required by the Commission's August 30, 2021 Order.[78]

In some instances, MERC proposed limiting some means of communication. For example, if MERC called all 244,000 natural gas customers, it would expect call backs from a percentage of customers with questions. MERC's call center is not staffed to handle that incoming call volume and would result in slower response times for extreme weather emergency calls. MERC proposed telephone calls to Commercial and Industrial customers only and to use other communication means to reach Residential customers.

MERC noted that conservation calls have significant limitations in terms of gas supply planning and cost mitigation; especially under circumstances like those during Winter Storm Uri. For example, if MERC reduced its daily gas supply purchases and ended up short, pipeline penalties could significantly exceed avoided gas costs.

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[76] OAG Comments, December 2, 2024, at 11-12.

[77] Xcel Energy, Reply Comments, December 12, 2024, Docket G-002/CI-21-610, at 3-4.

[78] *Order Granting Variances and Authorizing Modified Cost Recovery Subject to Prudence Review and Notice of and Order for Hearing*, Dockets No. G-999/CI-21-135, and G-011/CI-21-611.

MERC conducted a survey of firm commercial and industrial (C&I) customers' reaction to conservation calls for the January 2024 Pricing Event. These customers were asked if they would be willing to lower their thermostat or reduce business or production activities attributed with energy usage. Approximately half (60.5 percent) of these customers indicated they would be willing to conserve natural gas usage if MERC were to make that request:

- A majority (94.3 percent) indicated a willingness to reduce their thermostat.
- Less than half (42 percent) indicated a willingness to reduce usage attributable to production or business activities.

MERC indicated that much of C&I customers' usage comes from production or business activities, and only 25.4 percent of C&I customers would be willing to reduce energy usage attributable to such.[79] MERC concluded that a call for conservation of C&I firm system sales customers may not achieve a significant reduction in natural gas usage.

MERC stated that, during the January 2024 Pricing Event, it did not issue a conservation call. MERC observed that its daily market exposure was limited to the Consolidated Purchased Gas Adjustment (PGA), and the amount of daily purchases on the Consolidated system were minimal. As a result, MERC did not invoke an economic curtailment call for interruptible customers per Section 5 of MERC's Commission-approved tariffs.[80]

b) Department of Commerce – Comments

The Department observed that MERC developed protocols for customer outreach using multiple communication means. MERC also completed a study on how customers responded to conservation calls, which concluded that a high percentage of residential customers were willing to lower their thermostats during periods of high gas prices. However, commercial and Industrial customers were not as willing to conserve. Consequently, MERC concluded that conservation calls for C&I firm customers "may not achieve a significant reduction in natural gas usage."[81]

The Department asked MERC for an estimate of avoided gas costs had interruptible customers been curtailed during the January 2024 Pricing Event. MERC responded as follows:

> MERC's decision not to economically curtail was due to the market prices being in the $4-$7/Dth range at Emerson at the time the decision was needed to be made to conduct daily spot purchases (which was by 8:15 a.m. the day before the flow

[79] 42 percent of the 60.5 percent of firm system sales C&I customers would be willing to reduce energy usage attributable to their production activities. 42% x 60.5% = 25.4%.

[80] MERC, Compliance Filing Annual Report, August 1, 2024, Docket G-011/CI-21-611, at 10.

[81] MERC, Compliance Filing Annual Report, August 1, 2024, Docket G-011/CI-21-611, at 9.

date) which is below the price ($20/Dth) at which MERC would consider economically curtailing interruptible.

Additionally, MERC noted the holiday weekend required gas purchases for January 13-17 to be completed by January 12. MERC estimated no avoided gas costs associated with curtailing its interruptible customers but provided a $141,292 theoretical estimate for total avoided gas costs during the January 2024 Pricing Event.[82]

The Department noted that MERC mitigated short-term price risk for both its NNG and Consolidated PGA, which allowed the flexibility of not curtailing interruptible customers during the January 2024 Pricing Event.

The Department recommended that MERC's compliance filing relative to Order Point #11 be accepted and approved.

c) Office of Attorney General – Comments

The OAG noted that after Winter Storm Uri, the Commission approved a settlement whereby MERC agreed not to collect $3 million,[83] as it did not take actions to alleviate the burden of rate impacts.[84] One of the prudence recommendations made by the parties was that MERC failed to curtail interruptible customers during Winter Storm Uri.

In its August 2023 compliance filing, MERC stated that it anticipated implementing its conservation call plan during the 2023-2024 heating season. In January 2024, MERC stated that it was still reviewing surveys of commercial and industrial customers about potential responses to a conservation call. The OAG noted that, while MERC reported the survey results in its August 2024 compliance filing, it does not seem that MERC engaged in residential customer outreach on potential conservation. The OAG further stated that MERC did not issue a conservation call during the January 2024 Pricing Event.[85]

The OAG noted that MERC purchased 4,400 Dth of daily spot gas at the Emerson Hub through two Supply Call contracts for its Consolidated System.[86] The Emerson hub did not spike to the

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[82] Attachment 7 includes DOC IR No. 77 and MERC's response. The Department also notes that OAG IR No. 13 asked a series of questions regarding specifics of MERC's interruptible program during the January 2024 Pricing Event. That IR is included as Attachment 8 to the DOC's Comments on MERC.

[83] Docket No. G-011/CI-21-611, Order Adopting Settlement Agreement (Oct. 19, 2022) (MERC Uri Order).

[84] *Id.*, at 11.

[85] OAG Comments, December 2, 2024, at 11.

[86] MERC, Compliance Filing Annual Report, August 1, 2024, Docket G-011/CI-21-611, at 2. (MERC explains that these contracts provide it the right to call on gas price based at the Platt's Gas Daily Midpoint Gas Daily Emerson Viking GL Index). MERC states that it did not need to purchase Daily Spot Gas for its NNG system.

level of Ventura, Demarc, or Chicago, reaching only $16.215 for January 13-16. Nonetheless, this amount represented a sixfold increase of the January 2024 PGA for MERC's Consolidated System. MERC's daily spot gas purchases were $285,000 for the four-day weekend, which is a substantial amount higher than more standard gas prices, such as the PGA amount ($45,440 total).[87] Given that MERC did not curtail its interruptible customers, its customers' level of compliance is unknown.

The OAG recommended that MERC report annually on how it is improving interruptible customer curtailment and incorporating compliance levels into gas supply planning processes.

c) Minnesota Energy Resources Corp. – Reply Comments

In Reply Comments, MERC noted that existing interruptible tariffs are incorporated into the gas supply planning process and allow for curtailment for reliability and economic purposes. MERC stated as follows:

> MERC's daily gas supply planning begins the early morning on the day prior to the day of gas flow, with a total system forecast, including transportation customers, firm sales customers, and interruptible sales customers. MERC considers how much gas supply the transportation customers are expected to bring into MERC's system in order to derive the system's remaining supply needs.[88]

MERC noted of considering market prices at the supply basin(s) from which gas would be procured as part of the planning process. If the market is showing indications of a price spike, MERC would consider implementing curtailment calls to interruptible customers to help mitigate or eliminate the need to make daily priced purchases. MERC stated that it implements curtailment calls to interruptible system sales customers (and potentially interruptible transportation customers) if there is an anticipated risk of system reliability. Furthermore, MERC incorporated the use of economic curtailments into its gas supply planning processes because of Commission's determinations in previous dockets.

While MERC does not see a need for additional reporting recommended by the OAG, it does not oppose the implementation of this reporting.

MERC noted that the Gas Utilities are already required to provide information on interruptible customer noncompliance in the AAA reports[89] and recommended that existing reporting requirements continue. MERC contended that interruptible customers comply when curtailment calls are issued.

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87 OAG Comments, December 2, 2024, at 18.

88 MERC, Reply Comments, December 12, 2024, Docket G-011/CI-21-611, at 3-4.

89 *Order Approving Modification of Curtailment Penalties and Tariffs and Requiring Reports,* Docket No. G-999/CI-19-160.

MERC noted of filing its Communications Plan on November 1, 2021[90] and indicated that it will execute this Communications Plan if a gas price spike event occurs that warrants a conservation call.

MERC stated that the OAG's comments that "MERC anticipated implementing its conservation call plan starting in the 2023-2024 heating season"[91] were inaccurate.[92] In the August 2023 compliance filing, MERC stated that it was "designing a plan to study, over time, commercial and industrial customers' responses to conservation calls and use that information to determine what impact, if any, conservation calls have on MERC's gas supply." MERC further stated that it would implement its study plan starting in the 2023-2024 heating season.[93]

Additionally, MERC stated that the Department's comments that "MERC's study concluded that a high percentage of residential customers were willing to lower their thermostats" was inaccurate because MERC did not survey residential customers.[94] MERC noted in its study that approximately *half of C&I firm system* sales customers would be willing to, if requested, reduce their thermostat to conserve usage.[95] MERC concluded that a conservation call for C&I firm customers may not achieve a significant reduction in natural gas usage.

K. Order Point #12: CenterPoint shall use the circumstances of the event, the prevailing winter, and the status of its fuel inventory to inform its peak-shaving dispatch decisions

1. CenterPoint Energy

a) Compliance Filing

As of the August 1 compliance filing, CenterPoint had not implemented changes to its peak-shaving dispatch decisions. However, CenterPoint has evaluated the need to dispatch them on a case-by-case basis given the overall economic and situational condition of the utility and the market. An example of such decision was during the January 2024 Pricing Event.

Prior to the Martin Luther King holiday weekend of 2024, forecasts predicted a cold spell over the course of the weekend, with actual temperatures well below the 10-year average. CenterPoint took proactive measures to activate economic curtailment and dispatch peak-shaving facilities until the heightened risk of limited supply and price spikes were limited and

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[90] *Order Granting Variances and Authorizing Modified Cost Recovery Subject to Prudence Review, and Notice of and Order for Hearing*, Docket No. G-999/CI-21-611.

[91] OAG Comments, December 2, 2024, at 10.

[92] MERC, Reply Comments, December 12, 2024, Docket G-011/CI-21-611, at 4.

[93] *Id*.

[94] *Id*; at 5.

[95] *Id*.

manageable.

b) Department of Commerce – Comments

The Department noted that CenterPoint apparently modified its peak shaving dispatch policy or protocols, noting in its 2024 Gas Procurement Plan:

> CenterPoint will utilize its peaking facilities when the estimated daily demand is larger than pipeline capacity (even after curtailment), due to operational reasons, or when deemed prudent or necessary given the economic and situational context of the utility and market. When the load nears maximum contracted interstate pipeline capacity entitlements, CenterPoint will generally begin to curtail its sales service interruptible customers loads. If the load is projected to exceed contracted pipeline capacity after curtailments, or if the cold weather is forecast for a short duration such that curtailment is impractical, CenterPoint will begin calling on its LNG and propane peaking plants to address large daily variations in weather and customer demand. CenterPoint's peaking plants are not sized to serve as a significant hedging supply source, but rather can be called upon to help stabilize unknown price risk from price spike exposure during an unprecedented winter event.[96]

The Department also noted CenterPoint's efforts to increase the deliverability of gas stored in its LNG system but indicated that none of the potential improvements had been implemented prior to the January 2024 Pricing Event.

The Department recommended that CenterPoint's compliance filing relative to Order Point #12 be accepted and approved.

c) Office of Attorney General – Comments

The OAG commended CenterPoint for using peak shaving facilities to reduce exposure to daily spot purchases and determined CenterPoint's actions saved ratepayers an estimated $4 to $5 million during the January 2024 Pricing Event.[97]

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[96] CenterPoint's 2024 Gas Procurement Plan, September 27, 2024, Docket No. G-008/M-19-699, at 34.

[97] Attachment 2 includes OAG IR No. 19 and CenterPoint's response. CenterPoint stated $6.1 million savings in its IR. However, the OAG believes this calculation uses the volume of all peaking shaving units dispatched regardless of whether that dispatch reduced CenterPoint's daily gas purchases. The OAG deemed a more appropriate method to analyze customer savings was to view the reduction to daily spot purchases across the gas procurement period, here the four-day weekend, as the Commission did in its prudence decisions.

L. Order Point #13: Xcel shall use the circumstances of the event, the prevailing winter, and the status of its fuel inventory to inform its peak-shaving dispatch decisions

1. Xcel Energy

a) Compliance Filing

To inform its peak-shaving decisions, Xcel considered factors such as 1) immediate weather and load forecasts; 2) interstate pipeline capacity; 3) interruptible customer load and potential curtailments; 4) peak-shaving inventory; 5) the overall heating season, and 6) time of year. For example, Xcel will evaluate whether to deploy peak-shaving inventory to meet expected load if forecasted load exceeds interstate pipeline capacity, and interruptible customers are curtailed. Additionally, Xcel will evaluate the use of peak-shaving resources for economic dispatch during extreme pricing events.

b) Department of Commerce – Comments

The Department noted that Xcel dispatched its peak shaving units, departed from the use of daily contracts, and maximized storage withdrawals during the January 2024 Pricing Event. The Department estimated that, since the February 2021 Pricing Event, Xcel's efforts to mitigate short-term price risk lowered gas costs for ratepayers by about 30 percent.[98]

The Department recommended that Xcel's compliance filing relative to Order Point #13 be accepted and approved.

c) Office of Attorney General – Comments

The OAG raised concerns about whether Xcel's dispatch of peak shaving facilities over the January 2024 Pricing Event reduced weekend spot-market purchases. The OAG indicated a "lack of clarity" in Xcel's claim of reduced costs resulting from the dispatch.[99]

d) Xcel Energy – Reply Comments

In Reply Comments, Xcel indicated that the dispatch of peak-shaving facilities directly provided gas cost savings to customers, thus it complied with Order Point #13 of the Commission's Order by using the circumstances of the event, the prevailing winter, and the status of its fuel inventory to inform its peak-shaving dispatch decisions.

In reply to the OAG's Information Request, Xcel provided volumes of gas dispatched from its peak shaving facilities to offset daily spot gas purchases, as well as the dates, times, and

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[98] DOC – Comments on Xcel, December 2, 2024, at 11, 13, 15.

[99] OAG Comments, December 2, 2024, at 10.

reasons its peak shaving facilities were dispatched.[100] The report highlighted the avoided cost of daily index spot market purchases for customers.

M. Order Point #14: Xcel and CenterPoint shall file dynamic proposals for calling on peaking resources that recognize that these decisions depend on the economic and situational context of the utility and the market

1. CenterPoint Energy

a) Compliance Filing

CenterPoint noted that, in September 2022, it had proposed to implement a peak-shaving dispatch protocol based on a defined price threshold, but its proposal was not approved. CenterPoint will continue to evaluate dispatch decisions on a case-by-case basis, considering current market conditions and circumstances of the forthcoming event.

b) Department of Commerce – Comments

The Department discussed this matter in Order Point #12, and had no further comment. The Department recommended that CenterPoint's compliance filing relative to Order Point #14 be accepted and approved.

2. Xcel Energy

a) Compliance Filing

Xcel views peak-shaving plants as a capacity resource for the distribution system to address reliability issues in near design-day conditions during the winter heating season. Peak-shaving plants, lacking significant inventories, supplement the overall gas supply portfolio. With this understanding, Xcel believes it must manage its peak-shaving inventories so that it can address reliability concerns even late in the winter season.

Given this primary purpose of peak shaving plants, Xcel is continuing to explore economic dispatch of its Wescott LNG peak-shaving plant for the 2024-2025 season. If a sufficient inventory can be preserved for design day and operational requirements, Xcel expects it could use the plant to address extraordinarily high price levels such as the February 2021 Pricing Event. Price mitigation would serve a secondary role after reliability.

During dispatch for price mitigation purposes, Xcel would curtail interruptible customers so that the peaking plant's primary purpose as a capacity resource may be preserved.

Last, Xcel will consider the state of the natural gas markets when deciding about economic

[100] Xcel Energy, Reply Comments, December 12, 2024, Docket G-002/CI-21-610, at 3.

dispatch. Significant events that warrant economic dispatch could be large scale freeze-offs, other supply disruptions, expected large price increases, or extended trading windows.

b) Department of Commerce – Comments

The Department noted that Xcel's peaking facilities were an issue in the contested case,[101] and asked about improvements made since the February 2021 Pricing Event.[102] Xcel noted several investments focused on improving operation of those facilities and that it dispatched peaking facilities during the January 2024 Pricing Event.

The Department recommended that Xcel's compliance filing relative to Order Point #14 be accepted and approved.

IV. DEPARTMENT OF COMMERCE – COMMENTS, OTHER ISSUES

A. CenterPoint Energy

The Department summary of CenterPoint's estimated $47 million in January 2024 Pricing Event costs is shown in Table 15.

Table 15 – Summary of Volumes Delivered by Supply Type, Percentage of Supply, Average Cost and Total Costs for January 2024 Pricing Event[103]

Description	Total Vols (Dths)	Percent of Total Supply	Avg. Price/Dth.	Total Cost
Baseload - (FOM/Hedged)	1,799,483	39.2%	$3.91	$7,044,094
Storage	1,640,595	35.7%	$2.36	$3,871,157
Peaking - LNG	165,980	3.6%	$3.07	$509,691
Peaking - Propane	16,460	0.4%	$9.08	$149,519
Gas Daily Supply	969,861	21.1%	$36.50	$35,400,603
Total Supply	4,592,379	100.0%	$10.23	$46,975,064

Consistent with CenterPoint's efforts to mitigate short-term price spike risk, the supply percentage sourced from baseload, storage, LNG, and propane increased during the January

[101] *Order Disallowing Recovery of Certain Natural Gas Costs and Requiring Further Action*, October 17, 2022, Docket No. G-002/CI-21-610, at Order Point 3.

[102] TRADE SECRET Attachment 7 includes DOC IR No. 76 and Xcel's response.

[103] CenterPoint, Price Spike Compliance Filing, January 26, 2024, Docket G-008/CI-21-138, at 2.

2024 Pricing Event as compared to the Winter Storm Uri Trade Secret percentages.

The Department did not identify updates regarding demand response, NGIA, and natural gas IRP in CenterPoint's August 2024 compliance filing, as they are longer-term in nature and will likely not influence price mitigation for several years. The Department requested an update from CenterPoint on demand response efforts since the February 2021 Pricing Event and CenterPoint complied.

B. Great Plains Natural Gas Co.

The Department asked Great Plains to complete a stress test analysis using the 2024 supply portfolio, along with gas prices and weather conditions similar to Winter Storm Uri.[104] Great Plains developed a preliminary cost analysis of $8.7 million in avoided ratepayer costs. Consistent with Commission directives to provide ratepayer benefits, Great Plains' response suggested that the January 2024 portfolio relied more on storage and baseload than daily or spot gas versus the February 2021 portfolio.[105]

The Department determined that Great Plains is planning to recover both the remaining February 2021 and January 2024 Pricing Event costs in the 2024 AAA Report.[106]

C. Xcel Energy

The Department asked Xcel for an update of February 2021 Pricing Event extraordinary costs, of which Xcel indicated that $42,572,552 remains unrecovered.[107] [108]

For January 2024 Pricing Event costs, Xcel proposed to recover [Trade Secret] in its September 2027 Purchased Gas Adjustment (PGA) filing. Xcel has not requested a variance to PGA rules allowing for a longer recovery period, as with the February 2021 Pricing Event.

D. Minnesota Energy Resources Corp.

The Department asked MERC to complete a stress test analysis using the 2024 supply portfolio, along with gas prices and weather conditions similar to Winter Storm Uri.[109]

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[104] The Department also asked CenterPoint, Xcel, and MERC to perform this same analysis. Xcel and CenterPoint declined for various reasons, while MERC did complete an analysis.

[105] Attachment 9 includes DOC IR No. 63 and Great Plains' response.

[106] Attachments 10-11 includes DOC IR No.'s 64-65 and Great Plains' response.

[107] DOC – Comments on Xcel, December 2, 2024, at 16.

[108] Attachment 13 includes DOC IR No. 83 and Xcel's response.

[109] Attachment 9 includes DOC IR No. 86 and MERC's response.

MERC completed the following analysis,[110] which considered three different scenarios from Winter Storm Uri:

a) Highest Price Scenario – The highest indices occurred on February 17th. A comparison of the 2021 portfolio versus the January 2024 portfolio using this information calculated a $13,603,903 decrease in costs.

b) Coldest Day Scenario – the coldest day in MERC's service territory was February 13th. A comparison of the 2021 portfolio versus the January 2024 portfolio using this information calculated a $15,118,417 decrease in costs.

c) 2024 Design Day Scenario – This scenario was a combination of the highest prices and MERC's Design Day demand. A comparison of the 2021 portfolio versus the January 2024 portfolio using this information calculated a $15,830,851 decrease in costs.[111]

Consistent with Commission directives to provide ratepayer benefits, MERC's response suggested that the January 2024 portfolio relied more on storage and baseload than daily or spot gas versus the February 2021 portfolio.
The Department determined that MERC will recover the remaining Winter Storm Uri costs in the 2024 AAA Report,[112] and assumed it would recover the January 2024 Pricing Event costs in the same manner.

E. All Gas Utilities

The Department reconciled the Commission's annual compliance filing reporting requirements with the information the Gas Utilities included in their August 2024 compliance filings. The Department reviewed the Gas Utilities' performance during the January 2024 Pricing Event to determine if the modifications to mitigate short-term price spike risk were successful.

Although there were many differences between the February 2021 and January 2024 Pricing Events, the Department elected to include a cost comparison for the Gas Utilities,[113] which is summarized in Table 16.

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[110] The Department also asked CenterPoint, Xcel, and Great Plains to perform this same analysis. All three companies declined for various reasons.

[111] **TRADE SECRET** Attachment 10 includes additional detail on the actual calculations regarding MERC's response to Department IR No. 86.

[112] Docket No. G-999/AA-24-138. Attachment 11 includes DOC IR No. 87 and MERC's response.

[113] Xcel classified the information in Table 16 as TRADE SECRET. Hence, the Department did not include it.

Table 16 – Comparison of Gas Commodity Costs for the February 2021 and January 2024 Pricing Events

Company	Event	Description	Amount ($)	% of Feb 2021 PE costs
Great Plains	Feb. 2021	Total	$12,608,301	NA
	Jan. 2024	Gas cost greater than 5x PGA	$778,880	6.18%
MERC	Feb. 2021	Total	$75,601,407	NA
	Jan. 2024	Gas cost greater than 5x PGA	$285,832	0.38%
CenterPoint	Feb. 2021	Total	$466,100,182	NA
	Jan. 2024	Gas cost greater than 5x PGA	$46,975,064	10.08%
Feb 2021 Total			$554,309,890	
Jan 2024 Total			$48,039,776	8.67%

V. OFFICE OF THE ATTORNEY GENERAL – COMMENTS, OTHER ISSUES

A. All Gas Utilities

The OAG contended that the January 2024 Pricing Event presented the first real test of the Gas Utilities' gas price spike protection practices implemented since Winter Storm Uri.

The OAG noted that practices such as baseload gas purchases, peak shaving facilities, and voluntary conservation calls have improved, while emphasizing the need for continued improvement in anticipating price spike risk.

The OAG noted that, as shown in Table 17, daily spot prices at the four hubs increased significantly during the January 2024 Pricing Event.[114]

Table 17 – Gas Daily Index Price by Location

	NNG Ventura	NNG Demarc	Emerson	Chicago
1/11/2024	$3.065	$2.925	$2.940	$2.900
1/12/2024	$3.165	$3.075	$2.970	$2.995
1/13/2024	$35.375	$31.235	$16.215	$25.865
1/14/2024	$35.375	$31.235	$16.215	$25.865
1/15/2024	$35.375	$31.235	$16.215	$25.865
1/16/2024	$35.375	$31.235	$16.215	$25.865
1/17/2024	$18.090	$4.415	$5.345	$3.755
1/18/2024	$3.015	$2.950	$2.610	$2.885

After the January 2024 Pricing Event, the OAG asked the Gas Utilities whether and when

[114] Attachment 1 includes OAG IR No. 22 and Xcel Energy's Response.

curtailment calls were issued, and of any avoided gas purchases in response to curtailment orders. The OAG argued that, in future filings, the Gas Utilities should report on how they are improving incorporation of curtailment calls into gas supply planning for reliability and economic purposes, and improving interruptible customer compliance with curtailment orders. The OAG added that the Gas Utilities should avoid using rigid triggers for conservation calls that can potentially mitigate gas price spike risk.

The OAG also recommended no changes to the reporting obligations in Order Points #3, 5-11, and 14-15 of the Commission's Price Spike Mitigation Order.[115]

VI. GAS UTILITIES' – REPLY COMMENTS, OTHER ISSUES

A. Minnesota Energy Resources Corp.

MERC included $285,832 in costs from the January 2024 Pricing Event in its 2023-2024 AAA Report for the Consolidated System.[116] MERC indicated that, during the January 2024 Pricing Event, the NNG and Consolidated System experienced minimal to no price impact.

MERC noted that customers would have saved $13 to $16 million during Winter Storm Uri had it implemented similar measures to the January 2024 Pricing Event.

VI. CITIZENS UTILITY BOARD – REPLY COMMENTS, OTHER ISSUES

A. All Gas Utilities

CUB stated that, by disallowing some Winter Storm Uri extraordinary costs, the Commission pushed the Gas Utilities to make meaningful improvements to gas procurement, storage, peaking, curtailment and other practices when preparing for and experiencing extreme weather or gas price spike events.

CUB concurred with the OAG in the following recommendations:

- Require the Gas Utilities, as part of future August 1 price-spike-mitigation reports, to report on how they are (1) improving incorporation of curtailment calls into their gas supply planning for both reliability and economic purposes; and (2) improving interruptible-customer compliance with curtailment orders.
- Require the Gas Utilities to continue the reporting obligations initially outlined in Order

[115] Commission February 17, 2023 Order, Dockets G-999/CI-21-135, G-008/M-21-138, G-004/M-21-235, G-002/CI-21-610 and G-011/CI-21-611.

[116] Docket No. G-999/AA-24-138.

Points 3, 5-11, and 14-15 of the Commission's February 17, 2023 Order.[117]

VII. STAFF ANALYSIS

In initial comments, the Department provided updates to recovery of Winter Storm Uri extraordinary gas costs. Consistent with information the Department provided for the August 2023 compliance filings, Staff deemed it helpful to replicate and update the table with extraordinary gas cost recovery as of August 1, 2024.

Table 18 – Extraordinary Cost Recovery by Gas Utility – through August 2024[118]

Description	*CenterPoint*	*Great Plains*	*MERC*	*Xcel Energy*	*Total*
Recoverable Expenses	$372,418,366	$7,953,417	$61,975,882	$159,251,324	$601,598,989
Total Recovery to Date	$218,358,181	$7,793,054	$61,166,064	$116,678,772	$403,996,071
Over/(Under) Recovery	$(154,060,185)	$(160,363)	$(809,818)	$(42,572,552)	$(197,602,918)
Percentage Recovered to Date	59%	98%	99%	73%	67%
At Risk Exemption	***CenterPoint***	***Great Plains***	***MERC***	***Xcel Energy***	***Total***
Customer Count (Avg)	33,847	Not Provided	Not Provided	33,269	Not Applicable
Dollars Exempted	$4,822,562	$448,436	$2,313,657	$3,449,656	$11,034,311

The Gas Utilities indicated that any remaining Winter Storm Uri under-recovered amounts would be recovered in the Annual Automatic Adjustment (AAA) filing at the end of the recovery period.[119] For Great Plains and MERC, the remaining under-recovered amounts will be recovered in the 2023-2024 AAA, while for CenterPoint and Xcel, any remaining under-recovered amounts will be recovered in the 2026-2027 AAA.

In Reply Comments, MERC recommended approval of their August 2023 annual compliance filing. As MERC's most recent annual compliance filing is for August 2024, Staff presumes this to be an oversight by MERC.

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[117] Commission February 17, 2023 Order, Dockets G-999/CI-21-135, G-008/M-21-138, G-004/M-21-235, G-002/CI-21-610 and G-011/CI-21-611.

[118] CenterPoint and Xcel Energy's Winter Storm Uri extraordinary gas cost recovery is still ongoing. As of February 28, 2025, CenterPoint Energy has collected $252,495,721, or 68 percent, while Xcel Energy has collected $127,028,171, or 80 percent.

[119] Commission Order dated October 19, 2022 Order, in Dockets G-999/CI-21-135, G-008/M-21-138, G-004/M-21-235, G-002/CI-21-610 and G-011/CI-21-611 (collectively, Uri Dockets).

DECISION OPTIONS

Current Compliance Filings

1. Approve CenterPoint's 2024 Annual Compliance Filing. [CenterPoint, Department]

2. Approve Great Plains' 2024 Annual Compliance Filing. [Great Plains, Department]

3. Approve Xcel Energy's 2024 Annual Compliance Filing. [Xcel, Department]

4. Approve MERC's 2024 Annual Compliance Filing. [MERC, Department]

Future Compliance Filings

5. Make no changes to CenterPoint, MERC, and Xcel Energy's future compliance filing reporting requirements. [Department, CenterPoint]

6. Require Great Plains to summarize the consultant's report on voluntary conservation in the August 2025 compliance filing [Department, Great Plains agreed]

7. Require that in future August compliance filings, the Gas Utilities report on how they are improving incorporation of curtailment calls into their gas supply planning processes for both reliability and economic purposes [OAG, CUB, MERC does not oppose]

8. Require that in future August compliance filings, the Gas Utilities report on how they are improving interruptible customer compliance with curtailment orders. [OAG, CUB, Great Plains does not oppose]

   Or

9. Require the Gas Utilities to continue existing data reporting requirements on interruptible customer noncompliance in the AAA reports. [MERC]

10. Require that in future August compliance filings, the Gas Utilities continue the reporting obligations outlined in Order Points #3, 5-11 and 14-15 of the Commission's February 17, 2023 Order. [OAG, CUB]

Order Point #3

11. Modify Order Point #3 of the February 17, 2023 Order to read as follows:

    - If a gas utility in this docket pays prices on the daily spot market that exceed five times the average price of gas and over $25… [CenterPoint, MERC, Department does not oppose] OR

12. Deny CenterPoint's request to heighten the price reporting threshold for price-spike events. [OAG, CUB]

13. Modify Order Point #3 of the February 17, 2023 Order to read as follows:

    A. …the utility shall make a filing to the Commission within 14 days after the event ends…[CenterPoint, MERC, Department]

    B. …the utility shall make a filing to the Commission within 14 days following the last day of the price event…[Xcel Energy] OR

    C. …the utility shall make a filing to the Commission within ~~14~~ 21 days from the first day gas prices spike to five times the PGA cost…[Xcel Alternative, OAG, CUB does not oppose]

    Or

14. Deny the requests to modify the 14-day reporting requirement. [CUB]