STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

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October 16, 2026

In the Matter of Commission Investigation into Rate-Regulated Electric and Natural Gas Utility Service Affordability

Docket No. E,G999/CI-26-341

COMMENTS OF FRESH ENERGY

INTRODUCTION

Fresh Energy appreciates the Minnesota Public Utilities Commission's leadership in opening this investigation into energy affordability and the opportunity to provide comments. Affordable energy is essential to the health, well-being, and economic security of Minnesota households and businesses. While Minnesota's energy costs may compare favorably to national averages, those averages can obscure significant differences in what customers can afford. For many Minnesotans, particularly those with low and moderate incomes, energy bills represent a substantial financial burden. Fresh Energy believes this investigation presents an important opportunity to examine how Minnesota can ensure that all customers have access to affordable energy service, regardless of income.

Fresh Energy has a long history of advocating for clean energy investments that advance decarbonization while protecting and improving affordability. Thoughtful investments in renewable energy, energy efficiency, electrification, and other clean energy technologies can help manage long-term energy costs while delivering cleaner air, healthier communities, and a more sustainable energy system. However, realizing these benefits requires intentional policy and regulatory decisions to ensure that the costs and benefits of the clean energy transition are appropriately considered and that all Minnesotans have meaningful opportunities to benefit.

As Minnesota's energy system evolves, Fresh Energy believes the Commission should also consider whether the traditional approach to utility rates, which relies primarily on energy consumption and cost causation, is sufficient to ensure affordability for all customers. A more comprehensive framework would consider customers' ability to pay and establish clear affordability objectives to guide rate design, assistance programs, and other regulatory decisions. This approach would recognize that customers experience energy costs differently and that achieving affordable energy service may require different solutions for households with different financial resources.

In the comments that follow, Fresh Energy examines disparities in energy burden among Minnesota customers, discusses how clean energy investments and technologies can support affordability, and explores approaches that account for customers' ability to pay. Our goal is to support a comprehensive affordability framework that ensures all Minnesotans can afford essential energy service while Minnesota continues its transition to a cleaner and more equitable energy future.

RESPONSES TO WRITTEN COMMENT QUESTIONS

1. How are electric and natural gas costs affecting households, businesses, agricultural customers, and other customer groups in Minnesota?

Energy costs affect customer classes differently and significant variation exists within each class. Statewide and customer-class averages provide important information, but they can obscure significant differences.

Residential customers provide a clear example. The Minnesota Department of Commerce reports a median energy burden—the percentage of household income spent on energy[1]—of approximately 2 percent for households above 200 percent of the federal poverty level, compared with approximately 8 percent for income-eligible households.[2] For higher-income households, energy costs generally consume a relatively small share of available resources and may have little bearing on day-to-day financial decisions, leaving greater financial flexibility and capacity to focus on other priorities.[3] For many low- and middle-

[1] U.S. Department of Energy, "Low-Income Energy Affordability Data (LEAD) Tool," (hereinafter referred to as DOE LEAD Tool) Tool Accessed October 7, 2026, https://www.energy.gov/cmei/scep/low-income-energy-affordability-data-lead-tool. "Energy burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average housing energy cost by the average annual household income."

[2] Minnesota Department of Commerce, "Minnesota Energy Data Dashboard," at 10, (May 2022), Accessed October 12, 2026, https://mn.gov/commerce-stat/pdfs/mn-energy-data-dashboard.pdf.

[3] Harvard University, Joint Center for Housing Studies, "The Retrofit Gap: Disparities in Energy Insecurity and Homeowner Investment," (October 5, 2026), Accessed October 12, 2026, https://www.jchs.harvard.edu/blog/retrofit-gap-disparities-energy-insecurity-and-homeowner-investment. "Homeowners with incomes under $30,000 accounted for just 8.9 percent of total energy-related remodeling

income households, energy costs are a much more immediate consideration. Paying an electric or natural gas bill can affect decisions about what else the household can afford that month and how much remains for housing, food, transportation, health care, savings, and other needs. In this way, the impact of energy costs is not limited to the bill itself; it can also affect the choices, flexibility, and financial security available to a household.

The same affordability dynamic exists within other customer classes. Just as household income affects a residential customer's ability to manage energy costs, a business's size, operating margins, and energy needs affect its ability to absorb those costs. Energy costs may be readily manageable for some businesses, but are a significant operating expense for others, limiting their ability to compete, invest, hire, or expand. Agricultural customers likewise experience affordability differently depending on the type and scale of their operations and their energy needs. Across customer classes, affordability therefore depends not simply on the size of the energy bill, but on the customer's ability to absorb that cost without significantly constraining other needs and opportunities.

Energy affordability also depends on exposure to changing fuel prices. Natural gas prices can fluctuate significantly with changes in supply, demand, and weather, creating uncertainty for households and businesses that rely on natural gas. Electrification can reduce customers' exposure to these fluctuations, while energy efficiency can help reduce overall energy use and costs.

These differences underscore the importance of looking beyond statewide and customer-class averages. The Commission should examine how affordability varies within customer classes, including across income levels, geography, housing characteristics, heating sources, business size and type, and other factors that materially affect energy costs and the resources available to pay them. This examination can then inform targeted policies, such as transportation electrification, heat pumps for delivered fuel customers, and improved building weatherization measures. These policies should be considered in the context of Minnesota's transition to a carbon-free economy, while keeping energy affordable for both electric and natural gas customers.

Data alone, however, will not provide a complete picture of affordability or necessarily lead to solutions that work well for the customers they are intended to serve. Fresh Energy believes it is particularly important for the Commission to hear directly from customers, especially low- and middle-income customers, as it defines affordability and evaluates potential solutions.

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spending in 2023, while their share of energy-insecure owners was nearly three times as large. Owners earning $150,000 or more, meanwhile, accounted for nearly 40 percent of this spending, while these owners were only 9.9 percent of energy-insecure homeowners."

Customers bring a perspective that policymakers, utilities, and other stakeholders cannot fully replicate. A program or rate design may appear reasonable from an administrative or policy perspective but create practical barriers for the people expected to use it. Eligibility requirements, documentation, enrollment processes, communications, and other design choices can determine whether an otherwise well-intended policy actually works in practice.

Fresh Energy therefore recommends that customers at all income levels be meaningfully involved not only in identifying affordability challenges, but also in evaluating and shaping potential solutions. Doing so can improve the design of those solutions and provide greater confidence in the resulting framework.

Such an approach echoes Attorney General Ellison's recommendation to craft a more holistic definition of affordability during the initial Planning Meeting held on October 13, 2026.[4] The Office of the Attorney General raised definitions from RMI and from energy justice expert, Destenie Nock, PhD, (who led a panel on affordability at NARUC's 2026 Summer Policy Summit in Minneapolis)[5] which collectively aim to address the external factors that shape whether a customer can pay their electricity bills *without* sacrificing their dignity.[6, 7] When a new affordability framework and solution is ultimately adopted and implemented, customers should be able to recognize that people with circumstances and experiences like their own helped shape it—that the framework reflects an understanding of how they live, how they experience energy costs, and what will work in practice. Meaningful customer participation can help ensure that the resulting framework is not simply designed *for* customers, but designed *with* them.

2. What additional measures or metrics should be considered to evaluate affordability? What is creating the greatest affordability concerns?

Fresh Energy recommends energy burden as the primary starting point for evaluating residential natural gas and electricity affordability.[8] Energy burden is transparent, readily

[4] Office of the Attorney General, Residential Utilities Division, "Affordability for Residential and Small Business Utility Customers" Presentation (hereinafter referred to as Office of the Attorney General Presentation), (October 13, 2026), https://mn.gov/puc-stat/documents/pdf_files/OAG-RUD Presentation - Affordability for Residential and Small Business Utility Customers.pdf.
[5] Peoples Energy Analytics, "NARUC 2026: Dr. Destenie Nock on Energy Affordability" LinkedIn Post, (July 2026), Accessed October 14, 2026, https://www.linkedin.com/posts/dear-friends-on-sunday-july-19-our-ceo-share-7483930226868211713-NlI_/.
[6] Office of the Attorney General Presentation at 14-15.
[7] Office of the Attorney General, AGO Communications, "'It's hard to afford your life if you can't afford your electric bill': Attorney General Ellison addresses Public Utilities Commission hearing on affordability," (October 13, 2026), https://www.ag.state.mn.us/Office/Communications/2026/10/13_PUC.asp.
[8] DOE LEAD Tool, Accessed October 7, 2026, "Energy burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average housing energy cost by the average annual household income."

understood, and allows the Commission to compare affordability across income levels, customer groups, and geographic areas.

Energy burden, however, is not a perfect measure. Households with the same income and energy costs can have very different financial circumstances. A household paying significant childcare costs, for example, may have substantially fewer resources available than a household with the same income and energy burden but no childcare expenses. On the other hand, a household owning an EV may have a higher energy burden than an equivalent household with a gas car, but this household will have *lower* overall household expenditures from shifting dollars originally spent on gasoline into the utility bill. With this in mind, Fresh Energy recommends collecting data, disaggregated by race, on the following metrics to supplement and bolster an energy burden metric for an improved and holistic understanding of affordability:

- **A measure of Residual Income** could supplement energy burden in circumstances where it provides a more complete picture of a household's ability to pay. Such an approach would consider not only household income and energy costs, but the resources remaining after other necessary expenses. Fresh Energy does not recommend replacing energy burden with a more complex measure at this stage, but we believe the Commission should consider whether remaining-income approaches provide meaningful additional information that energy burden alone cannot capture.
- **Data on arrearages, late or partial payments, payment-plan participation, and disconnections** can provide important information about financial distress and the potential consequences of unaffordable energy costs. These indicators should not, however, be treated as substitutes for energy burden. A household may remain current on its energy bills by reducing spending on food, health care, childcare, savings, or other needs.
- **Measurement of transportation expenses** would be a particularly important measure for the Commission to have a more complete understanding of affordability and the impact that utilities can have on overall household budget. Transportation costs are rising more rapidly than all other household expenses. In the past year, gasoline prices have risen by over 45 percent, and this impact on affordability is not captured by the measure of energy burden.[9] Understanding how much Minnesotans are spending on transportation fuel offers important insights into how utility investments in transportation electrification can improve affordability for

[9] *Quartz*, "Gas prices have risen 45% since U.S.-Iran war began, straining American households," (June 1, 2026), Accessed October 12, 2026, https://qz.com/us-iran-war-gas-prices-households-financial-strain-060126.

households by helping customers adopt electric vehicles, which have lower overall fuel costs, maintenance costs, and total cost of ownership.[10]

- **Information about housing costs and characteristics, heating source, geography, and household composition** can help the Commission understand why energy burdens differ among households and help design specific programs that will improve energy efficiency and affordability. The objective should not be to create an unnecessarily large set of affordability metrics, but to use additional information where it helps answer a question that energy burden alone cannot.
- **Data regarding public health impacts** are also appropriate supplements to energy burden metrics. For example, some households may be below a given energy burden threshold only because of under-heating or under-cooling their domiciles. Inadequate weatherization and inefficient heating and cooling systems can make it harder for households to maintain safe indoor temperatures during extreme heat and cold. Further, gas appliances can contribute to indoor air pollution and pose combustion safety risks.[11] Conditions such as asthma, which "is the third most common chronic disease in Minnesota," adversely impact health and quality of life and contribute to healthcare costs which affect overall household budgets.[12] While beyond the scope of energy affordability, adverse health consequences of energy consumption do impact holistic affordability, and can be addressed through utility policy. According to the Minnesota Department of Health, asthma, which is triggered by and sometimes attributable to combustion pollutants, costs Minnesota billions of dollars in both direct medical costs, and indirect costs such as missing work or school.[13] The Commission should consider how weatherization, adequate cooling, and efficient electric heating and cooking systems can reduce these risks while lowering household energy costs.

These pressures are not experienced equally. Higher-income households generally have greater capacity to absorb increases in energy and other costs without materially changing how they live. Furthermore, many clean technologies which reduce long-run costs or

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[10] Plug in America, "EVs still have the lowest total cost of ownership," (October 1, 2025), Accessed October 14, 2026, https://pluginamerica.org/evs-still-have-the-lowest-total-cost-of-ownership/.

[11] COPAL, Ayada Leads, Health Professionals for a Healthy Climate (HPHC), University of Minnesota Medical School, and Resilient Communities & Cities, "Initial Comments Re: In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals," (herein after referred to as COPAL Initial Comments), (July 9, 2025), Accessed October 14, 2026, Docket Number G999/CI-21-565, https://efiling.web.commerce.state.mn.us/documents/%7BC060EF97-0000-C218-88F6-7C726CDD2172%7D/download?contentSequence=0&rowIndex=4.

[12] Minnesota Department of Health, "Minnesota's Strategic Framework to Address Asthma 2026-2030 Breathe Better Minnesota," (2026), Accessed October 16, 2026, https://www.health.state.mn.us/diseases/asthma/about/stateplan.html.

[13] *Ibid.*

provide health and well-being benefits, such as electric vehicles, heat pumps, and rooftop solar, have high upfront costs making them unaffordable or inaccessible to lower-income or renter households. For many low- and middle-income households, there is considerably less room in the household budget to accommodate increased energy costs or adapt through adopting new technologies to help mitigate those costs. As energy and other necessary expenses consume a greater share of available resources, households have less financial flexibility to invest in education, save for retirement, participate in their communities, enjoy discretionary activities, respond to unexpected expenses, or pursue other opportunities that contribute to a full and financially secure life.

3. **What actions could most effectively improve utility affordability?**

Fresh Energy believes that improving affordability requires keeping the underlying cost of energy as low as reasonably possible and ensuring that the bills customers are asked to pay reflect their ability to pay. Targeted investments in energy efficiency, electrification, and other clean energy solutions can help reduce customers' energy costs, while an affordability framework that considers ability to pay can ensure that essential energy service remains affordable across income levels.

Affordability for All Minnesotans

Fresh Energy believes an effective long-term approach to affordability must address both the underlying cost of the energy system and consider a customers' ability to pay. Keeping the cost of providing energy as low as reasonably possible should be a central objective. At the same time, even a well-managed, cost-effective system can produce bills that are readily affordable for some customers and difficult or impossible for others to manage.

The concept of ability to pay is not new to Minnesota utility policy. Minnesota law already directs the Commission to consider customers' ability to pay in establishing low-income affordability programs. This investigation provides an opportunity to consider how that same concept can inform a broader approach to affordability, including for middle-income customers and others who may not qualify for existing low-income programs but nevertheless experience significant energy burdens.

Ability to pay is also reflected in other important systems. The tax system, for example, generally recognizes that the same financial obligation can impose very different burdens on people with different financial resources and accounts for differences in income and household circumstances rather than requiring every household to contribute the same amount.

Utility rates serve a different purpose and must appropriately account for the costs of providing service. But the underlying concept is relevant to this investigation: the same energy bill can be readily manageable for one household and unaffordable for another. A meaningful affordability framework should therefore consider not only what it costs to provide energy service, or what a just and reasonable rate for utility cost recovery should be, but also what customers can reasonably afford to pay for the energy they need.

One approach the Commission should consider is establishing an **energy-burden target or cap** and designing rates, discounts, or other mechanisms to help customers remain below that level. The U.S. Department of Energy considers an energy burden of 6 percent or greater to be a high energy burden.[14] Minnesota has also identified 5 percent as an important affordability benchmark.[15] The 2022 Minnesota Climate Action Framework established a goal that, by 2030, at least 80 percent of Minnesotans spend less than 5 percent of household income on energy costs.[16] The updated 2026 Climate Action Framework retains the 5-percent benchmark, while focusing the goal more specifically on households that are income-eligible for energy assistance programs.[17] ACEEE has conducted extensive research on energy burden. A September 2024 update to their 2020 energy burden policy brief included data on energy burdens experienced by highly impacted groups (meaning low-income households, Black households, and Hispanic households) in 25 cities across the U.S., including Minneapolis.[18] They found "that 25% of all low-income households in the United States have an energy burden above 15.2%."[19] Energy burdens above 10 percent are considered severely energy burdened, according to their analysis.[20] The Minneapolis-specific data is included in Appendix A.

ACEEE's Minneapolis data demonstrate how aggregate energy burden measures can mask significant affordability challenges. While the median energy burden across all Minneapolis

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[14] DOE LEAD Tool, Accessed October 7, 2026, "A household with 6% or greater energy burden is considered to be a high energy burden household. According to data on the LEAD tool, the national average energy burden for low-income households is 6% (i.e. an AMI of 0-80% as defined by the U.S. Department of Housing and Urban Development), which is three times higher than that for non-low-income households, which is estimated at 2%. In some areas, depending on location and income, energy burden can be higher than 30%. Per the data available from the U.S Census Bureau's American Community Survey (ACS) data, 42% of U.S. households, or about 51 million, are identified as low-income."

[15] Electricity costs for fueling an electric vehicle could be excluded from this cap to ensure the measure of energy burden captures the same bundle of expenditure types for all households.

[16] Our Minnesota Climate, "Minnesota's Climate Action Framework," at 50 (2022), Accessed October 7, 2026, https://www.lrl.mn.gov/docs/2022/other/221116.pdf.

[17] Our Minnesota Climate, "Climate Action Framework 2026," Accessed October 7, 2026, https://climate.state.mn.us/sites/climate-action/files/cc-mn4-04.pdf.

[18] ACEEE, Policy Brief "Data Update: City Energy Burdens," (hereinafter referred to as ACEEE Data Update), (September 2024), Accessed October 9, 2026, https://www.aceee.org/resource/data-update-city-energy-burdens/.

[19] *Ibid.* at 1.

[20] *Ibid.* at 3-4 and 8.

households is 2.2 percent, the median burden for low-income households is 7.2 percent—more than three times as high. Moreover, one-quarter of low-income Minneapolis households experience energy burdens of at least 14 percent, with that figure rising to 15.9 percent among low-income homeowners. These findings underscore the importance of examining energy affordability across different income levels and household circumstances rather than relying solely on citywide or statewide averages.

These benchmarks provide a useful starting point for this investigation. If the purpose is to identify what affordable energy service should look like in Minnesota, an energy burden that is considered "high" should not be considered an affordable outcome. Minnesota's continued use of a 5-percent benchmark further supports consideration of whether an appropriate affordability standard should fall below the 6-percent high-burden threshold. This investigation also provides an opportunity to consider how such a standard should apply more broadly, including to middle-income households that may experience significant energy burdens but fall outside existing energy-assistance eligibility thresholds—a complex problem frequently referred to as "benefits cliffs".[21]

Related approaches include income-based rates or discounts and percentage-of-income payment structures, both of which seek to better align what a household is asked to pay with its financial resources.

Under an income-based rate or discount, a customer's otherwise applicable utility bill is reduced based on the customer's income or income tier. Lower-income households generally receive a larger discount, while households with greater financial resources receive a smaller discount or no discount. This approach retains the underlying rate structure but adjusts the amount ultimately paid by income-qualified customers. California, for example, provides income-qualified customers participating in its CARE Program with discounts of approximately 30-35 percent on electric bills and 20 percent on natural gas bills.[22]

Illinois has also adopted income-based affordability programs for its major electric and natural gas utilities.[23] ComEd offers tiered electric bill discounts ranging from 5 to 80

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[21] National Conference of State Legislatures, "Introduction to Benefits Cliffs and Public Assistance Programs," (December 27, 2024), Accessed October 15, 2026, https://www.ncsl.org/human-services/introduction-to-benefits-cliffs-and-public-assistance-programs.

[22] California Public Utilities Commission, "California Alternative Rates for Energy (CARE)," Accessed October 12, 2026, https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/care-fera-program.

[23] Office of the Governor J.B. Pritzker, "Press Release: Gov. Pritzker Signs Legislation to Lower Energy Costs and Increase Transparency for Illinois Consumers," (July 9, 2026), Accessed October 12, 2026, https://gov-pritzker-newsroom.prezly.com/gov-pritzker-signs-legislation-to-lower-energy-costs-and-increase-transparency-for-illinois-consumers. See also https://icc.illinois.gov/consumers/utility-energy-assistance.

percent for eligible households through a five-tier system that accounts for household income, household size, and the utility's cost of service.[24] Eligible customers with incomes up to 300 percent of the federal poverty level may qualify for assistance.[25] Ameren Illinois uses a different approach, offering an electric affordability program for customers with incomes up to 300 percent of the federal poverty level designed to limit electric bills to 3 percent of verified household income for customers who do not heat with electricity and 6 percent for customers who use electric space heating.[26] Illinois' major natural gas utilities—Ameren Illinois, Nicor Gas, Peoples Gas, and North Shore Gas—also offer five-tier income-based discounts ranging from 5 to 84 percent, depending on household income, household size, and the utility.[27]

A percentage-of-income approach ties the amount a household is expected to pay for energy directly to its income. Rather than applying a predetermined discount to the customer's utility bill, the approach first identifies the percentage of household income considered affordable and then determines the customer's expected payment based on that amount. For example, if the affordability standard were 5 percent, the payment structure would be designed so that a participating household would not be expected to spend more than approximately 5 percent of its income on covered energy costs.

Some jurisdictions effectively combine these approaches. Massachusetts recently directed electric and gas utilities to implement six tiers of income-based discounts, but the discounts are calculated to achieve specified energy-burden targets. For households at or below 100 percent of the federal poverty level, the target is a total energy burden of 4 percent; for the remaining eligible income tiers, the target is generally 6 percent.[28] Thus, the mechanism is a tiered discount, but the amount of the discount is designed around an affordability outcome.

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[24] ComEd, "Low Income Discount (LID) Program," Accessed October 14, 2026, https://www.comed.com/my-account/customer-support/payment-assistance/low-income-discount-program. ComEd's December 1, 2025, press release announcing this new program is also helpful for understanding enrollment eligibility, how long enrollment remains active, other programs participants may be eligible for, and the reasoning behind why the program aims to keep participants' energy burdens below 6%. The press release can be found here: https://poweringlives.comed.com/comed-announces-upcoming-launch-of-low-income-discount-program/.

[25] *Ibid.*

[26] National Consumer Law Center, "Minnesota Public Utilities Commission Energy Affordability Information Session: Essential Protections for Financially At-Risk Consumers," Presentation at 22 (October 13, 2026), https://mn.gov/puc-stat/documents/pdf_files/NCLC CORRECTED .pdf.

[27] Citizens Utility Board of Illinois, "CUB Q&A: The Low-Income Discount Rate (LIDR) Program for gas customers | Citizens Utility Board," (December 16, 2025), Accessed October 14, 2026, https://www.citizensutilityboard.org/blog/2025/12/16/helpful-info-on-the-low-income-discount-rate-for-gas-customers-in-il-info/.

[28] The Commonwealth of Massachusetts, Department of Public Utilities, "Phase I Order on Tiered Discount Rates," at 10, (February 17, 2026), Accessed October 12, 2026, D.P.U. 24-15-B, https://www.mass.gov/doc/phase-i-order-on-tiered-discount-rates/download.

Although these approaches differ in design, administration, eligibility, and how directly the resulting bill corresponds to a particular energy-burden target, they share an important feature: they seek to build affordability into what customers are asked to pay, rather than providing assistance only after a customer is unable to pay a bill. The experiences of California, Illinois, Massachusetts, New York, and other jurisdictions offer useful examples of how rates and discounts can be structured to improve affordability.

While these state approaches represent important steps toward improving energy affordability, they generally limit assistance to households below specified income thresholds. As a result, many middle-income households that struggle to afford their energy bills may not qualify for assistance.[29] Minnesota has an opportunity to build on these approaches by establishing a comprehensive affordability framework that considers households across the full income spectrum. Rather than focusing solely on which customers qualify for discounts, the Commission could begin by defining what constitutes an affordable energy bill at different income levels and then design rates, discounts, or other measures to achieve that outcome. Under such a framework, customers with greater financial resources may be able to afford their bills without assistance, while those with fewer resources would receive support appropriate to their circumstances. This would help low- to moderate-income customers avoid cliffs where a modest pay raise effectively weakens their financial position due to loss of a benefit.[30] The ultimate objective would be to ensure that all Minnesota households, regardless of income, can afford essential energy service.

The system should also be simple from the customer's perspective. Today, customers experiencing difficulty paying their energy bills may need to navigate different programs, eligibility requirements, applications, documentation, and enrollment processes. Government agencies, utilities, and other institutions should be able to work together more effectively to determine eligibility and provide the appropriate rate, discount, or assistance with as little burden on the customer as practicable.

Other states have already made important progress toward this objective. New York automatically enrolls certain customers receiving public assistance in its Energy Affordability Program.[31] Illinois provides automatic enrollment in income-based utility

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[29] National Conference of State Legislatures, "Introduction to Benefits Cliffs and Public Assistance Programs," (December 27, 2024), Accessed October 15, 2026, https://www.ncsl.org/human-services/introduction-to-benefits-cliffs-and-public-assistance-programs.

[30] *Ibid.*

[31] Office of the Governor Kathy Hochul, "Press Release: Governor Hochul Announces 2.5 Million More New York Households Are Eligible to Get Discounts on Utility Bills," (September 15, 2026), Accessed October 12, 2026, https://www.governor.ny.gov/news/governor-hochul-announces-25-million-more-new-york-households-are-eligible-get-discounts.

discounts for certain customers already participating in public assistance programs,[32] while Massachusetts is automatically transitioning existing discount recipients to its new tiered discount structure beginning in November 2026.[33] Although these approaches do not eliminate all enrollment requirements, they demonstrate how coordination between government agencies and utilities can reduce the burden on customers. Minnesota has an opportunity to build on these efforts and explore how automatic enrollment could operate across a broader range of household incomes, including for customers who do not participate in existing public assistance programs.

Minnesota can build on existing state practices for sharing income and eligibility information across government agencies. State agencies already share certain income and eligibility information to administer public assistance programs. For example, Minnesota law authorizes the Department of Revenue to share specified tax information with the Department of Human Services to verify eligibility for MinnesotaCare and Medical Assistance.[34] Minnesota also has statutory provisions allowing the Department of Commerce to share limited Energy Assistance Program information with other state agencies for certain eligibility purposes.[35] These existing arrangements demonstrate that government agencies can coordinate the use of sensitive information to administer public benefits while maintaining privacy protections. They also provide useful precedents for considering whether additional statutory authority could support more streamlined enrollment in utility affordability programs.

Minnesota could build on these practices by exploring a data-sharing arrangement between the Department of Revenue and the Department of Commerce that would allow verified household income information to be used to determine the appropriate affordability treatment for utility customers across income levels. Commerce could then provide utilities with the applicable income tier, discount, or payment determination without disclosing the customer's underlying tax information. Such a system would require appropriate statutory authority, privacy safeguards, and procedures for matching households to utility accounts, but it could allow utilities to apply income-based rates, discounts, or other assistance more automatically. Customers would not need to repeatedly provide income documentation or navigate separate application processes simply to receive a bill they can afford.

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[32] Citizens Utility Board of Illinois, "CUB Q&A: The Low-Income Discount (LID) Program for ComEd customers," (December 17, 2025), Accessed October 12, 2026, https://www.citizensutilityboard.org/blog/2025/12/17/cub-qa-the-low-income-discount-lid-program-for-comed-customers/.

[33] The Commonwealth of Massachusetts, Department of Public Utilities, "Phase I Order on Tiered Discount Rates," at 10, (February 17, 2026), Accessed October 12, 2026, D.P.U. 24-15-B, https://www.mass.gov/doc/phase-i-order-on-tiered-discount-rates/download.

[34] Minn. Stat. §270B.14 Subd. 1.

[35] Minn. Stat. §216C.266.

More broadly, the administrative burden of making an affordability system work should rest primarily with government agencies and utilities, which have the resources and institutional capacity to coordinate information and administer programs, rather than with customers experiencing financial hardship. An affordability framework should be designed so that customers across income levels provide as little additional information and take as few additional steps as reasonably necessary to receive an affordable bill.

Finally, whatever affordability approach Minnesota ultimately adopts should include a robust evaluation and reporting to determine whether the approach is achieving its intended outcomes. The evaluation and reporting should identify how many customers participate in any program that may be developed and/or whether the approach actually reduces energy burden.

Clean Energy Investments to Improve Affordability for All

Clean energy investments can reduce a customer's underlying energy costs and can provide overall grid benefits that reduce the need for costly system investments. For example, households that rely on expensive delivered fuels for heating may be able to reduce total energy costs through efficient heat pumps and weatherization.[36] Businesses with substantial gasoline or diesel expenses may similarly benefit from transportation electrification. Both heat pumps and electric vehicles can provide substantial grid benefits, particularly when paired with demand management programs[37] and, in the case of electric vehicles, bidirectional technology that can integrate into Vehicle-to-Grid (V2G) programs, which can provide 5 to 15 times more value to the grid than traditional load management programs.[38] Energy efficiency, electrification, and other clean energy solutions can therefore be important affordability tools on both the individual and system level.

Fresh Energy believes that affordability can be effectively improved through targeted investments that can reduce customers' energy costs while advancing Minnesota's clean energy and climate goals. These objectives are closely connected. Investments in energy efficiency, electrification, demand flexibility, and clean electricity can reduce or stabilize energy costs while also reducing emissions. At the same time, maintaining affordable electric rates will become increasingly important as Minnesota households and businesses

[36] RMI, "Lower Bills, Cleaner Air: Heat Pump Benefits for Homes Relying on Delivered Fuels," (May 7, 2025), Accessed October 12, 2026, https://rmi.org/resources/lower-bills-cleaner-air-heat-pump-benefits-for-homes-relying-on-delivered-fuels/.
[37] *WeaveGrid, "*The Value of Managed Charging," (March 5, 2026), Accessed October 14, 2026, https://www.weavegrid.com/news/cost-effective-ev-managed-charging.
[38] Utility Dive, "V2G could deliver 15 times more value than one-way managed EV charging: report," (July 29, 2026). Accessed October 15, 2026, https://www.utilitydive.com/news/v2g-could-deliver-15-times-more-value-than-one-way-managed-ev-charging-rep/826458/.

rely more heavily on electricity for transportation, building heating, and industrial processes. Customers are less likely to adopt electric vehicles, heat pumps, and other electric technologies if the electricity needed to operate them is prohibitively expensive.

Buildings

Energy efficiency provides one of the clearest opportunities to advance affordability and climate goals together. Investments that reduce the amount of energy needed to heat, cool, and power buildings, such as weatherization and pre-weatherization improvements, can produce durable bill savings while reducing emissions and demand for energy during peak periods. These investments are particularly important for low-income customers living in older or less efficient housing, where high energy use can contribute to high energy burdens and make it harder to afford essential household expenses.

Minnesota's Energy Conservation and Optimization (ECO) programs are an important tool for making these investments. ECO's dedicated investments in programs serving income-eligible customers can help households make efficiency improvements that may otherwise be unaffordable. Strengthening these programs addresses affordability at its source by reducing the amount of energy customers need, rather than relying exclusively on assistance to pay their energy bills. Fresh Energy has worked to strengthen ECO programs and incentives to make efficiency and clean-energy improvements more accessible to low-income customers.

Fresh Energy has also worked to advance a strong energy code since our inception, to ensure that more efficiency measures are included in buildings when it is most cost effective: during initial construction. Both utilities and the State of Minnesota should continue to identify opportunities to strengthen support for code compliance, which will ensure that residents and businesses reap the full affordability benefits of Minnesota's energy code.

Building electrification can provide additional opportunities to lower energy costs and emissions, particularly when customers replace aging fossil-fuel equipment with highly efficient electric technologies such as heat pumps. Fresh Energy has advocated for ECO programming that reduces barriers to efficient fuel-switching for low-income and multifamily customers: helping more households with the highest energy burdens participate in and benefit from the transition to electrified heating and appliances. These

benefits also include reducing the public health and safety concerns of gas combustion in homes,[39] as well as protecting households from volatile gas prices.[40]

Many rural households in Minnesota rely on delivered fuels such as propane and fuel oil for heating.[41] Switching to heat pumps can provide these households with substantial savings. Rural Minnesota households using delivered fuels could save an average of $550 annually—and over $8,000 over the lifetime of the equipment—by switching to heat pumps.[42] In addition to lowering energy costs, air-source heat pumps provide the added benefit of air conditioning, offering critical relief during extreme heat events without requiring households to purchase separate cooling equipment. They can also help keep homes cool during wildfire smoke events, when it may be unhealthy to open windows.

Heat pumps can also help manage electric and gas system costs. Because Minnesota's electric system peaks in the summer, additional winter electricity use from heat pumps can make better use of existing system capacity and help limit the need for additional investments compared with adding demand during summer peak periods.[43] A recent RMI report finds that strategically deploying heat pumps in homes can improve utilization of existing electric grid capacity and put downward pressure on electricity rates in summer-peaking states like Minnesota.[44] RMI estimates that deploying heat pumps in 2.1 million Minnesota homes could reduce residential electricity rates by roughly 18 percent, saving residents $610 million annually compared with what rates would otherwise be.[45] Rate designs that account for hourly and seasonal differences in electricity demand can help reduce costs for heat pump customers while making better use of the electric system. Heat

[39] COPAL Initial Comments.
[40] Rewiring America, "Energy Bill Security for American Households Through Electrification," (December 2021), Accessed October 14, 2026, https://www.rewiringamerica.org/research/energy-bill-security.
[41] Fresh Energy, "Hidden beneath our feet: Minnesota's growing decarbonization challenge," (March 2024), https://fresh-energy.org/wp-content/uploads/2024/04/White-Paper-Minnesotas-Decarbonization-Challenge-040824.pdf.
[42] RMI, "Lower Bills, Cleaner Air: Heat Pump Benefits for Homes Relying on Delivered Fuels" (May 2025), Accessed October 14, 2026, https://rmi.org/lower-bills-cleaner-air-heat-pump-benefits-for-homes-relying-on-delivered-fuels.
[43] RMI, "Designing Better Rates for Heat Pump Customers," (June 2026), Accessed October 13, 2026, https://rmi.org/resources/designing-better-rates-for-heat-pump-customers/.
[44] RMI, "The Opportunity for Heat Pumps to Put Downward Pressure on Electricity Rates," (October 2026), Accessed October 15, 2026, https://rmi.org/resources/the-opportunity-for-heat-pumps-to-put-downward-pressure-on-electricity-rates/.
[45] RMI, "Minnesota Can Put Downward Pressure on Electricity Rates by Deploying Heat Pumps to Better Utilize the Grid" (October 2026), Accessed October 15, 2026, https://rmi.org/app/uploads/dlm_uploads/2026/10/electrification-grid-factsheet-mn.pdf.

pumps can also reduce annual gas demand and create opportunities to avoid or defer costly gas infrastructure investments.[46]

Regular assessment of non-pipeline alternatives can help identify lower-cost ways to meet gas system needs without investing in expensive pipeline replacement or expansion projects.[47] Targeted heat pump adoption, energy efficiency, weatherization, and demand response can reduce or shift gas demand and create opportunities to defer or avoid infrastructure spending. Fresh Energy is engaged in Minnesota's gas resource planning process, where these alternatives can be evaluated to determine whether they can meet system needs at lower cost than pipeline investments, saving customers money.

Fresh Energy has also advocated for maintaining the current statutory sunset of Minnesota's Gas Utility Infrastructure Cost (GUIC) rider. The rider allows utilities to recover certain infrastructure replacements costs outside the comprehensive review of a general rate case. Sunsetting the rider would ensure that these investments receive more comprehensive scrutiny through the traditional regulatory process, including consideration of whether non-pipeline alternatives could meet system needs at a lower cost. This would help protect customers from expensive, avoidable infrastructure costs as building heating systems evolve and gas demand changes. A growing body of research and policy developments in other states highlights the importance of this approach.[48]

Transportation

Transportation is the second-largest household expense for Twin Cities Metropolitan Area residents, accounting for 16 percent of household spending, behind housing at 32

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[46] Energy Innovation, "Analyzing the Gas System: A Framework to Reduce Consumer Costs and Risks," (2025), https://energyinnovation.org/report/analyzing-the-gas-system-a-framework-to-reduce-consumer-costs-and-risks/.

[47] Lawrence Berkeley National Laboratory, "Framework for Non-Pipeline Alternatives Analysis," (2023), Accessed October 13, 2026, https://emp.lbl.gov/publications/framework-non-pipeline-alternatives.

[48] Future of Heat Initiative, "Minnesota Gas Primer," (February 2026), Accessed October 15, 2026, https://static1.squarespace.com/static/66709b162534097dc14f6ecd/t/69987ff0b994e3554dc6396b/1771601904359/FoHI-Gas-Primer-MN.pdf;
Energy Innovation, "Analyzing the Gas System: A Framework to Reduce Consumer Costs and Risks," (2025), Accessed October 15, 2026, https://energyinnovation.org/report/analyzing-the-gas-system-a-framework-to-reduce-consumer-costs-and-risks/;
Inside Climate News, "The Hidden Culprit Behind Rising Gas Utility Bills," (April 7, 2026), Accessed October 15, 2026, https://insideclimatenews.org/news/07042026/the-hidden-culprit-behind-rising-gas-utility-bills/;
Dorie Seavey, "Massachusetts (and All States) Should End Accelerated Cost Recovery for Gas Pipeline Replacement," (June 30, 2026), Accessed October 15, 2026, https://basedrates.substack.com/p/massachusetts-and-all-states-should;
New York Focus, "New York Lawmakers Want to Put Pipeline Spending on the Map," (February 4, 2026), Accessed October 15, 2026, https://nysfocus.com/2026/02/04/leak-gas-pipeline-new-york-national-grid.

percent.[49] These figures do not reflect more recent increases in gasoline prices, which have risen by 45 percent since last year at this time.[50] As the Commission considers an affordability framework that accounts for customers' ability to pay for utility bills, it should also consider how utility support for transportation electrification can help alleviate the burden of other expenses, particularly for those who spend a significant amount of their budgets on vehicle fuel. Transportation electrification is a particularly salient opportunity to alleviate the immediate burden of rising transportation fuel costs for EV adopters while simultaneously mitigating energy burden from electric rates for all ratepayers by improving grid utilization.

This is possible due to the immediate cost savings provided by electric fuel, and through the grid benefits provided by adding highly flexible, off-peak, load to the electric system. At Xcel Energy's current off-peak price for its EV Accelerate at Home program of 3.8 cents per kWh, EV owners' fuel costs are the equivalent of approximately 29 cents per gallon.[51] These fuel savings are bolstered further by lower overall maintenance costs for EVs. Even for customers who do not own EVs, there is reason for optimism about how transportation electrification can improve affordability. A 2024 analysis from Synapse Energy Economics has shown that even without managed charging programs in Minnesota, "the annual revenue [from electric vehicle electricity sales] exceeds the cost of serving EV load by about $330 million in the High EV Case and $164 million in the Low EV Case".[52] These revenues in excess of system costs help utilities reach their revenue requirements with lower rates for all customers. Utility investments that promote electric vehicle adoption—either through supporting charging infrastructure, vehicle incentives, or affordable rate designs—promote both near-term savings for EV adopters and long-term electric system affordability all while helping our state meet its climate goals and improving air quality.

Utilities have other venues for supporting transportation affordability beyond promoting personal vehicle ownership. Supporting electric vehicle carshare,[53] electric bicycle

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[49] U.S. Department of Labor, U.S. Bureau of Labor Statistics, Midwest Information Office, "Consumer Expenditures in the Minneapolis Metropolitan Area—2023–24," (January 21, 2026), Accessed October 12, 2026. https://www.bls.gov/regions/midwest/news-release/consumerexpenditures_minneapolis.htm.
[50] *Quartz*, "Gas prices have risen 45% since U.S.-Iran war began, straining American households," (June 1, 2026), Accessed October 12, 2026, https://qz.com/us-iran-war-gas-prices-households-financial-strain-060126.
[51] Calculated using Xcel's current EV Accelerate at Home off-peak price and assuming 3.5 mi/kWh efficiency EV and the U.S. average efficient gasoline vehicle (27 mpg) as a comparison for gasoline range equivalence.
[52] Minnesota Department of Commerce, Division of Energy Resources, Prepared for by Synapse Energy Economics, Inc., "Charging Minnesota's Electric Vehicles: Strategies that Work for the Electric Grid and Consumers." at 25, (October 11, 2024), Accessed October 12, 2026, https://mn.gov/commerce-stat/energy/data-reports/CARD_240939_EV_Adoption_Final_Report_ADA.pdf.
[53] As of this submission, HOURCAR—operator of Evie—has announced its closing, but the opportunity for EV carshare in the Twin Cities Metro and Minnesota remains. The EV Spot Network, a project between Cities of Saint Paul and Minneapolis and Xcel Energy, will remain open for use by EV drivers.

adoption, and transit also helps to make transportation more affordable for all Minnesotans, not just those who can afford to buy a car. Electric utilities have taken some important steps to promote affordability in this space in the recent Transportation Electrification Plans and ECO proceedings, but more can be done to further accelerate these improvements and reap the corresponding affordability benefits.

Industry

Targeted energy-efficiency, electrification, and demand-management investments can likewise help industrial and commercial customers reduce emissions while managing energy costs. For businesses, affordability affects not only the amount paid on a utility bill, but also their ability to innovate, operate, compete, invest, hire, and grow. Policies that help businesses use energy more efficiently or shift consumption to periods when the system has available capacity can therefore support both decarbonization and economic competitiveness. However, even with significant efficiency upgrade and/or load-shifting opportunities offered by modern industrial electrification technologies, industrial customers are struggling to embrace adoption of these beneficial decarbonization solutions due to the relatively high cost of electricity compared to fossil fuels, which is a distinct affordability challenge, referred to as the "spark gap."[54]

The affordability implications of commercial and industrial customers also extend to the rest of the utility system. Residential affordability does not exist in isolation. Commercial and industrial customers account for a substantial share of electricity use and utility revenues, and the rates they pay, the costs they create, and the way system costs are allocated among customer classes can materially affect the costs ultimately borne by residential customers.

For that reason, commercial and industrial rate design is an important component of protecting residential affordability. The objective should not be simply to shift costs from residential customers to commercial and industrial customers. Rather, rates should appropriately reflect the costs of serving different customer classes and protect residential customers from bearing an unreasonable share of costs created by other customers.

At the same time, commercial and industrial load can create benefits for the broader system. Customers who make efficient use of existing infrastructure, increase electricity sales without requiring proportionate new investment, or use electricity during periods when the system has available capacity may help spread fixed system costs across a larger amount of electricity consumption. Thoughtful commercial and industrial rate design

[54] Fresh Energy, UC Santa Barbara | The 2035 Initiative, "Advancing Industrial Electrification in Minnesota," (April 2026), https://www.2035initiative.com/reports/mn-industrial-electrification.pdf.

should seek to capture those benefits where they exist and ensure that they contribute to affordability for the system as a whole.

This relationship will become increasingly important as Minnesota experiences significant new electricity demand. Large new loads can require substantial generation, transmission, distribution, and other infrastructure investments. Rate structures should ensure that customers creating those costs bear an appropriate share of them and that existing residential customers are protected from unreasonable cost shifts. At the same time, where new load generates revenues or improves utilization of existing infrastructure in ways that benefit other customers, those benefits should also be recognized. If done right, industrial electricity rate designs that promote efficiency and flexibility can promote adoption of technologies that support effective grid utilization, possibly putting downward pressure on rates for other customer classes.

Just as households differ in their ability to absorb energy costs, businesses differ substantially in their ability to do so as well. Business size, operating margins, energy intensity, and other characteristics can affect whether energy costs materially constrain a business's ability to operate, compete, invest, hire, or grow. A comprehensive affordability framework should therefore seek to keep energy affordable across customer classes while recognizing the important relationship among them.

Clean Electricity

An affordable, reliable, increasingly clean electric system is the foundation for decarbonization across each of these sectors. As more vehicles, buildings, and industrial processes rely on electricity, the cost of electric service will increasingly affect the economics of decarbonization. Keeping electricity affordable is therefore important not only to protect customers from high bills, but also to advance Minnesota's clean energy and climate goals.

The Commission can support both objectives by continuing to carefully evaluate the need, timing, and cost of utility investments; encouraging competitive procurement; improving utilization of existing infrastructure; and using energy efficiency, demand flexibility, storage, and other resources where they can avoid or defer more expensive system investments. The objective should be to build the clean, reliable electric system Minnesota needs while obtaining as much value as reasonably possible from the investments customers are asked to fund.

Minnesota's resource planning framework is critical for delivering affordable electricity to ratepayers and the Commission must carefully consider affordability when making resource planning decisions. It is crucial that this consideration goes beyond a simple

evaluation of a plan's present value revenue requirement (PVRR) to more fully evaluate how utility resource decisions expose customers to financial risk. While PVRR remains a useful measure of overall system cost, no single metric can fully capture affordability. The Commission should evaluate resource plans through a broader lens that considers customer exposure to financial risk. For example, while utilities have historically relied on large, thermal generating resources like gas and coal to serve customers, these resources are becoming increasingly risky for customers. First, such resources expose ratepayers to significant financial risk. Minnesota's 100% Carbon-Free Law ("Carbon-Free Standard" or "CFS") requires utilities to reduce carbon emissions by 100% by 2040.[55] There are multiple approaches utilities can take to comply with this law, each of which includes different costs and impacts to ratepayers. For example, while a utility could build thermal resources and purchase unbundled RECs to comply with the CFS, this carries significant cost risk by exposing customers to uncertain future costs in the form of REC purchases. To protect against these risks, the Commission should require utilities to consider compliance costs when evaluating these resources in its planning models, as it did of Minnesota Power in its recent IRP decision (Docket No. 25-127). Reflecting compliance costs up front ensures capacity expansion models can accurately compare the costs of different resources. This should include a range of REC estimates in any scenario where the utility is proposing the purchase of unbundled RECs to demonstrate compliance.

The Commission must also ensure utilities appropriately value regional market participation in their resource planning process. Most Minnesota utilities are part of MISO and benefit from access to a large, interconnected regional system that enables resource sharing. Resource plans should reflect the reality that utilities operate within this broader system rather than as individual islands. When utilities understate the value of MISO market participation, planning models may overestimate the amount of utility-owned generation needed to maintain reliability. This can result in customers paying for resources that would not be required under a more realistic representation of these system dynamics and market opportunities. Because these costs ultimately fall on ratepayers, accurately modeling participation in MISO is an important consideration for affordability. Affordability is enhanced when customers receive the full value of existing infrastructure and market arrangements before additional investments are undertaken. The Commission should ensure utilities clearly demonstrate how resource plans reflect MISO's value proposition. This should include consideration of access to regional transmission networks and modeling reasonable levels of market participation in resource plans.

Integrated Distribution Planning is another critical venue where decisions that directly impact customer affordability are made. Fresh Energy appreciates the progress that has

[55] Minn. Stat. § 216B.1691 Subd. 2g.

been made, particularly in Xcel Energy's recent IDP, to strengthen analytical requirements for distribution planning and investment decisions. We support the continued use of cost benefit analyses for discretionary distribution system expenditures, where feasible. We also appreciate the Commission ordering Fresh Energy's recommendation that the IDP Improvement Working Group develop a grid utilization metric for inclusion in future Xcel distribution plans. We see grid utilization as one potential tool to support affordability, particularly on the distribution system. However, we emphasize that this should not come at the expense of system reliability. While Fresh Energy understands many distribution system costs are driven by factors beyond the utility's control, as a general principle we believe least-cost planning requires a utility to consider how it may further utilize existing infrastructure or whether other investments or programs, like non-wires alternatives, may delay or eliminate the need for certain capital investments. Utilities must consider these alternatives before making capital investments.

Taken together, these strategies demonstrate that affordability cannot be addressed solely at the point when a customer receives a utility bill. Affordability is also shaped by system planning decisions made across a range of dockets. Targeted clean energy investments and improved utilization of existing assets can be an important part of an affordability strategy and a valuable tool for reducing emissions.

4. **What costs, benefits, and trade-offs should the Commission consider when evaluating measures intended to improve affordability?**

Any affordability measure will involve costs, benefits, and tradeoffs, and those should be evaluated transparently. An income-based discount or energy-burden cap, for example, would reduce bills for participating households. If the utility's total revenue requirement remains unchanged and those reductions are funded entirely through utility rates, some costs would need to be recovered from other customers. The Commission should quantify both the magnitude of that potential cost shift and how it would be distributed across customer groups, including whether it could create additional affordability challenges for moderate-income households.

However, the amount by which participating customers' bills are reduced should not automatically be treated as an equivalent increase in costs for other customers. Unaffordable bills themselves create costs. Customers who cannot afford their bills may accumulate arrearages, enter payment plans, face collection activity or disconnection, or ultimately generate uncollectible debt. Utilities—and ultimately their customers—may bear some of the costs associated with these outcomes. If an affordability measure improves customers' ability to pay their bills consistently, some of these costs may be

reduced or avoided, potentially offsetting a portion of the revenue that would otherwise need to be recovered from other customers.

The Commission should therefore evaluate the net costs and benefits of an ability-to-pay framework, accounting for both the potential redistribution of costs among customer groups and the savings that improved affordability may generate. That evaluation should account for the revenue that would need to be recovered elsewhere, potential reductions in arrearages, collection expenses, and uncollectible debt, and the administrative costs associated with implementing and maintaining the program. It should also examine how the resulting costs and benefits are distributed among customers at different income levels. This would provide a more complete understanding of the actual magnitude and distribution of the tradeoffs.

Finally, the Commission should consider the time horizon over which costs and benefits occur. Some measures may provide immediate bill relief, while investments in energy efficiency, electrification, or other clean energy solutions may require upfront expenditures but reduce customer bills or utility system costs over time. These approaches should not be evaluated solely on their immediate costs, but also on their potential to deliver sustained affordability improvements. Importantly, long-term investments should complement, rather than substitute for, measures that address customers' immediate inability to afford their energy bills.

5. **Are there effective approaches or policies used in other jurisdictions that could help inform Minnesota's consideration of utility affordability? If so, what lessons should Minnesota draw from those approaches?**

As previously discussed above, several other jurisdictions have policy approaches that can and should inform the Public Utilities Commission's investigation into utility affordability. States like California, Illinois, Massachusetts, and New York all employ frameworks designed to improve utility affordability. These programs have helped lower energy bills for many income-qualified customers, demonstrating the value of approaches that account for household income and ability to pay. However, most programs have income eligibility thresholds that leave some middle-income households without assistance, even when they face significant energy burdens.[56] While some states have introduced automatic enrollment to expand participation, many eligible customers must still navigate application or

[56] Scheier, Eric, and Noah Kittner. "A measurement strategy to address disparities across household energy burdens." Nature communications vol. 13,1 288. 12 Jan. 2022, doi:10.1038/s41467-021-27673-y. "The categorizations for federal assistance programs that are based on poverty line indices fail to capture at least 5.3 million households that would benefit from energy support and assistance."

verification requirements. Minnesota has an opportunity to build on these approaches by considering affordability across a broader range of incomes, reducing barriers to enrollment, and drawing lessons from other states' clean energy investments and data-sharing practices.

Income-based Utility Rate Design

Our earlier discussion of income-based utility rate design began with analysis of California's CARE Program. The CARE Program grants income-qualified participants discounts on their electric and gas bills (30-35% and 20% respectively).[57] Illinois is another state with income-based affordability utility programs. Program designs differ between electric utilities: ComEd has a five-tier bill discount structure for its electric customers, while Ameren Illinois employs a Percentage of Income Payment Plan (PIPP) model. Since October 2024, all of Illinois' major natural gas utilities now also offer a five-tier bill discount system,[58] as detailed in our rate structure comments on pages 9-10.

These programs represent important progress in recognizing that utility affordability depends on household income, not simply the rates customers are charged. However, most remain limited to households below specified income thresholds. For example, as described earlier in our comments, Illinois generally limits eligibility to households at or below 300 percent of the federal poverty level, while Massachusetts uses income-based tiers extending up to 60 percent of statewide median income. As a result, households above these thresholds may receive no assistance even when energy costs represent a significant financial burden. New York, however, has expanded its affordability programs to reach some moderate-income households who do not qualify for traditional low-income assistance. Minnesota has an opportunity to build on these approaches by considering affordability across a broader range of household incomes, including middle-income households that may struggle to pay their energy bills.

Another important lesson concerns enrollment. New York, Illinois, and Massachusetts have taken steps to automatically enroll or transition certain eligible customers into utility affordability programs, reducing administrative burdens and helping more households access assistance (see page 11). However, automatic enrollment is generally limited to customers already identified through public assistance programs or existing utility discount programs. Other eligible customers may still need to apply, document their income, or periodically renew their eligibility. These requirements can create barriers, particularly for households that are unaware of available assistance or have difficulty

[57] CARE Program, Accessed October 12, 2026.
[58] National Consumer Law Center, "Minnesota Public Utilities Commission Energy Affordability Information Session: Essential Protections for Financially At-Risk Consumers," Presentation at 20 (October 13, 2026), https://mn.gov/puc-stat/documents/pdf_files/NCLC CORRECTED .pdf.

navigating application processes. Minnesota should explore ways to make enrollment as automatic and accessible as possible, including secure, privacy-protective use of existing government eligibility information.

Additional approaches include Arrearage Management Plans (AMPs), blended rate structures, and enrollment automation. AMPs are "a payment plan option to help qualifying residential customers reduce unpaid balances on their bills"[59] that are frequently paired with PIPPs and tiered discount rates to maximize effectiveness.[60] They are currently in use in Minnesota as well as states including, but not limited to, California, Maine, Massachusetts, and New Mexico.[61] Massachusetts is taking a blended approach that combines income-based discount tiers with specific energy-burden targets (see page 10).

Illinois has also enacted several laws that enshrined affordability as a pillar in its statutes. Since the passage of the Climate and Equitable Jobs Act (CEJA) in 2021, the Illinois Commerce Commission (ICC) has had the "authority to approve" income-based affordability programs offered by the state's largest electric, natural gas, and water utilities.[62] The ICC compiles these programs onto a single webpage to assist low-income customers in navigating the financial assistance ecosystem.[63] Governor J.B. Pritzker signed two pieces of legislation (HB 4456 and HB 5524) in July 2026, bolstering the ICC's authority to require the utilities provide discounts on an entire utility bill to households demonstrating the greatest need; and increasing bill transparency by ordering the Commission on Government Forecasting and Accountability (COGFA) to report a detailed explanation of charges on residential customers' monthly electricity bills.[64] These two new laws build upon the foundation laid by the Clean and Reliable Grid Affordability Act (CRGA) signed on January 8, 2026 and its predecessors, CEJA (2021) and FEJA (2016).[65] Importantly, "CRGA programs will require utility companies that are administering the State energy efficiency programs to meet a minimum level of spending for low-income households while removing the formula rates they receive for administering those programs. Additionally, utilities will be required to offer time-of-use pricing to allow

[59] Pacific Gas & Electric (PG&E), "What is the Arrearage Management Plan (AMP)?" Accessed October 15, 2026, https://help.pge.com/s/article/What-is-the-Arrearage-Management-Plan-AMP?language=en_US.
[60] National Consumer Law Center, "Minnesota Public Utilities Commission Energy Affordability Information Session: Essential Protections for Financially At-Risk Consumers," Presentation at 25 (October 13, 2026), https://mn.gov/puc-stat/documents/pdf_files/NCLC_CORRECTED_.pdf.
[61] Ibid at 25.
[62] Governor Pritzker's Utility Affordability Press Release, Accessed October 12, 2026.
[63] Illinois Commerce Commission, "Utility Energy Assistance," Accessed October 14, 2026, https://icc.illinois.gov/consumers/utility-energy-assistance.
[64] Governor Pritzker's Utility Affordability Press Release, Accessed October 12, 2026.
[65] Office of the Governor J.B. Pritzker, "Press Release: Gov. Pritzker Signs Historic Clean and Reliable Grid Affordability Act," (herein after referred to as Governor Pritzker's CRGA Press Release), (January 8, 2026), Accessed October 14, 2026, https://gov-pritzker-newsroom.prezly.com/gov-pritzker-signs-historic-clean-and-reliable-grid-affordability-act.

residential customers to pay less for power used outside of peak times, delivering immediate monthly savings for customers who opt in."[66] Minnesota's ECO programs already have a minimum spending requirement for low-income programs that gas and electric utilities are required to follow, and program costs are recovered through utility rates or other approved rate adjustments rather than formula rates.[67] However, the bold vision CRGA sets for affordability as a legislative measure cannot be overemphasized. "CRGA will lower costs by driving the development of new energy resources, enacting new regulatory powers to support consumers, and creating and enhancing consumer cost-saving programs. The Illinois Power Agency (IPA) found that CRGA's critical measures are expected to save Illinois energy customers $13.4 billion over the next two decades."[68] Minnesota is known for the same kind of forward-thinking legislation. The 2023 Carbon Free Standard made Minnesota a climate leader not only in the Midwest, but also across the country. These recent commitments by a midwestern peer state should give Minnesota policymakers confidence in continuing to strengthen, or at the very least staying the course, on leveraging the affordability benefits of energy efficiency programs for all customers, including especially for those qualifying as eligible low-income households.

Clean Investments Catalyzing Affordability in Other Jurisdictions

Other cold-weather states have embraced heat pump deployment as a tool for addressing affordability and climate. Maine, for example, has achieved robust adoption of heat pumps.[69] Maine and Minnesota are in very similar climate zones.[70]

In 2019, Maine embraced heat pumps as part of its climate strategy, setting a goal to install 100,000 by 2025. In Maine contractors installed close to 30,000 heat pumps and 10,000 heat pump water heaters per year in 2021 and 2022.[71] By 2023 the state had surpassed that target two years ahead of schedule, deploying at least 104,000 heat pumps in homes

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[66] *Ibid.*
[67] Minn. Stat. §216B.241 Subd. 7 and Subd. 2b.
[68] Governor Pritzker's CRGA Press Release, Accessed October 14, 2026.
[69] *Canary Media*, "Heat pumps sold so fast in Maine, the state just upped its target" (July 2023), Accessed October 15, 2026, https://www.canarymedia.com/articles/heat-pumps/heat-pumps-sold-so-fast-in-maine-the-state-just-upped-its-target;
Anna Phillips, "Heat pumps are defying Maine's winters and oil industry pushback," (February 2023), Accessed October 15, 2026, https://www.washingtonpost.com/climate-environment/2023/02/07/maine-gas-industry-heat-pumps/.
[70] Pacific Northwest National Laboratory (PNNL), IECC Climate Zone Map, *available at* https://basc.pnnl.gov/images/iecc-climate-zone-map.
[71] Western Resource Advocates, Southwest Energy Efficiency Project, and Natural Resources Defense Council (NRDC), *A Path to Pollution-Free Buildings: Meeting Xcel's 2030 Gas Decarbonization Goals* (July 2023), *available at* https://westernresourceadvocates.org/wp-content/uploads/2023/07/Path-to-Pollution-Free-Buildings-July-2023.pdf.

and businesses. The state then set a new goal of installing another 175,000 heat pumps by 2027.[72]

Maine's strategy is to leverage investments in efficiency and electrification to lower heating costs for participating households and put downward pressure on electricity rates for everyone. Homes that switch to heat pumps from heating oil, propane, or electric resistance heat are expected to save more than $1,000 annually in heating costs. At the same time, the strategy is expected to suppress electricity rates by more than $490 million over the long term.[73] As more households electrify their heating, increased electricity sales can spread the fixed costs of maintaining the electric grid across more kilowatt-hours, putting downward pressure on rates.[74]

Several jurisdictions, including Colorado and Massachusetts,[75] have implemented EV purchase incentives for rideshare drivers. In Colorado, these investments are financed through a per-ride fee on rideshare. However, Xcel had originally proposed a utility program to pursue rideshare electrification in its 2023 Transportation Electrification Plan for Colorado.[76] Targeted policies like these that focus on high-mileage drivers have the largest affordability, climate, and air-quality benefit per dollar.

Data Sharing

Fresh Energy recognizes that great sensitivity and care must be taken when sharing protected data between jurisdictions. A 2018 report titled, "Invest in What Works: State Standard of Excellence," from Results for America named Minnesota among five states for "consistently and effectively us[ing] data and evidence in budget, policy, and management decisions to achieve better outcomes for their residents."[77] Washington State was recognized in the same report and in a related op-ed, demonstrating another jurisdiction's

[72] *Canary Media*, "Heat pumps sold so fast in Maine, the state just upped its target," (July 2023), Accessed October 15, 2026, https://www.canarymedia.com/articles/heat-pumps/heat-pumps-sold-so-fast-in-maine-the-state-just-upped-its-target.
[73] *Canary Media*, "Has Maine learned how to make heat pumps lower electricity costs for all?" (May 2025), Accessed October 15, 2026, https://www.canarymedia.com/articles/energy-efficiency/maine-heat-pump-electric-costs;
[74] RMI, "The Opportunity for Heat Pumps to Put Downward Pressure on Electricity Rates," (October 2026), Accessed October 15, 2026, https://rmi.org/resources/the-opportunity-for-heat-pumps-to-put-downward-pressure-on-electricity-rates/.
[75] Massachusetts Ride Clean Mass, and Colorado Clean Fleet Enterprise Program, Accessed October 14, 2026.
[76] See Xcel Colorado 2024-2026 Transportation Electrification Plan, Accessed October 14, 2026.
[77] Results for America, "Invest in What Works: State Standard of Excellence," (2018), Accessed October 15, 2026, https://2018state.results4america.org/. See page 3 of their Summary Chart for specifics on what Minnesota is doing well. https://2018state.results4america.org/Summary_Chart.pdf.

approach to data sharing and data privacy.[78] The authors of the op-ed wrote, "Under the leadership of Dr. David Mancuso, Health Economist at Washington State Department of Social and Health Services, the state has not only invested in the necessary technology to facilitate data linkage and storage, but also in the human capacity to put it to good use. In the last five years alone, they've used integrated data to study high-priority state government social policies and programs."[79] The op-ed also highlighted successes in Indiana, where the creation of a new agency called the Management Performance Hub (MPH) facilitated "cross-agency data use" and increased investments; and in Massachusetts where support from Governor Charlie Baker led to an investigation into best practices for data sharing.[80] "After extensively mapping existing agreements, the team worked with agency counsel to draft one overarching MOU, or 'Constitution' for state data sharing, as well as a streamlined process for executing future agreements."[81] Given that Minnesota is already highly regarded for its data sharing practices, this comparison is another encouragement to policymakers and regulators to continue making progress. These examples demonstrate the value of coordinated data-sharing practices across government agencies. Minnesota should consider how existing state data and eligibility systems could be used, with appropriate privacy protections and legal authorization, to identify households eligible for utility affordability programs and reduce the need for customers to navigate separate application processes.

CONCLUSION

Fresh Energy appreciates that the Commission opened this important investigation into the affordability of electric and natural gas service from rate-regulated utilities.

While Minnesota's average energy costs are among the lowest in the country, statewide averages can distort hide how higher energy bills affect individual households.

Minnesota's energy costs compare favorably to national averages, but those averages can mask how heavy a bill is for households with a low or moderate income. The Commission has an opportunity to define affordability based on what a customer can actually pay, while keeping system costs as low as reasonably possible and investing in clean energy solutions that reduce bills over time.

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[78] Results for America, "Op-Ed | States Leading on Data Usage and Integration See Significant Results," (2018), Accessed October 15, 2026, https://results4america.org/tools/states-leading-data-use-integration-see-significant-results/.
[79] *Ibid.*
[80] *Ibid.*
[81] *Ibid.*

Fresh Energy's comments recommend the Commission use energy burden, the share of household income spent on energy, as the primary starting point for measuring affordability. This definition may be supplemented by data on arrearages, transportation costs, and health impacts. Fresh Energy also encourages the Commission to consider an energy-burden target and income-based rates or discounts, drawing on programs from other states, and to explore automatic enrollment for certain households.

Consistent with Fresh Energy's recommendations in our comments, the Minnesota Attorney General's Office addressed Commissioners on October 13 advocating for a more holistic definition of affordability that emphasizes that households should be able to pay for energy needs while maintaining their health and safety **and without sacrificing their dignity.** Furthermore, their panel presentation raised the question of whether rates can be just and reasonable if they are not affordable. A meaningful affordability framework should therefore consider what customers can reasonably afford to pay for the energy they need, and it should meaningfully reflect customer participation to ensure that it is not simply designed **for** customers, but designed **with** them.

We thank the Commission for its ongoing leadership and attention to this matter.

Respectfully submitted,

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DISCLOSURE REGARDING USE OF ARTIFICIAL INTELLIGENCE

Artificial intelligence tools were used to assist with research and editing of these Comments. All writing, analysis, policy positions, and recommendations reflect Fresh Energy's independent work and judgment. All source material was independently reviewed and verified.

APPENDIX A.

Table 1. Average Electricity Bill and Price per kWh in July 2026: National Average v. Minnesota[82]

National Average Electricity Bill July 2026	Minnesota Average Electricity Bill July 2026	National Average Electricity Rate July 2026 (cents per kWh)	Minnesota Electricity Rate July 2026 (cents per kWh)	Minnesota Electricity Rate v. National Average
$154.35	$124.30	18.31	17.45	(-)5%

Table 2. Average Gas Bill and Price per Therm: National Average v. Minnesota[83]

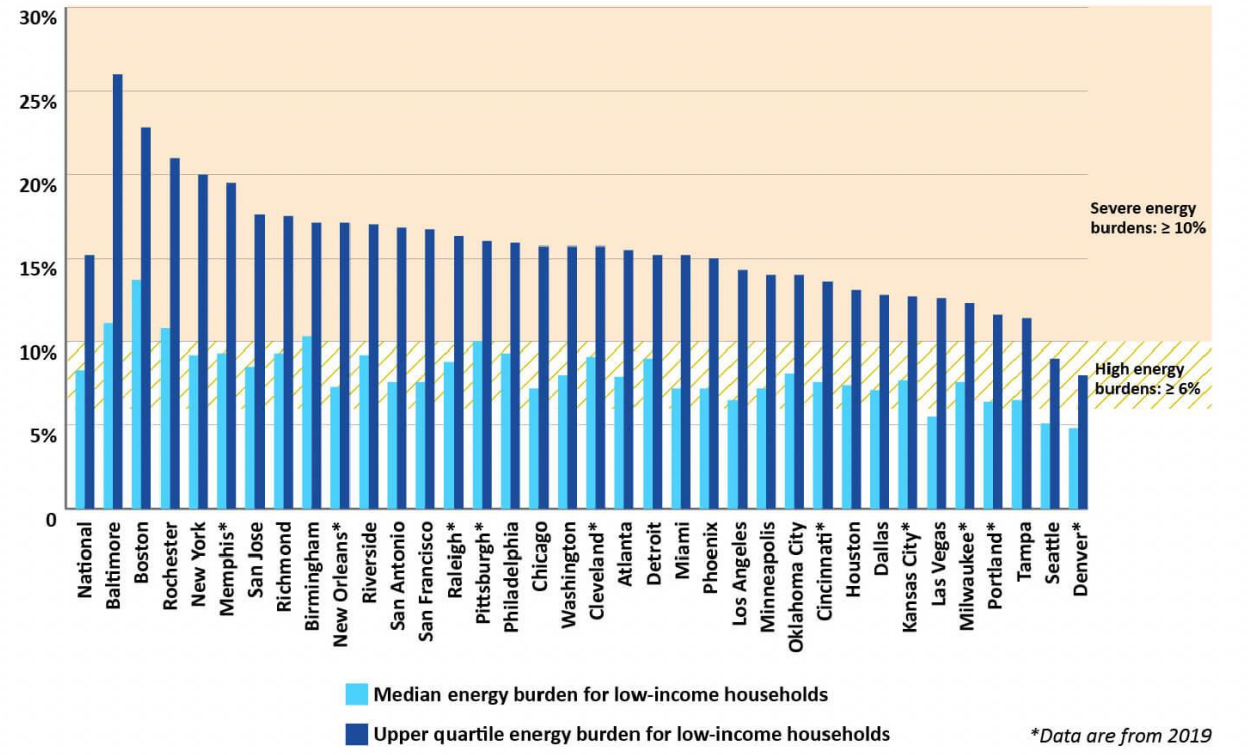
National Average Monthly Gas Bill	Minnesota Average Gas Bill	National Average Price per Therm	Minnesota Average Price per Therm
$72.00	$76.00	$1.47	$1.12

Table 3. Average Electric Bill by Home Size in Minnesota[84]

Home Size in MN	Typical Usage	Monthly Bill	Annual Bill
Apartment	650 kWh/month	$115.68	$1388.17
Small Home	900 kWh/month	$157.05	$1884.60
Medium Home	1,200 kWh/month	$206.69	$2480.32
Large Home	1,600 kWh/month	$272.88	$3274.61

[82] ElectricityPlans, Kelly Bedrich (ed. Rebecca Bridges), "Average Electricity Bill, Usage and Price per kWh by State (October 2026)," Last updated October 9, 2026, Accessed October 9, 2026, https://electricityplans.com/average-electricity-bill-usage-rate-by-state/. Data is sourced from the Energy Information Administration (EIA), which has a three-month reporting lag.
[83] Electric Choice, "Natural Gas Rates by State," Accessed October 9, 2026, https://www.electricchoice.com/gas/.
[84] PriceOfElectricity.com, "Average Electric Bill in Minnesota," Accessed October 12, 2026, https://www.priceofelectricity.com/average-electricity-bill/minnesota.

Figure 1. ACEEE Policy Brief "Data Update: City Energy Burdens" Showing the Upper Quartile and Median Energy Burden Rate by City[85]



[85] ACEEE Data Update at 3, Accessed October 9, 2026.

Table 4. Upper Quartile and Median Energy Burdens in Minneapolis[86]

	All Households			Low-income Households			Black Households			Hispanic Households		
Minneapolis	**All**	**Owner**	**Renter**	**All**	**Owner**	**Renter**	**All**	**Owner**	**Renter**	**All**	**Owner**	**Renter**
Upper Quartile Energy Burdens	3.7%	3.5%	4.9%	14.0%	15.9%	12.2%	4.4%	2.7%	6.0%	4.6%	3.3%	9.0%
Median Energy Burdens	2.2%	2.1%	2.7%	7.2%	8.3%	5.6%	2.6%	1.8%	3.4%	2.4%	2.0%	3.5%

[86] *Ibid.* at 3-4 and 8. This table is a combination of ACEEE's Table 1 and the table found in their Appendix B, solely focused on the Minneapolis data included in their report. For the upper quartile data, this means 25% of households in a group have an energy burden above this number. For the median data, this means 50% of households in a group experience an energy burden above this number. The report uses orange cells to indicate high energy burden (above 6%) and red cells to indicate severe energy burdens (above 10%).