



March 19, 2025

Via Electronic Filing

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

Re: Reply Comments

In the Matter of an Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691
Docket No: E999/CI-23-151

Dear Mr. Seuffert:

Central Municipal Power Agency/Services (CMPAS) submits these enclosed Reply Comments responding to the Public Utilities Commissions Notice of Comment issued on October 31, 2024, regarding clarifications for carbon-free standard compliance reporting and verification under Minn. Stat. § 216B.1691.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact me at (763) 710-3932 or jaya@CMPAS.org with any questions.

Sincerely,

Jay D Anderson
Chief Executive Officer
Central Minnesota Municipal Power Agency/Services

Enc. Reply Comments of CMPAS
cc: Service List

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Katie J. Sieben
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IN THE MATTER OF AN INVESTIGATION INTO
IMPLEMENTING CHANGES TO THE
RENEWABLE ENERGY STANDARD AND
THE NEWLY CREATED CARBON FREE
STANDARD UNDER MINN. STAT. § 216B.1691
Docket No. E-999/CI-23-151

Reply Comments of Central
Minnesota Power Agency
Services

Introduction

Central Municipal Power Agency/Services (CMPAS) submits these enclosed Reply Comments responding to the Public Utilities Commissions Notice of Comment issued on October 31, 2024, regarding clarifications for carbon-free standard compliance reporting and verification under Minn. Stat. § 216B.1691. CMPAS appreciates the chance to submit these comments and looks forward to future opportunities for input.

Additionally, CMPAS notes that its members include the City of Blue Earth, City of Fairfax, City of Glencoe, City of Granite Falls, City of Janesville, City of Kasson, City of Kenyon, City of Mountain Lake, City of Sleepy Eye, City of Springfield, City of Windom and/or their affiliated utilities¹.

Synopsis

This document provides response and nine updated recommendations for the Commission to consider, in response to the Department of Commerce’s recommendations to require hourly matching, eliminate Energy Attribute Credits (“EACs”) from some states or regions, and rescind existing rules permitting the utilities to retire EACs for up to four years after the year of generation (“four-year banking”). The Department’s recommendations are material changes to existing law that will be burdensome for all utilities, but especially smaller utilities that do not file IRPs. Committing to these proposed standards and criteria without ensuring that economic impacts from all utilities serving Minnesota are included is premature and beyond the intent of the state law passed in 2023.

Committing to the Department’s recommendation may even be legally impermissible if, as

¹ The City of Delano has terminated its membership with CMPAS and is no longer a member as of May 9, 2024.

CMPAS believes, the changes fundamentally alter the intent of the statute such that they, in effect, usurp the authority of the legislature. See *In re Hubbard*, 778 N.W.2d 313 (Minn. 2010) (a court shall declare a rule invalid if it finds that it violates constitutional provisions or exceeds the statutory authority of the agency or was adopted without compliance with statutory rulemaking procedures).

Topic(s) Open for Comment:

1. When and how should utilities report preparedness for meeting upcoming Carbon Free Standard (CFS) requirements?

We agree with the MN Department of Commerce (“Department”) that utilities not meeting the definition of a “utility” under Minn. Stat. § 216B.2422 subd. 1(b) use the reporting templates required for complying with Minn. Stat § 216B.1691 Subd. 3(a) for preparedness reporting.

2. By which criteria and standards should the Commission measure an electric utility’s compliance with the CFS?

Recommendation #1: Allow RECs or Alternative Energy Credits (AEC)s from existing contracts extending beyond 2030 to be eligible for CFS compliance.

CMPAS recommendation #1 is intended to ensure that the standards and criteria adopted for CFS compliance do not penalize utilities for early adoption of renewable and clean energy. This recommendation also resolves the concern CMPAS raised in Initial Comments about how net market purchases are to be used in compliance calculations.²

CMPAS members have and continue to seek and enter into long-term PPAs for wind power, solar, hydro power, and nuclear power, as well as long term contracts for fixed amounts of MISO market energy and unbundled RECs. Many of these contracts have and will provide RECs or carbon-free energy that would be invalidated in 2030 by one or more of the Department’s proposals.³ Invalidating purchases CMPAS is already obligated to make on behalf of its members penalizes CMPAS for having proactively made long-term carbon-free purchase commitments, forcing CMPAS members to purchase carbon-free energy twice - the annual RECs and carbon-free energy⁴ they are already contractually obligated to purchase in their long-term contracts and additional hourly EACs to comply with CFS.

² Docket No. E002/CI-23-151 *In the Matter of an Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691*. Initial Comments submitted January 29, 2025 by CMPAS. Pages 6-7 (two recommendations provided in response to MPUC question 4).

³ Including but not limited to Department proposals B.1.2.1.1, B.1.2.1.2, and B.1.3. These proposals limit qualifying unbundled RECs to certain locations, propose to rescind a four-year time period for use of RECs, and require hourly REC matching (i.e., use of hourly EACs instead of RECs that counterparties are only obligated to provide annually or monthly).

⁴ EACs include both RECs (renewable energy) and Alternative Energy Credits (non-renewable, carbon free energy).

CMPAS does not believe that purchasing carbon-free energy twice is a good policy outcome for ratepayers. Given the detailed carbon accounting and residual mix examples provided by other stakeholders in Initial Comments, CMPAS also believes that the Department’s recommendations are likely to result in inaccurate carbon accounting for the state of Minnesota as well as EETS and CFS compliance results that are not directly comparable since CMPAS will continue to use RECs from its long term contracts for EETS compliance regardless of whether they qualify for the CFS.

Recommendation #2: Reject the MN Department of Commerce’s recommendation for hourly matching (Recommendation B.1.2.1.1) at this time and instead issue an Order Point confirming that compliance will be based on the amount of annual energy generated or procured as a percent of total annual electric retail sales.

The Department has indicated that it believes hourly matching is necessary to send price signals necessary to attract more clean firm resources⁵ and that such a paradigm is within keeping of the legislation passed in 2023. CMPAS has joined with other parties in this Docket to indicate that hourly matching goes beyond the intent and spirit of the statute passed in 2023 and may, in fact, be legally impermissible.

Rather than repeat arguments made in our joint filing CMPAS focuses these comments on pointing out several important and unintended consequences that would likely result from the Department’s hourly matching recommendation.

Specifically:

(1) Utilities will be discouraged from utilizing PPAs to comply with the CFS

CMPAS is concerned the Department’s hourly matching recommendation may push utilities away from using PPAs to comply and as a result incentivize utilities to consider building their own generation as a compliance path. Consider:

- Many independent power producers (“IPPs”) are not aware of hourly attribute tracking, much less obligated to accommodate transitions to hourly RECs or AECs in their current or future contracts.⁶ While utilities can wait years for many IPPs to develop these capabilities, they lose out on the ability to contract with qualifying resources in the near-term that will still be in operation in 2035, when the Department proposes hourly matching to start. In contrast, owners of generation are free to control when they begin hourly AEC tracking for all of their resources.

⁵ Minnesota PUC Agenda meeting, February 20, 2025. Docket No. E002/RP-24-67; *In the Matter of Northern States Power Co. d/b/a Xcel Energy 2024-2040 Integrated Resource Plan.*

⁶ For example, the EEI PPA template ([Master Contract HP](#)) continues to be used as the initial template for PPA negotiations by some major renewable developers as a common framework for PPA negotiations. The contract template, and its REC annex provisions, do not yet contemplate hourly RECs.

- Utilities with PPAs, particularly those who are partial off-takers of a larger central plant, have limited ability to force IPPs to add storage, which the Department has emphasized in its comments as a potentially CFE-compliant clean firm resource— at existing transmission interconnections. In contrast, owners of generation can control the commitment to, size, timing, and the interconnection type (for capacity accreditation) of storage additions.
- Many PPAs have provisions requiring developers to supply replacement energy, capacity, and/or RECs if contracted generation resources fail to meet minimum performance standards.
 - It is unknown how these types of contract provisions would work in with an hourly matching paradigm. For example, would some minimum performance standards in PPAs now need to be hourly? If minimum performance standards in PPAs remain based on annual performance, how will Sellers obtain replacement EACs to meet their obligations?
 - Similarly, it is unclear how performance standards can be enforced if non-utility sellers cannot access the hourly trading platform alluded to in the Department’s Initial Comments.⁷

In contrast, utilities owning generation fully control the terms and frequency under which they will need to use any EAC trading platform in the event a resource does not perform optimally.

The compliance risks posed by the Department’s hourly matching requirement may cause many utilities to pursue ownership rather than PPAs as a means of comply with CFS. CMPAS believes that would be a poor policy outcome because the law should not be implemented in a way that favors a single resource acquisition method for CFS compliance, particularly one that may not be feasible for all utilities, or that may itself disincentivize new third party generation development that often relies on PPAs to drive financeability. To achieve the best policy outcome, the law should allow utilities to comply with CFS and count carbon free energy through a myriad of ways.

(2) The Department’s hourly matching requirement may actually slow decarbonization efforts.

McKinsey & Company recently released a report,⁸ complete with capacity expansion plan modeling for multiple scenarios, in which they indicate that 24/7 hourly matching can lead “to unintended consequences that could slow decarbonization”. The report encourages companies to consider broader actions such as investing in clean generation for the grid at large. Given that this report was only released five weeks before these Reply Comments, it is clear that hourly

⁷ *In the Matter of an Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691.* Docket No: E999/CI-23-151. Initial Comments submitted January 29, 2025. MN Department of Commerce. Page 13.

⁸ *Rethinking your company’s clean-power strategy.* Barth, A., Tai, H. and J. Noffsinger. McKinsey & Company. [Rethinking your company’s clean-power strategy | McKinsey.](#)

matching for a single company, much less an entire state, is still an emerging concept that needs comprehensive study before it is implemented as a requirement of CFS.

(3) An hourly matching requirement with regional restrictions may be at cross-purposes with regional transmission system planning efforts.

If hourly matching were to be mandated, more transmission expansion – both intra- and inter-regional -- may be needed, the cost recovery of which could be limited to Minnesota ratepayers. This transmission expansion would be in addition to currently planned projects, such as MISO’s Long Range Transmission Plan (LRTP) and may be needed:

- (1) due to the intermittent nature of wind and solar generation resources; and
- (2) due to the diverse nature of loads and renewable generation sources within and across the areas of the various ISOs; more regional transmission may be needed to allow transport of renewable energy back and forth between those regions.

CMPAS recognizes that an hourly matching requirement has the potential to positively impact the value proposition for regional and interregional transmission projects, such as MISO’s LRTP Tranches. Part of the value proposition for MISO LRTP Tranches and other regional transmission projects is their ability to cost-effectively move carbon-free energy from generation-rich regions to regions with electric load. However, an hourly matching requirement with locational restrictions, such as the framework proposed by the Department, invalidates some of the benefits of electric transmission already approved to be built, because those requirements decrease the ability to serve load with renewable resources from all renewable-rich locations.

The Department justifies its hourly matching proposal by saying that without it, new transmission infrastructure may not provide enough carbon-free energy for all hours. However, the flipside of this argument is that the matching requirement will result in additional costs, even beyond the cost of transmission projects, by necessitating construction of generation in specific locations. Moreover, by emphasizing strategies that focus on building generation targeting the last few hours served by any non-carbon free generation, the focus shifts to 2040 rather than to a more accelerated grid buildout needed to add more carbon-free resources prior to 2040.

This potential impact on the transmission system planning is just a glimpse of the complexity of the issues that need to be studied further before adopting the Department’s recommendation. We would encourage the Department to reach out to MISO or other parties to find out whether any transmission modeling contemplating hourly matching has been completed.

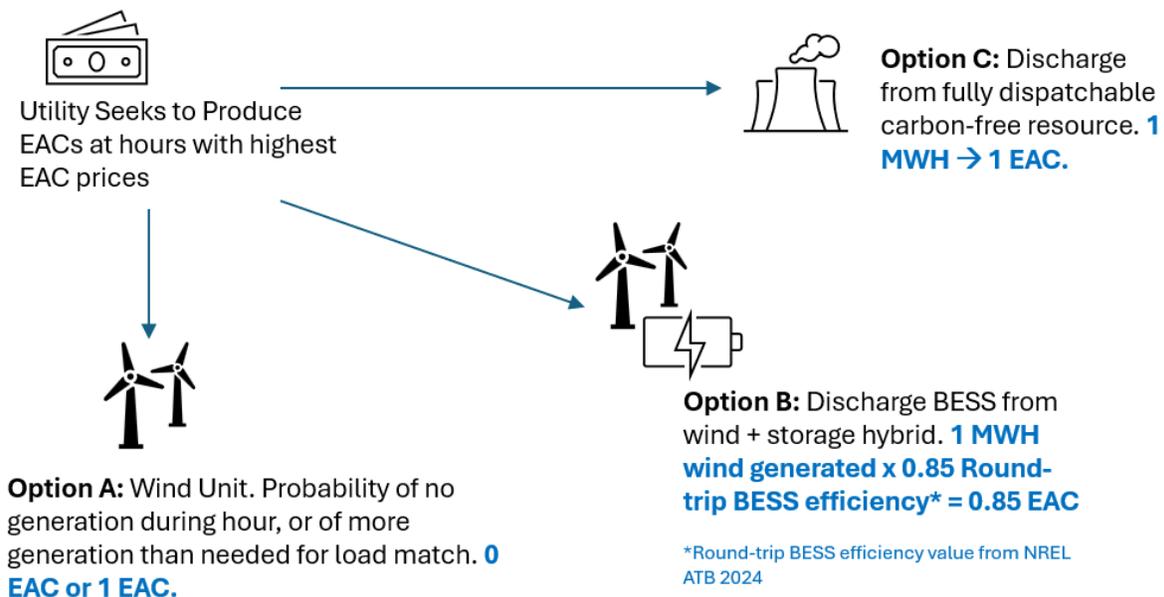
(4) The Department’s hourly matching proposal picks “winning” and “losing” carbon-free technologies, which conflicts with Minn. Stat § 216B.1691 Subd. 4(a).

The Department’s recommendation of disallowing AECs from certain locations conflicts with the express language of Minn. Stat § 216B.1691 Subd. 4(a), which states “The program must treat all eligible energy technology equally and shall not give more or less credit to energy based on...the technology with which the energy was generated.”

An hourly matching requirement for CFS compliance will systematically make EACs from some types of carbon-free generation more valuable than others. Carbon-free energy that comes from more dispatchable resources, such as nuclear and reservoir hydro, etc, will become more economically valuable because it can be targeted to hours in which non-dispatchable carbon free energy, such as solar and wind, is in shortage and demand in an hourly EAC trading platform will be higher for these hours. Conversely, in hours when there is more solar and wind production than needed for matching an hourly load, the remaining EACs receive no credit and cannot be used for CFS compliance.

The Department or other parties may counter that storage resources could be coupled with wind and solar resources to target their output for the more economically valuable hours, similar to dispatchable, clean firm generation. This strategy still gives less credit to solar and wind EACs because of energy losses involved with charging and discharging batteries, which still results in conflict with Minn. Stat § 216B.1691 Subd. 4(a).

Figure 1. Each of the generators shown can be used to produce power during hours of highest EAC prices, but some generators will receive less of these compliance-eligible EACs than other generators, *in conflict with Minn. Stat § 216B.1691 Subd. 4(a).*



A CFS matching requirement that systematically provides more economic benefits to some types of EACs than others and reduces the amount of credit EACs from other technologies being counted is in direct conflict with Minn. Stat § 216B.1691 Subd. 4(a). Those utilities who don't have future access to the most "valuable" EACs – such as nuclear (which cannot currently be built in Minnesota) or hydrogen-fired generation (which would require a significant infrastructure update)– are at risk of having a more difficult path to compliance than other

utilities.

CMPAS would also point out that since the Commission hasn't fully defined how storage assets can be used for CFS compliance,⁹ it is possible the Commission could decide on a different path to compensate for this differential in EACs, possibly by inflating the EAC from the wind + storage asset, to ensure it receives credit for the full MWH of wind power produced. But we don't know this outcome yet; as such, committing to an hourly matching requirement in the third comment round is premature.

(5) The Department's proposal may lead utilities to plan around meeting CFS exceptions rather than meeting the CFS standard

The Department has indicated that it understands that there will be periods when EACs from the Midwestern Region are not available, and that this can be determined in the Round 4 comment period regarding appropriate offramps. While CMPAS is pleased the Department recognizes it may not always be possible to purchase EACs from the Midwest Region, the thought of starting with a standard that is already known to require an exemption path is troublesome for several reasons. First, it is likely to foster an environment where utilities plan to meet the exemption rather than the actual standard.

Second, if utilities have to request many exemptions, CFS compliance has the potential to become administratively cumbersome. For example, under this paradigm, for three of the four scenarios in Table 1 of these comments further below, the utility would have to apply for an exemption, while the PUC or the Department will need to have staff available to process these applications quickly, which could quickly become administratively burdensome with dozens of potential utility applicants in MN.

It would be far more efficient to start with an attainable planning standard rather than force utilities to apply for exemptions. The Department can always evaluate how utilities are complying with the CFS and recommend policy changes or tightening requirements in the future, once actual compliance data exists. But starting with overly tight planning standards, without projections on how likely they are to need exemptions, is not setting utilities up for success in complying with the CFS.

In sum, CMPAS believes these examples of potential unintended consequences show why more time is needed to identify and study potential impacts before ever committing to implement the Department's hourly matching recommendations. The calls for hourly matching are predicated on a belief that it will impact the types of firm dispatchable generation used but fail to weigh any other factors, such as the cost of compliance and administrative burden.

Recommendation #3: Do not rescind order points 1 and 3 from the Commission's December 18,

⁹ Partial compliance, including accounting methodologies for storage assets, has been indicated to be determined in Docket E999/CI-24-352, with Initial Comments due June 5, 2025.

2007 Order in Docket Nos. E-999/CI-04-1616 and E-999/CI-03-86.

The full text of these order points indicate they are intended for the RES (EETS).¹⁰ Yet the Department's recommendations pertain only to the CFS. Hence the Department's comments are outside the scope of this docket and should be rejected.

Recommendation #4: Reject the Department's recommendation (B.1.2.1.2) to modify order point 6 of the Commission's December 6, 2023 Order in Docket E-999/CI-23-151 to remove "all renewable energy credits generated from such facilities will be eligible for use in the year of generation and for four years following the year of generation" and instead issue an Order Point indicating that AECs from carbon-free, non-renewable facilities will be eligible for use in the year of generation and for four years following the year of generation.

The full text of MPUC's Order Point 6 indicates it applies to the Renewable Energy Standard (now the "EETS"). This order point does not mention the CFS.¹¹ The Department's recommendation is outside the scope of this docket, which is limited to CFS compliance, and should be rejected.

Moreover, the use of renewable energy credits for RES (EETS) compliance was already decided by the Commission in this very same docket. As such, the Department's request to change an order point related to RES compliance in a comment intended to address CFS compliance is contradictory and confusing for utilities who are seeking clarification on how to comply with the new legislative standards.

Recommendation #5: Reject the Department's recommendation (B.1.3) for the Commission to order that all EACs retired to demonstrate CFS compliance be generated within the Midwest Region, as defined by 26 CFR Ch. 1, Sch. A, §1.45V-4 Paragraph (d)(2)(ix), or meet the 45V requirements for interregional delivery, as defined by 26 CFR Ch. 1, Sch. A, § 1.45V-4 Paragraph (d)(3)(iii)(B) and instead issue an Order Point that EACs from any location are allowed to be used for EAC compliance, as long as they meet all other eligibility requirements for CFS.

The Department's recommendation (B.1.3) of disallowing EACs from certain locations conflicts

¹⁰ For ease of reference, Order Point 1 states: "The Commission will allow RECs imported from Michigan's renewable energy tracking system to be retired for compliance with the Minnesota RES as long as A: One REC equals one megawatthour of renewable energy; and B. The renewable energy facility otherwise meets Minnesota eligibility requirements, including those set forth below." Order Point 3 states: "The Commission will allow the use of imported RECs for Minnesota RES compliance without a demonstration of deliverability."

¹¹ For ease of reference, the complete text of order point 6 from the Commission's December 6, 2023 Order in Docket E-999/CI-23-151 is as follows: "A hydroelectric facility greater than 100 MW may now be used for compliance with the renewable energy standard if the facility was in operation as of February 8, 2023. All renewable energy credits generated from such facilities will be eligible for use in the year of generation and for four years following the year of generation."

with Minn. Stat § 216B.1691 Subd. 4(a), which states “The program must treat all eligible energy technology equally and shall not give more or less credit to energy based on the state where the energy was generated or the technology with which the energy was generated.”

In addition to conflicting with statute, CMPAS is concerned that the Department does not fully understand why it is that a utility would retire EACs from outside of the Midwest Region they have identified. **Just because the utility retires an EAC from a different region does not mean it does not have carbon-free generators physically located here in the Midwest Region.**

Table 1 (below) shows four examples of why a utility would retire EAC from a different region. In three of these cases, the utility is taking the very actions the Department wishes to prioritize - contracting with carbon free generation located in the Midwest.

Table 1.

Reason a Utility Would Retire EACs from Generation Located Outside of the Midwest Region	Had the utility initially contracted for physical delivery of energy from a carbon-free resource?	Considered by the Department in Initial Comments?
The utility is one of several utilities who contract for physical energy from a set of large generators of the same type in various locations. Since it is not always possible to tell exactly which generator has delivered the actual, physical energy to each utility, the generator owner provides RECs from any of generators to any of the utilities. Example: Power from Western Area Power Administration (WAPA) hydropower reservoir dams.	Yes	Unclear ¹²
The utility has traded more expensive EACs originating from its contracted renewable or carbon-free generation in the Midwest Region with less expensive EACs originating from generation in a different location.	Yes	No
The utility has a PPA with a counterparty for EACs bundled with physical energy from a specific carbon-free generator in the Midwest Region. The PPA counterparty has failed to deliver at contractual minimum levels and provides the utility with replacement energy from the MISO Market and unbundled EACs from a different location outside the Midwest Region.	Yes	No
The utility truly does not have physical delivery for any energy from a renewable or carbon free resource in the Midwest Region.	No	Yes

¹² If the Department is proposing that EACs from all of these generators are compliant as long as a utility has physical delivery from at least one of these generators, then CMPAS believes they have considered this reason. However, if the Department is proposing to require deliverability of physical power from the specific generator each EAC has come from, then the Department has not considered this.

Table 1 demonstrates that the Department considers EAC retirement only in terms of energy procurement without taking into account the value of transactions that involve a carbon free generator physically located in (or with deliverability to) the Midwest Region. Some CMPAS members sell or trade EACs from their own renewable or carbon free generation with entities in other jurisdictions.¹³ Selling the EACs elsewhere and buying cheaper EACs that still can be used for EETS or CFS compliance is cheaper for the utility customers served by that member.

The boards and councils that regulate retail rates for CMPAS member utilities should retain the right to decide whether such a transaction is a benefit they want for their local customers. The Department's proposal takes away valuable flexibility for these utilities to keep economic benefits from these locally sited generators directly in their communities. Being able to trade on an hourly platform within the state of Minnesota alone will not necessarily help, as any proceeds from trading the EACs on an hourly platform will likely be applied to offset the cost of purchasing expensive EACs in hours where wind and solar production has dipped.

Recommendation #6: Do not adopt the Department's recommendation to require all utilities to report hourly Minnesota retail electric sales, even in the absence of an hourly EAC matching requirement.

There are several reasons the Commission should not adopt this Department recommendation. First of all, this is a labor-intensive request that does not relate to the express language of the actual statute passed, which contemplates annually based compliance.

Secondly, the Department indicates that such data is required for informational purposes about the extent of electric utility reliance on CFS-ineligible generation assets "to serve each electric utility's Minnesota load". CMPAS contends that the "complete" set of hourly data the Department is seeking: EAC sales, EAC purchases, and hourly load - is not a great indicator of this "influence" of potentially CFS-ineligible generation assets required to serve load. Consider:

- The effects of many Demand Response resources will be masked: these resources do not qualify for EACs and will not show up as generation in such a report but undoubtedly decrease a utility's reliance on any non-eligible CFS generation.
- As more utility-scale, transmission-interconnected batteries begin operating in Minnesota, they will act as an additional "load" on the bulk electric system each time they use MISO market energy to charge. This load will not show up in hourly retail sales reported to the Department
- The notion that these hourly components present a "complete" dataset breaks down for utilities who will use net market purchases for part of their CFS compliance. For these

¹³ One example is trading of landfill gas RECs, which are more valuable in some other jurisdictions outside of the Midwest. There are many other examples.

utilities, EAC purchases may reflect their reliance on market purchases, not the “influence” of CFS-ineligible generation assets. Yet, the Department still proposes these utilities go to the administrative burden of submitting hourly data, even if does not result in the “complete” dataset sought for informational purposes.

- Some other resources almost never generate during a given hour to serve utility load but are relied upon for accredited capacity (i.e., for meeting resource adequacy obligations in MISO’s annual Planning Resource Auction framework) or for standby/emergency purposes.

Some CMPAS members are at the end of single radial line feeds from the bulk power system, without the same level of transmission infrastructure nearby as in more urbanized areas like the Twin Cities. In any widespread emergency requiring Black Start resources, such communities are likely to have some of the longest system restoration times or lack of access to large central renewable resources for extended periods of time. In the face of this reality, the boards and councils of many CMPAS members decide whether locally sited resources, such as diesel generation, should be available for emergency reliability purposes.

These are just a few of the reasons why the Commission should not approve the Department’s recommendation for utilities to provide this hourly data, even without an hourly matching requirement.

Recommendation #7: Economic impacts from criteria and standards need to capture impacts for all utilities serving Minnesota, not just those that meet the definition of a “utility” under Minn. Stat. § 216B.2422 subd 1(b).

We appreciate that much of the focus in the Initial Comments has been on Integrated Resource Plan (“IRP”) modeling. However, there are also utilities providing electricity to Minnesotans who meet the more expansive definition of an “electric utility” under Minn. Stat. § 216B.1691 subd. 1(d).

Just because these utilities are too small to file IRPs does not mean they are immune from the costs of compliance with the criteria and standards determined in this docket for measuring CFS compliance. Quite the contrary, these generally smaller utilities are precisely the utilities likely to experience economic hardship if the Commission opts for standards that are overly complex and impractical.

CMPAS recognizes that the Commission will decide on off-ramps in the forthcoming fourth round of comments. However, CMPAS agrees with the Department that Notice Topic 2 pertains both to Minn. Stat. § 216B.1691 subd. 2d(a) and subd. 2d(b)(1), the latter of which requires the Commission to include standards and criteria that “protect against undesirable impacts on the reliability of the utility’s system and economic impacts on the utility’s ratepayers and that consider technical feasibility”. CMPAS is therefore alarmed by the Department’s own statement

in this round that “economic impacts of the CFS will be studied in an electric utility’s IRP.”¹⁴ This statement suggests that the potential economic impact of CFS compliance on Minnesota’s small utilities hardly merits acknowledgment, let alone consideration.

3. What considerations should the Commission take into account regarding the double counting of Renewable Energy Credits (RECs) to meet multiple requirements?

CMPAS agrees with recommendations from other parties that further detail on REC tracking system/compliance reporting forms be taken up in Docket No: E999/CI-24-352.

4. How should net market purchases be counted towards CFS compliance?

Recommendation #8: Accept the Department’s recommendation to defer decisions regarding criteria and standards measuring net market purchases to Docket No. E-999/CI-24-352 or allow a final round of comments on this Question 4 after net market purchases are defined.

As CMPAS indicated in more detail in our Initial Comments, for some power supply options this question is difficult to answer without an established definition of what net market purchases are. CMPAS is amenable to the Department’s recommendation that this matter be deferred to Docket No. E099/CI-24-352 or CMPAS asks a for an additional chance to comment after the Commission has decided on a definition of net market purchases, including whether there are any adjustments like the one requested in our first Recommendation in these Reply Comments (for RECs or AECs from currently existing contracts to be allowed for CFS compliance purposes).

Part of the reason CMPAS is amenable to the Department’s proposal to roll this into Docket No. E-999/CI-24-352 is that this may be a path to allow both this docket and Docket No. E-999/CI-24-352 to proceed within their currently planned schedules, but to allow the record to consider both the definition of net market purchases, as well as how they are quantified, together. We feel there are other types of power supply that may also be impacted by this question and will also be addressed in Docket No. E-999/CI-24-352, such as storage assets that charge directly from the grid instead of a specific renewable asset (i.e., if these grid charges could be included as purchases in a net market purchase calculation, for example).

Recommendation #9: A study should be done to quantify cost to Minnesotans and technical barriers to implementation and Minnesotans before several Department’s recommendations are considered further.

¹⁴ *In the Matter of an Investigation into Implementing Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691.* Docket No: E999/CI-23-151. Initial Comments submitted January 29, 2025. MN Department of Commerce. Page 19.

Criteria for offramps, including cost impacts, are largely reserved for comment until Round 4 in this docket. Without record development on these offramps, it is impossible to commit now to something as far beyond the originally passed law as the hourly matching and Department recommendations B.1.2.1.2, and B.1.3; otherwise the Commission risks passing a framework that could be delayed or modified because it causes significant rate impacts, technical issues, or reliability impacts. If the Commission is still seriously considering these items, a study quantifying costs to Minnesotans and implementation barriers should be undertaken before further consideration of these Department proposals.

This study will not delay implementation of CFS because utilities such as CMPAS will be working to meet the original law as it was currently passed.

5. Are there other issues or concerns related to this matter?

CMPAS continues to believe that convening a group of stakeholders periodically would be a helpful addition for the CFS planning process, especially over the next few years. We appreciate the additional round of comments offered, but based on the breadth of positions submitted in Round 3 Initial Comments, more opportunities for communication and education are needed due to the complexity of these issues. It would be easier to discuss in a working group of stakeholders; questions can be addressed in a more dynamic matter, especially as utilities are acquiring resources in the next few years that will likely be relied upon for CFS compliance.