

**Minneapolis Clean Energy Partnership
CEP BOARD MEETING**
Minneapolis Central Library, Doty Board Room
Wednesday, September 9, 2015
12:00 – 2:00 p.m.

Meeting #3 Notes

Board members present: Chair: Mayor Betsy Hodges. Members: Council Member Elizabeth Glidden, Council Member Kevin Reich, Joe Vortherms and Doug Peterson (sitting in for Jeff Daugherty) from CenterPoint Energy, Laura McCarten and Lee Gabler from Xcel Energy

Board members excused: Spencer Cronk, Jeff Daugherty

EVAC members present: Co-Chair Jamez Staples, Ross Abbey, Chris Duffrin, Matt Kazinka

Guests: Council Member Cam Gordon, Timothy DenHerder-Thomas, Peter Ebnet, Ben Hecker, Eric Immler, Alice Madden, Marcus Mills, Lee Samelson, Kyle Rosas

Planning Team present: Ani Backa, Bridget Dockter, Natalie Herrild, Nick Mark, Kelly Muellman, Gayle Prest, Brendon Slotterback, Al Swintek

Welcome and Introductions

Mayor Betsy Hodges called the meeting to order at 12:07 p.m., and invited Board Members, staff and guests to introduce themselves.

Review and Approve Agenda and Minutes [[Attachment A](#)]

Referencing today's agenda and minutes from the Clean Energy Partnership (CEP) Board Meeting on May 29, 2015, Mayor Hodges asked for a motion for approval. It was MOVED and SECONDED that the agenda and minutes be approved. Motion CARRIED.

Filling EVAC Vacancy [[Attachment B](#)]

Brendon Slotterback, Sustainability Program Coordinator for the City of Minneapolis, announced that Kirk Washington has resigned from the Energy Vision Advisory Committee (EVAC). He did not give a specific reason why he chose to resign. Mayor Hodges, representing the CEP Board, directed the Planning Team to review the list of initial applicants and make a recommendation for a replacement. She asked them to take into consideration racial and gender diversity in EVAC when making their recommendation; several EVAC members had earlier expressed a similar request.

Based on her initial application and the following criteria, the Planning Team proposed that Annie Levinson-Falk be considered to complete the two-year term vacated by Mr. Washington. Ms. Levinson-Falk, currently executive director of the Legislative Energy Commission, has a broad background in energy issues and has attended almost all of the CEP and EVAC meetings to date. As a renter, she brings that perspective as well.

Laura McCarten, Regional Vice President, NSPM/Xcel Energy, spoke in favor of Ms. Levinson-Falk's appointment to EVAC, citing her background and past experience with the Citizens League where she was engaged in policy and energy issues. There being no further discussion, it was MOVED and SECONDED that Annie Levinson-Falk be appointed to fill the opening on EVAC. Motion CARRIED.

EVAC Update: Metrics and Engagement Planning

Brendon provided a brief update on two areas of work that the Planning Team has been working on jointly with EVAC: metrics and engagement planning; what has been done, what the schedule is going forward, and deliverables that might come out of this work.

Per the work plan that was approved the CEP Board, EVAC is addressing the metrics piece first since they are critical to CEP success. They will be used to track progress and will form the basis of the Annual Report. The Planning Team has spent a significant amount of time developing metrics that include data collection from all three partners.

Referencing a list of suggested metrics from the 2015-16 Work Plan [[PPT Presentation](#), Page 5], Brendon said it includes high level metrics (i.e., greenhouse gas emissions) and tracking program participation. Preferred metrics that were suggested to EVAC are those that can be updated regularly, preferably at least annually; are based on available data sources; are actionable and measure progress towards work plan goals; and include geographic or demographic breakdown. Ms. McCarten asked if there would be a clear connection to the city's goals in the Climate Action Plan (CAP) and other initiatives. Brendon said that is the goal, and this question had also been brought up by EVAC members who want to ensure that anything being done with these metrics is connected with CAP goals.

Showing two illustrative maps presenting the percent of non-white residents and residents below 185% of poverty guidelines [PPT Page 7], Brendon added that the CEP Board and EVAC members want to make sure that equity is a key piece of this work. They will use location data combined with data on building types, income, race or other demographics to determine which areas of the community are currently being well-served, less-served or under-served.

In terms of EVAC's schedule and work to date, they held their Quarter 3 meeting on August 18 where they engaged in a discussion of suggested metrics. EVAC members were interested in spending more time than their four meetings per year so small groups are being formed to have additional off-line meetings and discussions on metrics. The metrics discussion will be completed at the Quarter 4 meeting in November, after which they will prepare their final recommendations to the CEP Board.

Several CEP Board members had questions about how the Planning Team and EVAC will work together on developing metrics and making their recommendations. There was some concern that two documents—one by EVAC and one by the Planning Team—would be presented to the Board. The Planning Team will present raw output from EVAC but will also provide context, inform recommendations, and help them craft their work into a deliverable for the CEP Board. It was requested that the recommendations be presented as one document, which would make it easier for the Board to react to and accept.

Addressing the issue of engagement and outreach planning, Brendon revisited the goals, strategies and segments that were identified in the Work Plan [PPT Page 9]. A key strategy that was identified in the Work Plan was community and stakeholder engagement, initially focusing on the 1-4 Residential and Multi-family segments. The Planning Team will engage EVAC to generate ideas and vet potential approaches, and will return to the Board with detailed strategies for identifying necessary resources and paths forward. For CEP, long-term success means moving beyond historic levels of participation in energy efficiency and renewable energy programs. EVAC members have begun to discuss engagement strategies, but also want time to reach out to their constituencies to get their feedback and input. A written plan on audiences, programs, and strategies for each audience (landlords, renters, etc.) will be developed in early 2016 and presented to the CEP Board.

Planning Team Updates

- **Outreach Efforts**

- Brendon provided an update on specific CEP outreach efforts that are currently underway, including a flyer that has been created that can be used by city council members and utilities for communicating with the general public and also with elected officials and other units of government interested in the work of CEP. It describes what CEP is doing and promotes programs like Home Energy Squad, Windsource® and Solar*Rewards®. It will evolve over time as different programs become available, and will be translated into Hmong, Somali and Spanish.

Council Member Glidden asked what the Planning Team is planning to do differently to get the word out other than what has been done in the past, i.e. attend events, and what they are using to track effectiveness of marketing efforts. Bridget Dockter, Clean Energy Partnership Manager for Xcel Energy, said that they need to explore better ways to reach people, like attending new events that are specific to CEP. Brendon added that events will only be one piece of the outreach effort. Nick Mark, Regulatory Manager, Conservation Improvement Programs for CenterPoint Energy, said that at some events CEE [Center for Energy and Environment] has been present to sign up people for home energy audits.

Joe Vortherms, Vice President, Regional Operations for CenterPoint Energy, said he liked the direction the Planning Team was moving in its outreach efforts. He suggested that the Planning Team review the overall communication strategy so that when CEP is present at events the message, goals, and tracking are the same. He also thought it would be helpful to tie each program/action to a specific goal in the CAP so people feel more engaged. Brendon said that the framework of the outreach plan is very specific, with the end result being that people follow through and sign up for the various programs.

- CenterPoint Energy included an insert in August utility bills offering up to three free low-flow showerheads and faucet aerators per household or unit. Doug Peterson, Senior Director of Sales and CIP Implementation for CenterPoint Energy, reported that the promotion has so far resulted in 1299 requests for 2,654 shower heads and 3,164 aerators. Calculated energy savings from those requests are 10,000 dekatherms of energy which equates to the annual energy use of 111 residential houses in Minneapolis; relating to the

greenhouse gas number, 500 tons of CO2 savings annually. Mr. Peterson said that these preliminary results reflect a little less than one percent of CenterPoint Energy's annual goal, and the promotion was very successful. He thanked the City of Minneapolis for allowing the flyer to be included with water bills.

- Brendon said the City of Minneapolis is using some of the funding provided this year to offer Home Energy Squad co-pay buy-downs. Until the end of 2015 the City will reduce the \$70 charge to zero for households at or below 300 percent of poverty, for approximately 200-300 households. The Planning Team is identifying areas of low participation, and developing outreach with NCR [Neighborhood and Community Relations] and EVAC.

Mayor Hodges asked if this group (households below 300 percent of poverty) would include renters. Brendon said it could include renters in 1-4 unit buildings, but it would depend on what the landlord was willing to sign-off on.

- The City is also offering a zero-interest loan to Home Energy Squad participants who need air sealing or insulation. Using an existing CEE loan product, the City is reducing the interest rate to zero percent. This 2015 program can serve 100-200 households depending on loan sizes and terms, and is available on a first-come, first-served basis.

Brendon concluded this segment of the meeting by stating that flyers about the Home Energy Squad programs will be mailed with September utility bills. They will also be doing outreach at specific events in an attempt to reach those in areas with lower participation.

- **Events**

- Minneapolis Energy Fair: October 10th, Convention Center. The Planning Team was approached by NRG, sponsor of the event, offering an opportunity to participate. The goal is to invite homeowners, renters, and landlords to learn about the multiple programs that are available. Xcel and CenterPoint will have tables, CERT [Minnesota Clean Energy Resource Teams] staff will talk about options for community and rooftop solar, and brief presentations will be provided. An invitation will be sent, and the Planning Team is also working with NCR to connect with neighborhood organizations.
- Southeast Asian Soccer Connection: September 13, Farview Park. This is a popular event that many city departments attend to provide information. CEE is available to sign up people on the spot, and information will be provided on the programs mentioned above.
- The Planning Team is exploring the option of offering ward-specific events hosted by an elected official, with utilities and CEE in attendance to highlight the CEP and discuss its programs.

- **LED Light Bulbs for Minneapolis Customers**

Bridget said that Xcel Energy has 1,000 LED bulbs to give away before the end of 2015. They will be used at CEP-attended events as an incentive for people to sign up for its programs. In the future there will be a formal engagement plan and process for how and

when LED bulbs are distributed. She invited anyone interested in using these bulbs at their events to contact her.

Mayor Hodges offered some thoughts on engagement and outreach. When referring to those who are hard to reach, she said it often means that existing communication methods being used are not very effective. The City has the Creative City Making Grant where departments that have an outreach need can partner with an artist who will help generate new ideas about how to do outreach in the community or provide other solutions to problems the department has. Organization and proactive engagement are more effective than tabling at an event. Mayor Hodges would like to see more granular outreach strategies, like door knocking and going where people already are, rather than waiting for them to attend a specific event.

Clean Energy Partnership in the Proposed 2016 Budget

Mayor Hodges reported that at a recent conference to discuss the relationship between climate change and human trafficking hosted by the Vatican and attended by 65 mayors from around the world, people were very interested in the work being done by CEP. She offered kudos to the CEP Board and EVAC for making this work possible.

In the 2016 budget, Mayor Hodges recommended \$110,000 for a FTE [full-time employee] to do this work in an ongoing way. She also included one-time funding of \$90,000 for programming support to help connect with people from across the spectrum and propel this work to the next level.

Resource Planning and – Xcel Energy

Laura McCarten began by providing a definition of resource planning. It involves looking long-term at customers' energy needs, determining what is on hand to meet those needs, and what will have to be added. By State law Xcel creates a 15 year resource plan that undergoes extensive regulatory review and ultimately becomes a platform for energy policy. The current plan was submitted in January 2015 and is expected to be approved by the Public Utilities Commission (PUC) in 2016.

Laura then gave a brief company overview. Xcel provides safe, clean, reliable energy to more than 3.4 million electric and 1.9 million gas customers in eight Midwestern and Western states. Out of a total workforce of almost 20,000, approximately 2,700 employees and contractors work at company headquarters in Minneapolis.

The resource planning process starts with identifying capacity and customers' energy needs and costs, what options are available to choose from, and federal and state requirements and objectives. The resource plan looks at a 15 year view (including near term, and five year associated with near term actions), future energy mix, costs, environmental performance, and compliance requirements. After the plan is submitted it undergoes extensive stakeholder review and input through workshops and other discussions, before eventual PUC approval and then implementation.

Xcel's preferred plan in Minnesota and Minneapolis includes achieving 43 percent cost-effective carbon emission reduction by 2030, which will be done by doubling renewables (wind and solar)

resulting in reduced reliance on coal. It preserves a diverse fuel mix: nuclear (28 percent), renewables (35 percent), coal (29 percent) and natural gas (eight percent). This reflects a reduction in nuclear and coal, and an increase in renewables, achieving the State's goal of 10 percent solar by 2030. Xcel will continue to operate its Monticello and Prairie Island nuclear plants, which are carbon-free.

The state of Minnesota has carbon emission reduction goals of 15 percent from 2005 levels by 2015, and 30 percent reduction by 2025. These goals are mirrored by the City of Minneapolis CAP. Xcel's 2016-2030 resource plan calls for the following carbon emission reductions, which exceed the City's carbon reduction goals in the CAP: 23 percent by 2015, 37 percent by 2025, and 43 percent by 2030. Key issues in achieving these goals include the timing and impact of retiring Sherco, demand side management goals and costs, compliance with environmental regulations and goals, preferred plan costs and rate impacts, and modeling assumptions.

Council Member Glidden asked if the resource plan included references to CEP or the CAP. Ms. McCarten replied that the way the plan is generated using a macro analytical tool makes it difficult to do that. The computer model does not have the capability to get more granular. Xcel is trying to find a way that CEP and CAP could be acknowledged or incorporated.

Nick Mark asked if the additional capacity is intended to replace or reduce reliance on existing resources, or if it reflects additional demand growth. Ms. McCarten replied that they don't expect customer energy use to increase at a rapid rate. Resources are being added primarily to replace those that are being eliminated and to reduce reliance on coal.

Community Solar Gardens – Xcel Energy

Lee Gabler, Director, DSM & Renewal Operations, Xcel Energy, provided an overview of the Solar*Rewards Community (S*RC), also known as community solar gardens. The community solar garden program arose from the 2013 solar legislation. It was designed to develop a program to allow communities and other organizations to support a solar project and receive benefits. It makes solar available to renters and property owners with shaded or unsuitable sites. Xcel facilitates the distribution of the benefits; they purchase the solar energy and provide the bill credits to the subscribers.

In a typical power purchase agreement it is competitively bid and all customers pay the PPA [Power Purchase Agreement]. That changes from an S*RC standpoint where the bill credit rate is set by the PUC, participants receive benefits, and all customers pay for the bill credit. Xcel remains revenue-neutral.

In defining participant roles, the utility manages the program and application management, tracks production, provides bill credits, and manages the S*RC contract with the garden operator. The subscriber enters into an agreement with the garden operator for a subscription and receives bill credits. The responsibility of the garden operator is to build and manage the garden, sign the S*RC contract with Xcel Energy and recruit subscribers.

There are several program rules. Xcel Energy will purchase energy at subscriber's retail rate plus REC [Renewable Energy Credit] incentive. If the garden is less than 250 kW in size the REC is

three cents; for gardens greater than 250 kw the REC is two cents. Costs for the program (bill credits) will be collected from all customers through fuel charges. The gardens will contribute to Xcel's solar energy standard. There is currently no cap on capacity or budget; however, individual garden size, currently set at 5 MW, will be limited to 1 MW after September 25, 2015.

From the subscriber side, maximum size is 120 percent of annual consumption, and no single subscriber can subscribe to more than 40 percent of a garden's output. The subscriber must live within the county or contiguous county where the solar garden is located, and gardens must have a minimum of five subscribers.

Current rates are set for each customer class: residential, small general and general. Subscriber bill credits per kWh for a typical residential customer range from \$0.12033 to \$0.15033. These rates will be in place for the first three years of the program.

The current program was launched on December 12, 2014. There is a sense of urgency by developers because the Incentive Tax Credit will step down at the end of 2016 from 30 percent to 10 percent. The PUC approved a partial settlement in August, working with developers to shrink co-located S*RC projects above 5MW. More than 1100 MW of S*RC applications have been received, and the first community solar garden is expected to come online later this month [September 2015]. This is one of the largest solar garden projects in the country. Interconnection agreements with cities contiguous to Hennepin County are expected to be signed in the next couple of months so Minneapolis residents will be able to participate in programs of other cities or counties.

Multi-family Energy Efficiency Program – CenterPoint Energy

Nick Mark announced that a new multi-family building efficiency program will be launched by CenterPoint Energy in October. It will apply to buildings with five or more units; this sector encompasses a large range of building type, age, ownership structure and billing arrangement. The average is about twenty units per building. Most buildings in this segment have historically had a single gas meter, but that is changing so that now more new units have a single gas line installed.

Multi-family (MF) unit customers have had access to all of CenterPoint's commercial offerings, and for the past few years on average just under 500 customers annually have taken advantage of them. The programs include things like prescriptive rebates for boilers, water heaters, etc, but also custom things like retrofitting faucets and building envelope. MF also takes advantage of Energy Design Assistance, a joint program with Xcel, for new construction and major renovations. Average total savings is about 200 Dth per participant; the sector is saving 1.1 percent of their total consumption. This suggests an opportunity for a more comprehensive, deep-efficiency program. Customers would value a dedicated program, preferably one that combined gas and electric.

Joint program development between CenterPoint and Xcel began in April 2014, with technical support from ACEEE [American Council for an Energy Efficient Economy] and other national and regional energy experts. Data was provided by the Minnesota Multifamily Characterization Study, the US census, and utility billing systems. They filed for approval in February 2015 and

received approval in May. Feedback on draft design was solicited from local multi-family stakeholders, both market rate and affordable housing, in October 2014. They started moving through the RFP process for a program implementer in June and expect to have one under contract in the coming weeks, with the program launch planned for October 1.

The program was designed to provide multi-family customers and building owners with a single place to go to reduce their energy without having to think about translating therms or kilowatt hours to determine the level of incentive in terms of energy and money saved. Its goal is a customer-focused, performance-based whole-building efficiency offering that cost-effectively encourages owners to pursue high levels of savings. Components include “one-stop shop” offering, free building assessment and direct-install of low cost savings measures, and performance-based incentives to pursue deeper savings. There will be no distinction between savings on building vs. tenant meters or gas vs. electricity. It will use an escalating incentive structure; as whole-building energy savings are achieved the incentive level will increase, up to 40 percent of cost. For low-income/affordable housing buildings, the incentives double, up to 80 percent of cost.

After a question from Doug Peterson about the DOC criteria for low-income for this project, Nick explained that criteria for multi-family low-income qualification is not straightforward because there can be a mix of residents within a building. In general, a minimum of sixty percent of tenants need to be at a qualifying level or the building must have been qualified through other paths, i.e. being owned by a nonprofit or eligible for federal weatherization funds.

Brendon added that Minnesota Housing publishes a list of qualified buildings, and DOE publishes a list of buildings that qualify for the weatherization systems program. An EVAC member [Timothy Gaetz] works for the Minneapolis Public Housing Authority; they along with the City’s regulatory services department have provided specific contact information of everyone who holds a rental license in Minneapolis. This will allow the Project Team to interact more directly not only with the people who most need this program but the whole university of building owners.

Nick said that in putting this program together they were guided by ACEEE’s Best Practices, hitting nine of the ten recommendations. The only suggestion that was not included was integrating an on-bill financing component, although that may be done at some point in the future. [PPT Page 55]

The program is being aimed at building owners who have authority and capital to make decisions to invest in deep efficiency projects. Based on the project structure, they expect a number of improvements to flow to and directly benefit building residents, both in direct-install and performance phases. Educational materials on energy and efficiency are being developed and will be provided to residents.

Outreach is being done by direct promotion to building owners, with targeted outreach to Minneapolis owners and renters based on the CEP Outreach and Engagement Plan. It will also be promoted at Minnesota Multi-Housing Associations fall convention on October 6, and through

coordination with MHFA [Minnesota Housing Finance Agency] to promote the program to its eligible projects.

Doug Peterson commented that overlaying the map of residential properties with five or more units [PPT Page 57] and the map of low-income customers that was shown earlier in the meeting [PPT Page 7] would provide some good information on where to market the program.

Lauren McCarten, taking over as Chair following Mayor Hodges' departure, shared some observations: CenterPoint and Xcel collaborated more deeply on this program than they had in the past, and she attributes that to CEP. Also, the partnership with the City and access to rental license information makes this opportunity more powerful. These help show the benefit, value and power of the CEP. Nick added that there has been a lot of interest nationally in this program, and there have been numerous requests for them to speak at conferences.

Announcements and Adjournment

- The next meeting of CEP will be on Monday, November 16, from 10:00 am to noon; location to be determined.
- Joe Vortherms applauded the Planning Team and EVAC for their excellent job working together and for the programs being advanced by them, i.e. copay downpayment and low interest. Based on the success of the utility bill inserts on low-flow shower heads, he believes the goal of signing up 200 households by the end of the year will easily be reached.

The meeting was adjourned at 1:55 p.m.

*This constitutes my understanding of items discussed and decisions reached.
If there are any omissions or discrepancies, please notify the author in writing.*

Submitted by:

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