

Minneapolis Clean Energy Partnership
ENERGY VISION ADVISORY COMMITTEE
Minneapolis Central Library, Doty Board Room
Tuesday, November 10, 2015
6:00 – 8:00 p.m.

Meeting #4 Notes

Committee members present: Chairs: Jamez Staples, William Weber. Members: Cameran Bailey, Diana McKeown sitting in for Trevor Drake, Chris Duffrin, Janne Flisrand, Sydney Jordan, Matt Kazinka, Annie Levenson-Falk, Karen Monahan

Committee members excused: Ross Abbey (resigned), Louis Alemayehu, John Farrell, Timothy Gaetz, Kevin Lewis

Guests: Timothy DeHerder-Thomas, Eric Immler, Marcus Mills, Lee Samelson, Siri Simons

Planning Team/staff present: Carter Dedolph, Bridget Dockter, Nick Mark, Kelly Muellman, Yvonne Pfeifer, Brendon Slotterback, Al Swintek, Marsha Wagner

1. Welcome and Introductions

Co-Chair Jamez Staples called the meeting of the Energy Vision Advisory Committee (EVAC) to order at 6:06 p.m.

Co-Chair Billy Weber welcomed new EVAC member Annie Levenson-Falk and substitute Diana McKeown, and invited them to introduce themselves. He also announced that EVAC member Ross Abbey has resigned. It is likely that the CEP Board will direct that someone from the current applicant list be selected to serve the remainder of his term (through 2016).

2. Review and Approval of Agenda and Minutes

Billy allowed a moment for review of the minutes, then asked for a motion to approve them. It was MOVED and SECONDED that the minutes be approved. Motion CARRIED. After reviewing the agenda, he noted that Item #5 – Introduction to the new Multifamily Energy Efficiency Program – be moved up in the agenda. He asked for a motion for approval. It was MOVED and SECONDED that the agenda as modified be approved. Motion CARRIED.

3. Introduction to the new Multifamily Energy Efficiency Program

Bridget Dockter introduced Carter Dedolph, Senior Energy Program Administrator at CenterPoint Energy, and Yvonne Pfeifer, Community Energy Efficiency Manager at Xcel Energy. They have been working on the new Multifamily Building Efficiency Program (MBEP), a joint program between CenterPoint and Xcel more than a year in the making. The program conducted its first whole-building energy audit under this program on Monday, November 9, with the first Minneapolis building scheduled for December 22.

Carter began his presentation by stating that the American Council for an Energy Efficient Economy (ACEEE), a policy and research organization, estimates that multifamily energy savings can attain 30% improvement in a building's energy efficiency. For the Minnesota Multifamily Characterization study, over 15% of the housing units in the state are multifamily, five units and above, so there is considerable potential for energy efficiency in this sector. The utilities are targeting and increasing emphasis on multifamily, adopting a comprehensive approach to the program. For existing buildings they offer prescriptive rebate programs, and for new construction they offer in addition energy design assistance. MBEP represents an approach for whole building efficiency, not just a prescriptive measure for a certain technology. MBEP is funded by Conservation Improvement Programs (CIP), and is administered and overseen by the Minnesota Department of Commerce–Division of Energy Resources (DOC-DER). DER ensures that ratepayer dollars used effectively and that energy savings are reported accurately.

While the project was in development over the past year and a half, the utilities sought input from many different organizations, both locally and nationally, on best practices for building a multifamily energy efficiency program. One of the most influential inputs came from ACEEE, and they used nine of their ten best practices in designing this program:

1. Provide a one-stop shop for program services, which is especially important in this situation with two large utilities attempting to deliver one program
2. Integrate direct installation and rebate programs
3. Streamline rebates and incentivize in-unit measures to overcome split incentives
4. Coordinate or integrate programs across electric, gas, and water utilities
5. Encourage deeper retrofits with escalating incentives for greater savings levels
6. Serve both low-income and market-rate multifamily households
7. Combine utility-customer-funded programs with public funding available at time of affordable housing refinance (Minnesota Housing Finance Agency, MHFA)
8. Partner with the local multifamily housing industry to market programs (Minnesota Multi Housing Association, MHA)
9. Offer multiple pathways for participation to reach more buildings

Carter continued by saying that MBEP does not set a prescriptive path but rather looks at what the building needs and what will contribute to the energy efficiency, with a custom whole-building approach. He said the program focus is:

- Aimed at building owners, or design team if it's a major retrofit, who have authority and capital to make a decision to invest in deep efficiency projects
- Based on the project structure with improvements benefitting both building owners and residents (both in direct-install and performance phases)
- Minimal outreach to residents for participation due to whole building approach, but residents are encouraged to inform building owners about the program
- Educational materials on energy and efficiency tips provided to residents to help them make their units more energy efficient (i.e., thermostat settings)

The program is designed with an escalating incentive structure. The first step is to do a whole building energy audit to determine where the inefficiencies are, followed by direct install measures. After the audit and installation, a report is provided to the owner identify the long-term energy improvements and savings that can be achieved as a result. That is followed by verification to make sure they are correctly installed and that proposed equipment is in place, and finally the incentive payment is made by the utilities. They structured the program with three tiers, based on the whole-building energy savings achieved. The baseline done during the energy audit measures current energy use, and energy savings are based on the improvements, with low-income receiving double the incentive. Depending on the energy savings achieved (15, 20 or 25%), incentive levels range from 25 to 40% of the cost of the energy-efficiency improvements.

MBEP is a joint utility program offering one program to customers from two utilities, so the owner does not have to interact with multiple organizations to participate. It targets existing multifamily buildings only, and the project must have Xcel Energy electric service and CenterPoint Energy or Xcel Energy gas service to participate. Offering a one-stop shop, there is a single point of contact provided by Energy Insight, a third-party implementer. The implementer delivers direct install, acts as a customer representative, and determines the level of incentive with approval from utilities. They will not have a general contractor for larger projects, but the implementer will help customers get larger work contracted out and bid.

The whole-building audit with direct install is provided by the third-party implementer. It includes direct install of low cost measures, like energy efficient shower heads or faucet aerators, at no cost to owners for either direct install or audit. Incentives are performance-based with rebate levels based on whole-building energy savings achieved. Rebate levels increase when higher savings levels are achieved. This includes direct-install component towards total building savings.

Outreach strategy includes creation of a Program Informational Sheet, which was distributed to those present at the meeting. They are also running an ad in Minnesota Multi Housing Association's Advocate Magazine, attended and presented at MHA's fall convention in October 2015, and will attend their Working Together conference in April 2016. MHFA is assisting with coordination of processes and collaboration, and they are working with a number of advisory groups, including Minnesota Multifamily Affordable Housing Energy Network. They have just begun work on the 2016 Marketing Plan.

In the ensuing discussion after the presentation, the following questions and comments were addressed:

Q: Xcel supported a multifamily benchmarking project that identified good opportunities, including both market rate and affordable housing. Are results from that study being used as part of the outreach strategy to ensure the most cost savings?

A: Yvonne replied that they are working with MHFA, considering that as a potential strategy. For confidentiality purposes MHFA will drive that.

Q: There seems to be a predominance of outreach for the MHFA but not other affordable housing funders or partners. What is the reason for that imbalance?

A: Part of it is program design. It reaches to both segments, but the initial planning for the program was to reach a larger percentage of market rate than low income, partly due to the cost-effectiveness and design of the program.

Q: In Xcel's and CenterPoint's territory do you have a sense of what portion of multifamily buildings meet the low-income definition as per DOC? In Minneapolis a very significant portion of multifamily housing meets the definition of low income housing.

A: There is no data on that at the moment. While goals are divided between market rate and affordable housing, more of the work needs to happen on the market rate side to get participation numbers.

Comment: Minnesota Housing does have a pipeline that touches approximately 1% of subsidized affordable housing which does not include public housing and a number of other venues. If you intend to reach affordable and low-income housing you will need to go beyond the RFP system. In Minneapolis, more affordable housing (which meets the DOC definition of low income) is not subsidized than is subsidized.

Q: The goals for Clean Energy Partnership (CEP) are to reach 75% of residential units by 2025. With only 150 buildings budgeted for through 2016 it will be difficult to achieve that goal. What is the plan to ramp things up to get to the CEP goal?

A: The program was under development before CEP was launched or even agreed to. The basic idea is to walk before we run; try to determine if this program design will deliver and at what rate it can be scaled. They do not have answers to these questions at this point.

Q: Are other programs in development to help meet that CEP goal?

A: No other multifamily programs are in development at this moment. They want to see how this one does first. Multifamily buildings have been participating at an extremely high rate, and these programs will continue to exist. There are other opportunities for customers through other programs.

Q: What is the definition of low income?

A: There are a couple of different ways utilities can identify a low income building. They include access to low income housing tax credits, prequalification for federal weatherization money, and project based Section 8. They do not include voucher-based Section 8 because of privacy concerns for residents, but they are open to other ways of identifying low-income properties, i.e. mortgage covenants, public housing agencies, etc.

Q: When this program is implemented in a building, is there data about income, race and ethnicity of the residents or tenants? Is this data collected by the City?

A: That data is not collected for any CenterPoint or Xcel Energy programs. What they would identify is whether the building qualifies as low income. The City's data is based on building ownership only.

Q: The way the program is designed, there are a lot of willing landlords that do want to invest in their properties. However, not all landlords are responsive or they are afraid to use programs that are official because it might bring them under scrutiny for other things. There's a concern about how to get those buildings served because they will have the biggest impact in terms of working with communities of color and other communities. That's a segment of multi-unit properties that is important to target but they are difficult to reach through formal channels. Could there be a line or number established that residents could contact to ask someone to contact their landlord? Does the City have regulatory tools that they could bring to the table?

A: Bad landlords are a real problem, but that is outside the scope of the CEP. It is up to the City or state to address. Nick thought more discussions could be held internally about the feasibility of a contact line, perhaps using the program's contact phone number [844-545-7455] as a lead generating tool. Things that the Planning Team is hearing from EVAC members and others in the community, and things learned through implementing this program would inform conversations with the City about what they can do that can be used as a conduit to leverage the program.

Q: Is there data on how this affects rent? It helps residents in terms of smaller utility bills, but are costs of improvements passed on to renters?

A: The low income qualification set up by DOC has contractual rent limits in most cases.

Q: In the RFP, were there any hiring requirements or goals that the implementer had to meet in terms of minority/women/veteran participation? In the implementation process, does it trickle down to people who are going out into the field to have requirements to hire from those groups as well?

A: Those hiring requirements are standard in all RFP processes.

Billy asked that EVAC be sent an update on how many applications have been received. Nick stated that as of a week ago [November 3] there were applications from 17 property owners, representing 31 buildings, 9 of them in Minneapolis.

4. Metrics – Update from Working Group and Action

Billy began by introducing the working group's [Summary Metrics Recommendation](#) and describing the process. [CEP Proposed Metrics Detail](#) was also provided by the Planning Team. At the last EVAC meeting two working groups were set up to explore metrics and engagement. The metrics group (led by Billy and comprised of Trevor Drake, Chris Duffrin, John Farrell, Katie Schmitt and members of the Planning Team) met twice. They identified two types of metrics:

- Primary Metrics: Measures that correlate directly to the stated goals of the Minneapolis Climate Action Plan goals and strategies

- Effectiveness Measures: Measures for tracking program efficacy and impact related to work plan items (not tracking toward a goal but a piece of information that helps understand how they are tracking, i.e. geography, ethnicity or income level)

The Climate Action Plan goals and strategies are to:

1. Reduce GHG emissions 30% by 2025 (from 2006 levels)
2. Increase efficiency of commercial buildings 20% from growth baseline by 2025
3. Increase efficiency of residential buildings 15% from growth baseline by 2025
4. Increase local or directly purchased renewable energy to 10% of total by 2025
5. Help 75% of homeowners participate in whole house energy efficiency retrofit programs by 2025 (with equitable distribution)
6. Help 75% of 5+ unit buildings participate in multifamily EE program by 2025 (with equitable distribution)

The working group recommends the addition of the following language to the existing goals: “eliminating disparities by income and race.” All of the Partners are committed to this and it is already reflected in the metrics that are being proposed. To clarify what that means, the goals for participation in this program reflect the makeup of the population in Minneapolis.

The primary geographic breakdown for metrics will be census tracts and citywide. Additional neighborhood level and building level data will also be used as appropriate for program tracking. The group also recommends the tracking of engagement efforts separately and in addition to the metrics adopted by the CEP Board. All program engagement should include clear outcome measures specific to program goals and outcomes.

CEP proposed metrics noted in the two year plan are:

1. Citywide GHG emissions
2. Commercial building energy use
3. Residential building energy use
4. Local or directly purchase renewable energy
5. Home Energy Squad visits
6. Low-income visits
7. Air sealing/insulation (ASI)
8. Multifamily program participation

Regarding single family and multifamily residential programs, it was strongly suggested that HES visits to units or buildings result in implementation of something more significant than direct install. Conversion rates from direct install to larger improvements and investments, not just from HES visits to insulation and air-sealing, is critical and that needs to be tracked for both single family and multifamily programs. Nick pointed out that low income visits are more difficult to track as there are many programs under that umbrella, some delivered by utilities and others not, and some jointly delivered. Some imply a conversation because of the nature of the program, i.e. weatherization. They are trying to work with the state to get as accurate a

picture as possible of activity in the City under that umbrella. It was agreed that Metric #8 be amended to reflect this discussion.

Regarding commercial buildings, the City and CEE are focusing on large buildings in CAP, but it would be valuable to find a way to give credit to what small businesses are doing or inform them if they are not doing enough. Bridget replied that Metric #2 is tied directly to CAP's growth baseline. In commercial building data they do not track small and large businesses. They do not know the size of building; they only know how much energy the building uses. Brendon said that this is something that warrants more exploration for future tense projects in the work plan; how to reach small businesses is part of that. Nick added that the work plan now focuses on large buildings, with the hope that things learned can be built on to include smaller buildings.

Additional metrics discussed by the working group and being put forth for consideration and discussion are:

1. Employment and workforce training
2. Woman and minority business participation
3. Economic activity related to EE spending
4. Total citywide GHG by activity in alignment with the City inventory (i.e. roads, solid waste)

The first two additional metrics—employment and workforce training, and women and minority business participation—will require coordinating among the City and utilities. Bridget suggested they hold behind the scenes conversations to look at geographic breakdown, something they [utilities] have never done before. They could possibly add different trackers on rebate forms that could be fields they could separate out. The Planning Team has discussed economic activity related to energy efficiency and spending. One of the best indicators used with that will be measuring the economic value of the energy savings so what is not being spent on energy would be spent elsewhere in the local economy.

Billy called for a motion to forward EVAC's Summary Metrics Recommendation to the CEP Board. A friendly amendment was made to change item #8: Multi-family program participation, to add direct install and tracking & conversion. It was MOVED and SECONDED that the Summary Metrics Recommendation be approved as amended. Motion CARRIED.

Following the vote, Billy thanked the members of the metrics working group for their time and efforts. Brendon provided information on the process moving forward. The Planning Team will take the recommendation to the CEP Board at its next meeting [November 16]. They will review and hopefully approve it. The annual report on metrics will happen every year in Q2. In the interim staff will work on accumulating data and putting it into the report, and setting up a baseline to launch from for future work plans. Staff will come back to EVAC in future meetings about the additional metrics proposed. Brendon noted that #4 (total city wide greenhouse gas emissions by activity in alignment with the city inventory) is already being done. Bridget added

that a simplified score card of the metrics, for easy public consumption, will be created and posted on the website.

5. Engagement Working Group Update

Jamez reported that the community engagement working group has met three times to date. It has been a very robust conversation and they have framed up what they intend to present in Quarter 1 2016 for adoption by the CEP Board. They are creating a template or replicable model that can be applied to residential, multifamily and possibly commercial segments. They will be holding more meetings this year and in January to accomplish that. Billy requested that the meeting dates be sent to other EVAC members in the event they want to attend and contribute.

Brendon added that at the CEP Board's meeting in September it was clear that engagement planning was top of mind for them and they are interested in seeing new ideas. The Planning Team, along with Kelly Muellman from the City's Sustainability Office, will give the Board a status update.

6. Low-income Home Energy Squad & Energy Efficiency Loan Update

Brendon provided an update on the program, specifically around the funds that the City has been using in partnership with the utilities' Home Energy Squad (HES) Program and CEE's loan product. The City had a 2015 budget for 200 visits and 20-40 loans.

HES is the energy efficiency program for 1-4 unit properties. HES has been available for a long time as a utility program and typically involves a \$70 to \$100 co-pay for the property owner or renter to participate. The City is buying that down to zero for people who meet a low income definition the City has come up with that is larger than the DOC's definition (300% of poverty). There are specific low-income weatherization programs that are a better deal and provide more installs; the City's definition is intended to capture the next segment of persons who still face monetary barriers to energy efficiency.

The City started advertising this program in September and October, sending utility bill inserts to every person who gets a water bill in the city. As shown on the graph titled Income-qualified visits by month [[PPT Page 22](#)], participation is growing by month, although during the holiday period appointment scheduling will be slowing down. More visits have been done to date in owner-occupied, single units than in renter-occupied residences.

Brendon showed a census tract map showing geographic dispersion of the 133 total income-qualified HES visits from September through December [[PPT Page 23](#)]. For future presentations, neighborhood boundaries will be added to the map for purposes of orientation. The program is still in its early days with outreach, and engagement strategy needs to include geographic outreach.

CEE's loan program covers the cost of insulation or air-sealing recommended by a HES visit with a zero percent loan. To date 17 loans have closed or are pending. Average value of the loans is approximately \$4500. Direct install is included. All of these loans are eligible for rebates.

Engagement methods or channels used to date include:

- Utility bill (water and garbage) inserts going out to property owners beginning in September; also available online
- Social media outreach through City's channels
- Community events (i.e. Open Streets) staffed primarily by existing utility programs
- City Council newsletters
- City email lists
- City Council member event
- CEE communications and events
- Community-based organizations and energy assistance service providers with connections to property owners or renters
- Housing Inspectors (Regulatory Services)

The Planning Team will continue using these channels and may develop others in addition. CEE is willing to have a staff person with a laptop present at events to sign up people on the spot. Karen Monahan offered to send a list of environmental and social justice communities to Planning Team members for additional outreach, and said she would make introductions to key contacts at those organizations if the Planning Team can provide a brief description of the CEP initiative. Bridget added that Xcel still has LED light bulbs available to use in 2015 as an incentive at community or other events, i.e. house parties. Other community engagement channels suggested for using the LED light bulbs were intercepts at grocery stores, working with community groups, contacting churches or mosques, and events hosted by other elected officials. EVAC members were encouraged to keep community engagement ideas coming, and when possible offer ways to help develop them into action.

A question was asked about outreach to 2-4 unit buildings that are more difficult to reach but where utility bills are likely to be higher. Brendon responded that if a property needs improvements, including insulation and air-sealing, the landlord will be the decision-maker and funder. The zero percent loan product can be accessed by landlords to get the work done. The only caveat is that they have to have the HES visit with a recommendation that insulation and air-sealing needs to be done. The engagement piece is more challenging. One engagement strategy that has not been instituted yet, primarily due to constraints imposed by CEE, is to email landlords. The City has email addresses for approximately half of all landlords that rent 1-4 unit properties in the City and they will contact them directly in 2016. The Planning Team is looking for other engagement and messaging strategies to reach out to landlords.

A final question dealt with funding for this program, as proposed in Mayor Hodges' budget: If passed, how will it be used? Brendon replied that the last City Council meeting is on December 16, 2015, and it is likely they will pass the budget on that date. The city departments

make recommendations to the Mayor, and how the money is divided goes back to the departmental work plan. The City Coordinator's office determines how the money is spent. It is hoped that funding will continue for staffing support and for the buy-down and loan programs.

7. Announcements and Next Steps

- The CEP Board is meeting on Monday, November 16, at 10:00 am. EVAC members are welcome to attend.
- EVAC will continue to have conversations about the overall engagement plan that it will recommend to the CEP Board, which is looking for a community-wide approach that will focus on the various sectors: renters, homeowners, landlords.

8. Adjourn

The meeting was adjourned at 7:55 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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