

October 11, 2018

VIA ELECTRONIC FILING

Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
1221 7th Place East
Suite 350
St. Paul, MN 55101-2147

RE: Comments regarding the proposed CenterPoint Energy pilot program for renewable natural gas ("RNG") PUC Docket NO: G-008/M-18-547

Dear Mr. Wolf,

The City of Minneapolis ("City") hereby submits comments in response to the filing by CenterPoint Energy ("CPE") on August 23, 2018 for approval to administer a green tariff program which would allow CPE customers to purchase all or a portion of their natural gas from RNG sources. The City supports the efforts of CPE to provide an alternative to conventional natural gas as a way to curb greenhouse gas emissions, in alignment with the City's goal to reduce emissions 80% by 2050.

The City supports approval of the pilot program, but offers the following recommendations to the Commission.

1. CPE should produce an initial report three years into the pilot and a final report at the end of the pilot that identify and define environmental and renewable attributes of the RNG.

If approved by the Commission, the pilot program would be among the first in the country offered by a gas utility. While this is an exciting development, it also comes with some challenges. Currently, the City does not have a way to account for RNG impacts in terms of its greenhouse gas emission reduction goals. Without clearer ways to incorporate RNG into the City's Sustainability goals, the benefits of the RNG program to Minneapolis (and its residents) could be obscured or limited.

Therefore, as part of the pilot, the City recommends that CPE contract with a third-party research organization to identify and document the environmental benefits and attributes of RNG based upon the specific contracted supplier ultimately selected by CPE. The City also recommends the Commission support the creation of a transparent tracking system, similar to renewable electricity credits (RECs) registered in the M-RETS and Green-e systems. Additionally, an estimate of maximum technical supply capacity and associated price would

be beneficial, given the existing high cost premium and limited supplies of RNG. This estimate would allow stakeholders and the Commission to understand the potential scalability of RNG, which would inform future offerings.

2. CPE should thoroughly examine the impact of cost recovery of RNG that is not purchased by pilot program participants.

The City is concerned that the cost of RNG at nearly ten times the cost of typical natural gas will have an outsized negative impact on CPE ratepayers, especially low-income ratepayers. While the City realizes the amount of RNG distributed throughout the CPE system would be very small relative to the total amount of conventional natural gas, the costs of RNG do have the potential to increase the already substantial energy cost burden on low-income customers. These additive costs, and their effects on ratepayers, need to be understood and made clear to the public.

In conclusion, the City supports the CPE proposed pilot project and urges the Commission to approve the program with above-mentioned City recommendations in order to maximize our shared understanding of the actual benefits of this technology as well as its impacts on ratepayers.

Sincerely,

A handwritten signature in dark ink, appearing to read "K. W. Havey", with a stylized flourish at the end.

Mr. Kim W. Havey
Manager
Division of Sustainability