

MINNESOTA · GAS UTILITIES · CAPITAL BRIEFING

Minnesota's gas utilities are replacing pipe, decarbonizing, and absorbing price shocks — all on one capital plan.

A cold-climate system that heats most of the state is being asked to modernize 34,000-plus miles of main, stand up renewable-gas and geothermal pilots under the Natural Gas Innovation Act, and never repeat the \$662 million shock of Winter Storm Uri — while regulators press on affordability. Each of those forces reshuffles the projects on your list. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision.

~920,000¹	\$662M²	34,483 mi³	63%+⁴
CenterPoint Energy's Minnesota gas customers — the state's largest natural gas utility.	Extraordinary gas costs Minnesota utilities incurred in the five-day February 2021 cold snap (Winter Storm Uri).	Natural gas mains crisscrossing Minnesota — enough to circle the earth nearly one and a half times.	Share of Minnesota homes and buildings that depend on natural gas for heat, cooking, and hot water.

Last updated September 2026 · 15 sourced references

THE MINNESOTA LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

SYSTEM INTEGRITY & AGING PIPE

Cast iron is gone — the replacement clock keeps running

Minnesota is one of roughly two dozen states that have eliminated all cast- and wrought-iron gas main⁵ but that milestone doesn't end the work: 34,483 miles of main still carry legacy unprotected steel and vintage pipe that have to be surveyed, upgraded, and replaced on a safety clock³

CenterPoint alone has poured close to \$2 billion into accelerated system replacement over the past decade and expects at least \$1 billion more, with distribution work making up nearly 90% of its 2022 capital spend.^{6,3} Minnesota's Gas Utility Infrastructure Cost rider lets utilities recover much of that between rate cases — but only for prudently incurred, compliance-driven work⁷

DECARBONIZATION & ELECTRIFICATION

The Innovation Act reshapes what a gas dollar buys

The 2021 Natural Gas Innovation Act lets Minnesota LDCs invest ratepayer money in renewable natural gas, hydrogen, networked geothermal, carbon capture, and strategic electrification — capped at the lesser of 1.75% of Minnesota gas revenue or \$20 per customer for a first plan.⁸

CenterPoint's approved plan funds an \$11.6 million networked-geothermal pilot and a \$4.6 million hydrogen plant in Mankato; Xcel has proposed a \$58 million, five-year plan weighted toward RNG and geothermal.¹ With 63%-plus of buildings still on gas⁴ and state goals pointing toward net-zero by 2050,³ every long-horizon plan now carries declining-throughput and stranded-asset risk.

SUPPLY, PRICE & RELIABILITY

One cold week can rewrite a decade of budgets

During Winter Storm Uri, Minnesota gas utilities ran up \$662 million in extraordinary costs as spot prices spiked as much as 350% above prior record highs; the Department of Commerce urged disallowing \$178.6 million tied to utilities' missteps, and the Attorney General argued \$71–92 million could have been hedged away.²

Minnesota's cold-climate, design-day peaking system delivered roughly 481 billion cubic feet in 2024,¹⁰ and residential customers paid about \$10.65 per thousand cubic feet — so supply, storage, and peaking capacity are core capital-planning questions, not afterthoughts.⁹

CAPITAL RECOVERY & REGULATION

Every dollar has to survive an affordability test

Rates are the pressure point. CenterPoint's residential base rates have roughly doubled since 2008, and its last rate case closed with a unanimous 2022 settlement at the Public Utilities Commission — approvals are negotiated, not automatic.⁶

The Gas Utility Infrastructure Cost rider speeds recovery of mandated replacement work but sunsets June 30, 2028⁷ and Innovation Act spending sits under its own statutory caps.⁸ With bills already stretched by Uri, every project has to be defensible on cost.

WHO DELIVERS MINNESOTA'S GAS

A few large investor-owned LDCs and a set of municipal systems

Minnesota's gas is carried mostly by investor-owned utilities the PUC rate-regulates, alongside municipal systems that answer to their own city boards. The pressures are shared; the accountability path differs.

Investor-owned gas LDCs

Rates & capital recovery regulated by the Minnesota PUC

CenterPoint Energy ~920,000 MN customers · largest gas LDC ·
part of a ~7M-customer, four-state gas
business¹¹

Xcel Energy (gas) Minnesota's 2nd-largest gas utility³

Minnesota Energy Resources (MERC) 3rd-largest; serves outstate communities³

Great Plains Natural Gas 4th-largest; western & southern
Minnesota³

Greater Minnesota Gas (GMG) 5th-largest; rural & exurban systems³

Together, Minnesota's gas utilities serve roughly 1.66 million
residential gas consumers statewide.¹²

Municipal gas systems

Governed by city boards, not PUC rates

Austin Utilities Municipal electric, water & natural gas ·
Austin, MN¹³

Hutchinson Utilities Commission Municipal natural gas & electric ·
Hutchinson, MN¹⁴

Other municipal gas systems Represented by the Minnesota
Municipal Utilities Association¹⁵

Municipal systems own roughly 10% of Minnesota's gas mains; the
rest is investor-owned.³

Every capital dollar has to be defensible

Whether recovery runs through a rate case, an infrastructure rider, or an Innovation Act plan, the question is the same: why this project, why now, why at this cost?

Minnesota Public Utilities Commission (PUC) sets rates, approves capital recovery, and reviews infrastructure and innovation plans for the state's investor-owned gas LDCs⁷[8](#)

Gas Utility Infrastructure Cost (GUIC) rider — Minn. Stat. 216B.1635 allows automatic annual recovery of mandated pipe replacement and public-project relocations between rate cases; the mechanism sunsets June 30, 2028.⁷

CenterPoint's 2022 rate case closed with a unanimous PUC-approved settlement, after a decade in which residential base rates roughly doubled — a marker of how hard affordability now bites.⁶

Natural Gas Innovation Act — Minn. Stat. 216B.2427 caps first-plan spending at the lesser of 1.75% of Minnesota gas revenue or \$20 per customer, with higher caps only after proven cost-effectiveness.⁸

Winter Storm Uri prudence review put utility gas-purchasing decisions on trial: the Department of Commerce recommended disallowing \$178.6 million of the \$662 million incurred.²

Real programs, real dollars — can your plan absorb them?

Most Minnesota gas capital is recovered through rates and riders rather than federal grants, which makes prioritization and defensibility everything. These are the dollars already in motion.

~\$2B accelerated system replacement at CenterPoint over the past decade, with at least \$1 billion more expected and distribution work near 90% of 2022 capital.^{6,3}

CenterPoint Innovation Act plan — an \$11.6 million networked-geothermal pilot plus a \$4.6 million hydrogen plant in Mankato, approved in 2024.¹

Xcel Innovation Act plan — a proposed \$58 million over 2025–2029, roughly \$27M RNG, \$10M geothermal, \$7.9M hydrogen, \$5.7M carbon capture, \$2.7M electrification.¹

GUIC infrastructure rider is the primary vehicle for recovering mandated replacement between rate cases — and it expires in 2028, raising the stakes on what gets filed and when.⁷

\$662 million in Uri gas costs is still being recovered from ratepayers over time — a reminder that supply shocks compete directly with planned capital for room on the bill.²

MINNESOTA GAS, IN BRIEF

Questions Minnesota gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

Who are Minnesota's largest natural gas utilities?

CenterPoint Energy is the largest, serving roughly 920,000 Minnesota customers, followed by Xcel Energy, Minnesota Energy Resources (MERC), Great Plains Natural Gas, and Greater Minnesota Gas — plus municipal systems such as Austin Utilities and Hutchinson¹³

What is the Natural Gas Innovation Act?

A 2021 Minnesota law that lets gas utilities invest in renewable natural gas, hydrogen, networked geothermal, carbon capture, and electrification, capped at the lesser of 1.75% of Minnesota gas revenue or \$20 per customer for a first plan. CenterPoint's plan is approved and Xcel has a \$58 million plan pending¹⁴

What happened with Winter Storm Uri gas costs in Minnesota?

The five-day February 2021 cold snap left Minnesota gas utilities with \$662 million in extraordinary costs as spot prices spiked up to 350% above prior records; the Department of Commerce recommended disallowing \$178.6 million tied to utilities' missteps¹⁵

How do Minnesota gas utilities recover infrastructure investment?

Mainly through PUC rate cases and the Gas Utility Infrastructure Cost (GUIC) rider, which allows automatic annual recovery of mandated pipe replacement between rate cases — though that rider sunsets in 2028¹⁶

Is Minnesota phasing out natural gas?

Not near-term — more than 63% of homes and buildings still rely on gas. But state goals point toward net-zero by 2050, and the Innovation Act is nudging utilities toward lower-carbon fuels and electrification, which reshapes long-horizon capital plans¹⁷

How does Invizion help Minnesota gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a main-replacement mandate, an Innovation Act plan, a supply shock like Uri, or a GUIC-rider deadline reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every decision for the PUC and your customers.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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10. U.S. EIA — Minnesota Natural Gas Consumption / Deliveries (about 480,670 MMcf delivered to consumers in 2024). eia.gov
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12. U.S. EIA — Minnesota Number of Natural Gas Consumers (about 1.66 million residential consumers, 2024). eia.gov
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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →