



October 14, 2022

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

RE: Center for Energy and Environment's Reply Comments in the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers

Docket Number G999/CI-21-135

Dear Mr. Seuffert,

Center for Energy and Environment ("CEE") respectfully submits these Reply Comments to the Minnesota Public Utilities Commission ("Commission") in response to the Commission's August 23, 2022 Notice of Comment Period ("Notice") in this docket in the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers.

The Notice requested utilities file Initial Comments on September 15, 2022 on a number of topics related to how utilities should improve or modify practices to protect ratepayers from extraordinary natural gas price spikes in the future. The Notice requested that interested parties file Reply Comments on October 14, 2022 in response to utilities' Initial Comments. CEE focuses the following Reply Comments on the Commission's question and utility responses regarding "how integrated resource planning could facilitate ratepayer protection from price spikes."

In individual Comments submitted on September 15, 2022 to this docket, CenterPoint Energy, Xcel Energy, and Minnesota Energy Resources Corporation all recommended that the Commission consider discussing integrated resource planning for natural gas utilities through Docket Number G999/CI-21-565 in the matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals. Some responding utilities noted limitations in the role that integrated resource planning could play in mitigating future natural gas price spikes, but all utilities indicated that resource planning might provide value to long-term planning of the natural gas system.

CEE believes that an integrated resource planning process for natural gas utilities will be a necessary and valuable tool for ensuring that Minnesota's natural gas system and utilities evolve to meet Minnesota's future energy needs safely, affordably, and reliably, while supporting Minnesota's greenhouse gas reduction goals. With the passage of the Natural Gas Innovation Act ("NGIA"), natural gas utilities will begin investing in a range of new and innovative energy resources. Over time, some or all of those innovative resources will likely transition from relatively small pilot investments through NGIA to become larger, standard parts of the utilities' energy resource supply. As this transition occurs, it will be increasingly important for utilities and regulators to conduct long-term planning to ensure that customer needs are safely, sufficiently, and cost-effectively met, while reducing greenhouse gas emissions in keeping with the State's goals.

CEE believes that integrated resource planning may also play a role in protecting ratepayers from future price spikes in the geological natural gas market and, potentially, other resource markets like renewable natural gas or hydrogen. As natural gas utilities diversify the energy resources that supply current natural gas end uses, there may be opportunities to offset certain resources in the event of a price spike by switching to another, similar resource. Additionally, reducing Minnesota's purchases of geological natural gas may have market price effects and result in a reduction in wholesale natural gas prices.<sup>1</sup>

CEE agrees with the utilities noted above that it would be appropriate to discuss, consider, and, potentially, build the requirements and framework for integrated resource planning for natural gas utilities in Docket Number G999/CI-21-565.

CEE, along with other parties,<sup>2</sup> submitted Comments in Docket Number G999/CI-21-565 on September 15, 2022, recommending a process outline for that docket. The recommended process outline came directly from a recent stakeholder process on Decarbonizing Minnesota's Natural Gas End Uses.<sup>3</sup> We believe that Part B of our recommended process outline would be a fitting place to consider integrated resource planning for natural gas utilities. For reference, Part B of the recommended process outline states:

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<sup>1</sup> "When [distributed energy resources] reduce (or increase) the demand for gas, they reduce (or increase) the wholesale market prices, which creates benefits (or costs) for all customers participating in the wholesale market at that time. Even a very small perturbation of the market price can have large impacts when applied across all wholesale customers. This effect is sometimes referred to as demand reduction induced price effect (DRIPE)." – *Methods, Tools and Resources: A Handbook for Quantifying Distributed Energy Resource Impacts for Benefit-Cost Analysis*. National Energy Screening Project. March 2022. Page 40.

<sup>2</sup> Xcel Energy, CenterPoint Energy, IUOE Local 49, and LIUNA Minnesota & North Dakota

<sup>3</sup> More information on the stakeholder process, along with the resulting report, is available at: <https://e21initiative.org/natural-gas/>.

*b. Determine whether and what additional reporting and planning is needed from gas and electric utilities to facilitate gas decarbonization, including the following:*

- i. Look at existing requirements on the electric side, including integrated distribution plans (IDPs) and integrated resource plans (IRPs) to determine what could be utilized for the gas side.*
- ii. Consider what reporting and planning/forecasting exercises are needed from gas and electric utilities. This should include supply, demand, weather sensitivity, and utility infrastructure and operations.*
- iii. Consider utilizing information that is already being provided in other Commission dockets and filings to other regulatory agencies.*
- iv. Consider the costs of different decarbonization strategies, as well as the costs to achieve different levels of natural gas decarbonization, and compare these to costs to achieve comparable reductions in other sectors in pursuit of the economywide GHG goals cited above.*

CEE acknowledges that integrated resource planning for natural gas utilities will have broad implications and will overlap with many different policy discussions, including greenhouse gas emissions reductions, insulating ratepayers from market prices spikes, energy efficiency, electrification, affordability, equity, and infrastructure investments. As such, it may be useful to provide notice of the exploration of integrated resource planning in several dockets in advance of initial comments or meetings on the topic.

Given the broad implications, importance, and complexity of this issue, we believe that integrated resource planning for natural gas utilities will require significant record development and focused attention. Therefore, in whatever docket or context the Commission decides to consider integrated resource planning for natural gas utilities, it may be helpful for the Commission to set a defined scope, process, and timeline upfront to ensure that integrated resource planning for natural gas utilities is considered efficiently and thoroughly, while driving toward a regulatory outcome. Specifically, we recommend that the Commission establish a process that culminates in a clear decision point, at which time the Commission determines whether integrated resource planning is valuable and necessary for Minnesota's natural gas utilities.

If, at that decision point, the Commission determines that integrated resource planning for natural gas utilities in Minnesota is needed, we recommend that the Commission and Parties shift the focus of record development in the docket toward developing requirements, determining a timeline, and identifying appropriate modeling tools and practices.

CEE appreciates the Commission's consideration of our comments. Please contact me at [apartridge@mncee.org](mailto:apartridge@mncee.org) with any questions.

Sincerely,

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

## **AFFIDAVIT OF SERVICE**

**DOCKET NO. G999/CI-21-135**

I, Audrey Partridge, herby certify that on this 14<sup>th</sup> day of October 2022, I served Center for Energy and Environment's *Reply Comments in the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers* in Docket Number G999/CI-21-135 on the following persons on the attached Service Lists by:

XX placing such filing in envelopes, properly addressed, and depositing the same in the Post Office at the City of Minneapolis, for delivery by the United States Post Office as directed by said envelopes.

XX electronic filing

/s/ Audrey Partridge

Audrey Partridge

[illegible]

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