

Memorandum of Understanding Clean Energy Partnership

This Memorandum of Understanding (the “Memorandum”), effective as of _____, 2014, sets forth certain understandings and agreements among the City of Minneapolis (the “City”), and Northern States Power Company d/b/a Xcel Energy, (“Xcel Energy”), each duly organized and existing under the laws of the State of Minnesota (each a “Party” and collectively the “Parties”) concerning cooperation and achievement of the City’s energy goals through a collaborative effort (the “Clean Energy Partnership”).

RECITALS

WHEREAS, on June 28, 2013, the City adopted its Climate Action Plan (“the Plan”), which seeks to reduce greenhouse gas emissions by 15% by 2015, 30% by 2025, and 80% by 2050, all from a 2006 baseline; and

WHEREAS, the Plan further provides for an increase in electricity from local and renewable energy sources consistent with the City’s Climate Action Plan goals, for significant energy efficiency improvements in the residential, commercial, and public sectors; for advancing equity in infrastructure and environmental benefits; and for assessing and building the resiliency of energy infrastructure in the City; and

WHEREAS, the City has adopted an Energy Vision, which provides that “in 2040, Minneapolis’ energy system will provide reliable, affordable, local, and clean energy services for Minneapolis homes, business, and institutions. It will sustain the city’s economy and environment and contribute to a more socially just community”; and

WHEREAS, the City has granted Xcel Energy a franchise to construct, install, enlarge, operate, repair and maintain in, on, over, under and across the streets, alleys and public grounds of the City, an electric distribution system and electric transmission lines for the purpose of transmitting electricity into, from and through the City and the City and Xcel Energy have negotiated the terms and conditions of a franchise to take effect January 1, 2015, in reliance upon this Memorandum; and

WHEREAS, Xcel Energy plays an important role in the City’s achievement of its energy goals;

WHEREAS, Xcel Energy has committed to cooperate with the City in support of the City’s efforts to achieve the City’s energy goals; and

WHEREAS, the Parties desire to set forth the terms and conditions of their collaborative efforts;

NOW, THEREFORE, in consideration of the mutual obligations of the Parties hereto, which the Parties acknowledge constitutes adequate and sufficient

consideration, each Party does hereby covenant and agree that the following provisions constitute the legally binding and enforceable agreement of the Parties.

1. Orderly Planning. The intent of this Memorandum is to facilitate the Parties' pursuit of the City's energy goals. Pursuant to the terms of this Memorandum, the Parties intend jointly and cooperatively to study, prioritize, plan, coordinate, implement as reasonably possible and permitted, market, track, and report progress on clean energy activities in the City in support of the City's Plan and 2040 Energy Vision (the "Work"). The Parties shall determine the tasks necessary to achieve these goals, direct the execution of tasks, and report the results of these tasks. The Parties shall harness available resources to advance the City's energy goals, and shall consider and prioritize the listing of goals.

2. Leadership. As a means to facilitate timely and orderly performance of the Work, there is hereby established a "Board" consisting of officials appointed by each Party as well as CenterPoint Energy. Xcel Energy shall each designate senior officials with the authority to bind the company to serve on the Board. The City shall designate elected officials and the City Coordinator to serve on the Board. Xcel Energy and CenterPoint Energy shall have an equal number of appointees. The number of appointees by the City shall equal the total number of appointees by Xcel Energy and CenterPoint Energy. Although each member of the Board serves at the pleasure of the appointing Party, the Parties acknowledge and agree upon the need to preserve continuity in the membership of the Board and to avoid disruption of the Work. At the first meeting of the Board, the members shall determine who shall chair the meetings, and the assignment of any other duties.

3. Deliverables. The Board shall determine the Work to be performed within a set timeframe, typically on a biennial basis (the "Work Plan"). The Work Plan for each time period shall detail the deliverables to be presented. The Parties will use their best efforts to achieve such deliverables. The Board will prepare a report on the Work performed and the results achieved on an annual basis. In prioritizing the Work to be performed in a specific Work Plan, the Board will consider the goals of the City's Climate Action Plan and 2040 Energy Vision as well as regulatory requirements in Minnesota law. Options for the Board to consider in its Work are included in the attached Exhibit A.

4. Meetings; Staffing. The Board shall meet at least quarterly. The Parties each commit to provide staff and resources appropriate to complete the Work.

5. Advisors. The Board shall arrange opportunities for advocates and advisors, including representatives from critical communities within the City, such as business, neighborhoods, environmental justice, technical, and City staff, to provide information and materials to the Board. In order to facilitate the transmittal of such information to the Board, the Board shall appoint members representing these critical communities to a standing advisory committee which shall be charged with reviewing and providing feedback on the biennial work plan and measurement and performance reports; researching special initiatives as requested by the Board; and, providing outreach and promotion of Board initiatives as directed by the Board. Ad hoc advisory committees may be established by the Board at its discretion.

6. Authority; Cooperation. The Parties acknowledge and agree that each Party has the requisite power and authority to execute and carry out the terms and provisions of this Memorandum. To the Parties' knowledge, except for the City Council of the City of Minneapolis, no consent, authorization or approval by any governmental or public body or authority is required in connection with the execution and performance by each of the Parties of this Memorandum. The Parties recognize that future action taken by Xcel Energy to support the City's energy goals may be subject to state regulatory utility requirements in Minn. Stat. Chapters 216B, 216C and other applicable laws and regulations. If the Parties agree on certain actions in support of the City's energy goals that require state regulatory approval, they agree to cooperatively work together to seek necessary approvals or regulatory changes to facilitate such regulatory approvals.

7. Termination. This Memorandum shall automatically terminate upon termination or expiration of a City franchise with Xcel Energy. This Memorandum may be terminated by either Party upon sixty days written notice to the other Parties.

8. Ordinances. Nothing in this Memorandum constitutes a waiver of the City ordinances or the City's regulatory jurisdiction or the State's utility regulatory jurisdiction.

9. Binding Obligation. This Memorandum will inure to the benefit of the Parties hereto and shall be binding on them and their respective legal representatives, successors, and assigns. Provided, however, no Party hereto may assign any of its rights herein to any person without the prior written consent of the other Parties which shall not be unreasonably withheld.

10. Entire Memorandum. This Memorandum constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements, understandings, representations, and warranties relating to the subject matter of this Memorandum. All exhibits, attachments, and recitals referred to in this Memorandum are incorporated and deemed to be part of this Memorandum. Any changes or waivers of provisions of this Memorandum shall only be valid when they have been reduced to writing and signed by the Parties as an amendment to this Memorandum. Headings are provided for convenience and are not a part of this Memorandum.

11. Governing Law. This Memorandum will be governed by and construed in accordance with the laws of the State of Minnesota (exclusive of conflicts of law principles). Nothing in this Memorandum limits or waives the rights or limits provided to the City as a municipality under Minnesota Statutes Chapter 466. Nothing in this Memorandum limits or waives the rights or limits provided to Xcel Energy as a utility under Minn. Stat. Chapter 216B, 216C and other applicable laws and regulations.

12. No Presumption Against Drafter. This Memorandum has been negotiated at arm's length and between Parties sophisticated and knowledgeable in the matters dealt with herein. In addition, each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, this Memorandum shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against a Party responsible for drafting any part of this Memorandum.

13. No Joint Venture or Partnership. It is agreed that nothing in this Memorandum shall be deemed or construed as creating a joint venture, trust, partnership, or any similar legal relationship among the Parties. Each Party shall be responsible for its own obligations under this Memorandum.

14. For the Benefit of Parties Only. This Memorandum is for the benefit of the signing Parties only. There are no third party rights created by this Memorandum and there are no third party beneficiaries entitled to the benefits of this Memorandum.

15. Notice. Any notice permitted or required by this Memorandum shall be made in writing and personally served or mailed (postage prepaid, return receipt requested) and shall be effective upon the date of personal service, or if by mail, upon the date of receipt. The address for notice to each Party is as follows (as may be later changed by a Party by proper notice):

If to the City:

If to Xcel Energy:

16. Current Regulatory Framework: Program costs and customer incentives offered by Xcel Energy to its customers in Minneapolis which extend beyond the scope of programs offered to all Xcel Energy customers as approved by the MPUC and/or DOC, shall be the responsibility of Minneapolis. The Parties recognize that the programs and incentives approved by the MPUC and/or DOC may include pilot programs offered to customers in Minneapolis and the costs of these pilot programs will not be charged separately to Minneapolis customers unless directed by the MPUC and/or DOC.

17. Counterparts. This Memorandum may be executed in any number of counterparts which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Memorandum has been signed by an officer duly authorized on behalf of the Parties hereto, all on the date first above written.

CITY OF MINNEAPOLIS

By _____

Its _____

XCEL ENERGY

By _____

Its _____.

Exhibit A: Clean Energy Partnership Memorandum of Understanding

The ideas and concepts included in this exhibit represent a non-exclusive menu of options for the Partnership Board to consider in planning its work. It is not intended to be a detailed work plan.

In prioritizing the Work to be performed in a specific Work Plan, the Board will consider the goals of the Climate Action Plan and 2040 Energy Vision, such as:

- **City and customers can use energy information to make decisions, plan actions to the extent state or federal law or regulatory authority allows;**
 - Aggregated usage and program participation data
 - Information regarding the reliability of service in the City as a whole, and to the extent feasible, geographic areas within the City

- **Understand grid strengths and weaknesses;**
 - Understanding expected and potential grid investments with the City necessary to support reliability and the operation of distributed resources such as distributed generation, energy efficiency and demand response
 - Understanding the potential for distributed energy resources within the City
 - Understanding opportunities for the undergrounding or otherwise changing the design and impact of overhead grid infrastructure, as appropriate

- **Reducing energy costs to businesses, the public;**
 - Energy efficiency program offerings for government-owned buildings
 - Energy efficiency program offerings for small and large business
 - Energy efficiency program offerings for the hospitality industry
 - Operational Energy Savings Certification Program

- **Addressing equity of services by reducing residential and multi-family energy costs;**
 - Energy efficiency program offerings for multi-family buildings
 - Neighborhood-focused program delivery
 - Energy Performance Certification program
 - Green Zone concept

- **Increasing economic and job development/training;**
 - District energy service enhancement
 - Energy efficiency program offerings for small and large business
 - Green Zone concept
 - Neighborhood-focused program delivery
 - Energy Savings Certification program

- **Meeting Plan goals for reduced greenhouse gas emissions from City enterprise, including public buildings;**
 - Electronic billing for all city accounts
 - Optimize LED streetlight opportunities

- Explore demand response opportunities
- Standard process for interconnecting DG resources
- **Meeting Plan goals for renewable energy usage;**
 - Solar development for the benefit of the City and other Minneapolis consumers
 - Additional green choices for the City and other Minneapolis consumers, including piloting innovative options
 - Continue to explore CHP opportunities
 - Biogas development for city fleet