



## Minnesota Center for Environmental Advocacy

March 18, 2021

Re: Meeting of the House Committee on Climate and Energy Finance and Policy

### **Testimony of Minnesota Center for Environmental Advocacy – H.F. 239 DE1**

Dear Chair Long and members of the House Climate and Energy Finance and Policy Committee,

Thank you for the opportunity to provide written testimony on the Natural Gas Innovation Act (H.F. 239 as amended by DE1). MCEA is a nonprofit organization with almost 50 years of experience using law and science to protect Minnesota's environment and the health of its people. Avoiding the worst impacts of climate change and protecting human health will require a concerted effort to reduce greenhouse gas emissions across Minnesota's economy, including from our gas utilities. Thus, MCEA applauds efforts to reduce greenhouse gas emissions in our building and industrial sectors. With carbon emissions *increasing* in these sectors since 2005 alongside increasing methane gas usage, how to decarbonize this part of the economy is a critical discussion. We support several pieces of this bill that would generate more climate and health benefits for Minnesota and help meet the state's climate targets. We do not support provisions in the bill that prioritize RNG and other gaseous fuels over other innovative solutions.

First, we support the direction to the Minnesota Public Utilities Commission (PUC) to open an investigatory docket into the future of natural gas utilities in Minnesota. This type of holistic planning will be critical to reducing emissions in the building and industrial sectors, and ultimately to reducing greenhouse gas emissions to the level that science demands.

Second, we support the opportunity for gas utilities to file innovative resource plans with the PUC that include lifecycle greenhouse gas accounting and progress towards Minnesota's greenhouse gas reduction goals. We also support the requirement that utilities filing innovative resource plans also submit reporting information across their entire system. This information is necessary for the PUC and the public to evaluate utilities' innovative plans, and to understand the full climate impacts of gas usage in Minnesota's buildings. Through both the innovative resource plans and additional reporting, the bill should also require utilities to demonstrate how their plans will reduce emissions consistent with Minnesota's climate targets.

Finally, we support the requirement that CenterPoint Energy include pilot programs for cold-climate air-source heat pumps and a district heating system in its first innovative resource plan. The bill should also require additional innovative pilot programs including geothermal systems. These technologies generate significant climate, economic, and health benefits compared to burning gas in homes, and should therefore be encouraged, particularly in residential buildings.

MCEA does not support provisions in the bill that prioritize renewable natural gas (RNG) and other gaseous fuels over other potential decarbonization solutions. For instance, specifying that 50 percent of spending must be on these fuels sends the wrong signal and would focus ratepayer funds on the wrong technologies. Rather, equal consideration should be given to other technologies that could



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provide significantly more climate benefits at a lower cost, such as strategic electrification and district heating.

While RNG may have a targeted role to play in a decarbonized future, MCEA has concerns with prioritizing RNG over other innovative and carbon-free solutions, particularly for use in residential and commercial buildings. The limited availability and high cost of RNG and its reliance on existing pipeline infrastructure severely restrict its potential as a direct replacement for fossil gas usage for space heating, water heating and cooking. In addition, the carbon benefits of RNG can be highly variable depending on how the fuel is sourced, and replacing fossil gas with other gaseous fuels does not address other issues like methane transmission leakage or the negative health impacts of burning methane gas in homes.

Rather than prioritizing RNG, the Act should encourage investment in technologies with the potential to drive the sort of transformative change we need. While RNG could replace a small amount of current fossil gas usage, other technologies—like electrification and district heating—have the potential to cost-effectively decarbonize the building sector at scale. Thus, MCEA opposes the specific carve out for RNG. Instead, we would support a technology-neutral approach that would ensure the technologies that create the most societal benefits would prevail.

Thank you for the opportunity to provide testimony on this important topic. We look forward to continuing the discussion about how to swiftly and effectively decarbonize Minnesota's gas utilities as the climate science demands.

Sincerely,

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Minnesota Center for Environmental Advocacy