March 19, 2025

Will Seuffert, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, #350
Saint Paul, MN 55101

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

PUC Docket Number: E-999/CI-23-151

Center for Resource Solutions (CRS) values this opportunity to reply to comments submitted by other stakeholders regarding compliance reporting and verification under Minnesota Statute 216B.1691, Minnesota's Renewable Energy Standard (RES) and the newly created Carbon Free Standard (CFS). Our comments pertain to requiring the use of renewable energy certificates (RECs) and alternative energy certificates (AECs), as well as using a residual mix to represent a utility's carbon-free portion of net wholesale purchases.

RECs and AECs for Compliance Reporting

In initial comments on this docket, most stakeholders joined CRS in supporting the use of RECs to demonstrate CFS compliance. In comments filed on January 29, 2025, for example, the Minnesota Department of Commerce stated its preference to retain

CENTER FOR RESOURCE SOLUTIONS
1012 Torney Ave, 2nd Floor
San Francisco, CA 94129

w : www.resource-solutions.org
p : +1.415.561.2100

the existing REC reporting structure to the greatest extent practicable, while modifying the structure to allow for new proposed reporting requirements.[1]

CRS supports the Department's preference, and we agree that using RECs will produce programmatic alignment and avoid most double counting of renewable energy attributes. Thirty-eight (38) U.S. states and territories, including Minnesota, have recognized RECs as the exclusive mechanism to track the environmental attributes of renewable electricity and to demonstrate compliance of regulated entities with RPS or similar laws.[2]

RECs should also be used to demonstrate compliance in emissions programs like Minnesota's CFS that regulate electricity that is consumed by or sold to customers in the state. RECs appropriately convey both resource type and associated emissions for load-based emissions accounting programs. They prevent double counting of zero-emitting generation with neighboring states and voluntary programs, ensure the program's impact on regional emissions, and support complementary markets and programs.[3]

While it is true that certificates are not issued for all resources, to prevent double counting of attributes, RECs should be used to track the attributes of generation for which they are issued. Expanding certificate tracking systems to all resources, however, would provide greater consistency and accrue additional benefits. Trusted, third-party tracking systems are capable of issuing certificates for all resources that the PUC deems appropriate for a utility to apply toward its CFS obligation. Indeed, in comments submitted under this docket, the Midwestern Renewable Energy Tracking

[1] See *Comments of the Minnesota Department of Commerce, 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, filed January 29, 2025, p. 16. https://www.edockets.state.mn.us/documents/%7BB0CFB294-0000-C61B-B5E3-10BB70D96BFA%7D/download?contentSequence=0&rowIndex=8

[2] See Center for Resource Solutions (CRS), *The Legal Basis for Renewable Energy Certificates* version 2.0, April 2023. https://resource-solutions.org/wp-content/uploads/2015/07/The-Legal-Basis-for-RECs.pdf

[3] See Center for Resource Solutions (CRS), *State Clean Energy Standards: Designing Programs for Effective Emission Reductions*, Policy Brief, February 2025. https://resource-solutions.org/wp-content/uploads/2025/02/State-CES-Design-Brief.pdf.

System (M-RETS) has noted its procedure for issuing certificates for the carbon-free attributes of non-renewable fuels based on guidance provided by the Commission.[4]

CRS supports M-RETS's suggestion to issue Alternative Energy Certificates (AEC) for approved non-renewable fuels based on a formula that is either general to a specific fuel type or calculated more precisely by the Commission using project-specific data gathered directly from a utility's meters. The Commission should not permit attributes of non-renewable generation to be allocated and used to demonstrate compliance with the CFS unless certificates are issued under the conditions M-RETS outlines or if the utility can otherwise demonstrate contractual ownership of the relevant generation attributes.

Partial Compliance Using Carbon-free Portion of Net Wholesale Purchases

CRS raised concerns regarding application of a system-wide average fuel mix to calculate the portion of net purchases from MISO that may be applied for partial compliance with the CFS. A System-wide average fuel mix necessarily double-counts emissions attributes that have already been transacted, as well as misrepresents the carbon-free generation the utility may have contributed to the mix.

In initial comments submitted in this docket, CRS suggested that the Commission require reporting utilities to apply an eGrid-specific residual fuel mix to determine the percent of net wholesale purchases that are carbon-free and may count toward partial compliance with the CFS. To clarify, CRS strongly advocates that reporting utilities apply the most accurate residual fuel mix that can be calculated given available data.

While there may be no method currently available for tracking every power transaction that involves a Minnesota utility, reporting utilities should nevertheless

[4] See Midwest Renewable Energy Tracking System (M-RETS), *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. E-999/CI-23-151, filed January 29, 2025, p.1-2. https://www.edockets.state.mn.us/documents/%7B107CD694-0000-C31B-B1D6-E17A67394604%7D/download?contentSequence=0&rowIndex=1

calculate the most accurate residual fuel mix possible given the data that can be reasonably ascertained. Sources of this data include both MISO and M-RETS.

Coordinating with M-RETS, MISO can establish procedures for gathering from regulated utilities information on all transacted generation, aggregating it, and using it to calculate an applicable (and official) subregional residual fuel mix that each utility could use to determine how much of its net wholesale purchases may be applied for partial compliance with the CFS.[5]

An Applicable Subregional Fuel Mix

Several commenters, including Carbon Solutions Group (CSG), the Clean Energy Organizations (CEOs), and the Department of Commerce (DOC), advocate the use of a residual mix to determine the percentage of net wholesale purchases that are carbon-free. These respondents, however, suggest different subregions to use as the reference for calculating the carbon-free portion of wholesale purchases, ranging from the MISO North subregion (comprising Local Resource Zones 1-7)[6] to the individual utility itself.[7]

In initial comments, CRS suggested utilizing an eGRID-specific subregional fuel mix.[8] Ultimately, however, CRS supports the Commission defining within the contours of the CFS authorizing statute whatever subregion it deems applicable. As a matter of

[5] Both the California Independent System Operator (CAISO) and the Southwest Power Pool (SPP) are considering similar collaborations with REC tracking systems to coordinate aggregation of proprietary information from market participants to facilitate regional GHG emissions tracking and reporting across states with differing mitigation programs, as well as states without any binding GHG mitigation requirements at all.

[6] See Clean Energy Organizations (CEOs), *Initial 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. E-999/CI-23-151, filed January 29, 2025, p. 19. https://www.edockets.state.mn.us/documents/%7BC0C8B394-0000-CB52-8966-A8233C198268%7D/download?contentSequence=0&rowIndex=8

[7] See Carbon Solutions Group (CSG), *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. E-999/CI-23-151,* filed January 29, 2025, p.8. Without endorsing a utility-specific residual fuel mix, CRS nevertheless agrees with CSG that a utility-specific residual mix would necessarily encompass the utility's proprietary information about direct and independent contracts for specified generation that is not captured through existing REC tracking systems. Unless a residual mix calculated on any other level includes data about these contracts, a utility-specific calculation is likely the more accurate fuel mix. https://www.edockets.state.mn.us/documents/%7B30EEB394-0000-CC38-99CF-EE8D2E4EB5E8%7D/download?contentSequence=0&rowIndex=7

[8] Center for Resource Solutions (CRS), *Initial 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. E-999/CI-23-151, filed January 29, 2025, p. 8-11. https://www.edockets.state.mn.us/documents/%7B8036B494-0000-C71F-988A-E79AA7C9FE26%7D/download?contentSequence=0&rowIndex=16

accuracy, a MISO-wide residual mix should be applied to the utility's net-purchases from that market. Importantly, however, a residual fuel mix rather than a grid average mix should be used to determine the portion of wholesale purchases that can be applied for partial compliance. A residual mix calculation is the only method that avoids double counting carbon-free attributes that have been transacted to and are the exclusive property of voluntary procurers or other entities.

CRS has produced guidance for calculating a residual mix to characterize unspecified purchases from within the same wholesale market (e.g., ISO/RTO) made by load-serving entities when reporting emissions of greenhouse gases at a company or organizational level. CRS's *Guidance for Calculating Residual Mix* provides a general methodology for an appropriate calculation and identifies potential sources of data necessary for performing the calculation.[9]

Conclusion

To summarize, CRS strongly supports requiring utilities to acquire and retire RECs and AECs to demonstrate compliance with the CFS and adamantly recommends calculating the percentage of a utility's net purchases from an RTO that are carbon-free by applying a MISO subregional residual fuel mix.

Challenges that arise in requiring certificates for compliance are largely overcome by the Commission working with M-RETS to issue certificates for eligible non-renewable generation. Challenges in calculating an accurate subregional residual mix are solved by working with M-RETS to establish a residual mix issued by MISO that all utilities in a subregion may apply to determine the percentage of net wholesale purchases that count toward the CFS.

[9] See Center for Resource Solutions (CRS), *Guidance for Calculating a Residual Mix*, March 6, 2024. https://resource-solutions.org/document/030624/. Specifically, the use case that applies most directly to calculating a residual mix for wholesale market purchases (from within the same market) for state GHG reporting by load-serving entities is described in section 2.3 as unspecified purchases or wholesale market purchases and requires a Type A residual mix calculation (described on page 12).

CRS appreciates the opportunity to reply to comments on CFS compliance reporting and verification and is ready to assist the Commission in implementing reforms to the RES and CFS that expand the use of sustainable energy and reaffirm Minnesota as a clean energy leader.

Sincerely,
____/s/_____

Chris Cooper
Policy Director
Center for Resource Solutions (CRS)