

**Minneapolis Clean Energy Partnership
CEP BOARD MEETING**
Minneapolis Central Library, Doty Board Room
Monday, November 16, 2015
10:00 am – 12:00 pm

Q4 2015 Meeting Notes

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

Board members excused: Joe Vortherms (resigned; seat transitioning to Brad Tutunjian)

EVAC members present: Co-Chair Jamez Staples

Guests: Timothy DenHerder-Thomas, Peter Ebnet, Katie Jones Schmitt, Alice Madden, Marcus Mills, Lee Samelson, Siri Simons

Planning Team present: Ani Backa, Bridget Dockter, Robin Garwood, Natalie Herrild, Nick Mark, Kelly Muellman, Brendon Slotterback, Al Swintek, Stephanie Zawistowski

1. Welcome and Introductions

Mayor Betsy Hodges called the meeting to order at 10:12 a.m., and invited Board Members, staff and guests to introduce themselves.

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

Referencing today's agenda and minutes from the Clean Energy Partnership (CEP) Board Meeting on September 9, 2015, Mayor Hodges asked for a motion to approve the agenda and adopt the minutes. It was MOVED and SECONDED that the agenda and minutes be approved. Motion CARRIED.

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

Mayor Hodges thanked Ross Abbey for his work on EVAC. Brendon Slotterback, Sustainability Program Coordinator for the City of Minneapolis, said the Planning Team was notified on Tuesday [November 10] that Ross would no longer be able to serve his seat on the Energy Vision Advisory Committee (EVAC). Brendon said that upon Board direction the Planning Team would select another candidate from the list of initial EVAC applicants and make a recommendation for a replacement for the remainder of the term (through 2016). Because they want to fill the vacated seat as quickly as possible, Brendon proposed that the recommendation be sent to the CEP Board electronically rather than wait until the next Board meeting for action. Noting that Ross brought knowledge of renewable energy installation to the group, the Planning Team will take that into consideration when reviewing the list for suitable applicants.

Mayor Hodges asked for a motion to direct the Planning Team to recommend a new EVAC member to fill the vacant position for the remainder of the term, with a decision to do that electronically to have someone in place before the first meeting in 2016. It was MOVED and SECONDED that the motion be approved. In further discussion the Planning Team was also asked to take into consideration racial and gender diversity in EVAC when making their recommendation. Motion CARRIED.

4. CenterPoint Energy Board Seat Transition

Jeff Daugherty announced that Joe Vortherms, formerly Vice President of Regional Operations for CenterPoint Energy, has accepted a new position in Houston. Joe will be replaced on the CEP Board by Brad Tutunjian, Division Vice President of Regional Gas Operations. Brad has 17 years of experience at CenterPoint, and most recently he was Vice President of Gas Operations for the company's natural gas distribution systems in Louisiana and Mississippi.

Mayor Hodges asked for a motion thanking Joe for his service. It was MOVED and SECONDED that the motion be approved. Motion CARRIED.

5. Review Proposed Clean Energy Partnership Metrics [[Attachment C](#)]

Brendon stated that metrics are critical to the success of the Partnership. Per the 2015-16 Work Plan that was adopted by the Board the Planning Team was directed to work with EVAC to identify a set of metrics to track progress. Metrics will inform the CEP Board of the progress of the Partnership, helping them understand what activities are happening in the community and determine the level of success. Metrics will also form the basis of the Annual Report. Developing metrics has and will include significant data collection from all three partners.

Describing the metrics process to date, Brendon said EVAC is taking the lead. They have had multiple meetings where the primary topic was developing metrics to track progress of the Partnership. At its Q3 meeting EVAC reviewed the approved Work Plan, engaged in a discussion of suggested metrics, and of their own volition formed a small group to spend more time discussing metrics outside of schedule meetings. At the Q4 meeting [November 10] they completed their metrics discussion and approved a final recommendation to the Board. Brendon referenced Attachment C, which includes a memorandum from the Planning Team to the CEP Board describing the process in more detail, EVAC's Summary Metrics Recommendation, and a table that shows the specific actual metrics adopted by EVAC at its Q4 meeting.

Brendon reviewed the top level metrics proposed by EVAC and the Planning Team. [[PPT Page 5](#)] As shown on the last page of Attachment C, some have submetrics under them.

1. Citywide greenhouse gas emissions, which are important and are driving the Partnership activity
2. Commercial buildings energy use
3. Residential buildings energy use
4. Local or directly purchase renewable energy
5. Home Energy Squad (HES) visits
6. Low-income visits
7. Multifamily program participation - the new Multifamily Program will be a major focus of work in the next year and beyond

Bridget Dockter, Clean Energy Partnership Manager for Xcel Energy, added that all of these top level metrics are directly tied to the programs approved in the Work Plan. Each of the utility programs ties back to the metrics that they report back to regulators. The difference between what is currently done and what is being proposed here is going down to census tract and neighborhood level, breaking it down for Minneapolis in particular. Brendon said at both the last CEP Board meeting and at EVAC meetings there have been discussions about how equitable participation and outcomes can be represented. He pointed to the geography column (last column on last page of Attachment C) which will help them understand how the Partnership is doing in terms of equitable participation. At the census tract level the City can track things like building type and the Census Bureau can provide demographic data.

In addition to primary metrics, EVAC had some additional metrics that they would like the Planning Team to continue to reflect on:

1. Employment and workforce training
2. Woman and minority business participation
3. Economic activity related to EE (energy efficiency) spending
4. Total citywide greenhouse gas emissions by activity in alignment with the City inventory (roads, solid waste, etc.)

How to track these metrics is not exactly clear since data sources may not yet exist, but EVAC wanted them added to the list to ensure that they would be discussed and explored in the future. Number 4, total citywide greenhouse gas emissions by activity, is already being done by the City so they can provide that data to EVAC.

In addition to the previous means for tracking geography, the Planning Team is also using building level data as appropriate for program tracking. EVAC 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.

In discussion following the metrics presentation, Brendon clarified that energy efficiency spending refers to the supposition that when people are saving money on energy they will spend it elsewhere in the local community. Bridget added that this cost savings is something that can be tracked through cost-benefit analysis of the utility programs. Council Member Glidden thought that could also be applied to contractors receiving income from doing the retrofit work, more specifically to commercial buildings. The Planning Team will have additional conversation with EVAC on the potential future additions to the metrics and will report back to the CEP Board.

Laura McCarten, Vice President of NSP MN for Xcel Energy, asked if interval goals would be set for the purpose of tracking progress and fine-tuning the Work Plan. Brendon provided two points on process: If the CEP Board approves the top level metrics today, the Planning Team will take the list of eight items and develop a baseline of current trends. They will also use those metrics for the annual report to be delivered in Q2 2016. The first report will contain a lot of baseline and will set the stage for future work. EVAC had some discussion about goals and will be continuing to work in that area. They noted some existing goals from the Climate Action Plan

(CAP) that are included in the memo from the Planning Team. [Attachment C] Bridget reminded the CEP Board that the reason they chose Q2 to report on metrics is because the utilities report on their energy efficiency programs to their regulators on April and May 1 of each year so they would have their final numbers by then.

Regarding the metric dealing with the purchase of renewable energy, Lee Gabler, Director, DSM & Renewal Operations, Xcel Energy, noted the two subsets: WindSource customers or community solar garden subscribers, and asked if it would include the recently-filed Renewable*Connect green tariff as well as rooftop solar. Brendon said they focused on the main focus of engagement from the Partnership and rooftop solar was not specifically included. Renewable*Connect is new so was not in the discussion. These two items could be added as submetrics to Metric #4. Laura, referencing the City's CAP, urged that rooftop solar be added. Although it is not in the direct engagement by CEP, it does tie back to the City's overarching goal. She added that Renewable*Connect is a proposed program that will not be approved and available to customers until 2017 so that could be tabled and reconsidered next year. Council Member Reich agreed that the items should be added as long as they are demarcated as to whether they are action items or background.

Lee stated that the goal for renewable energy should be flexible because over the life of this Partnership more products will be coming out that may cannibalize others as people switch programs so there will be shifting metrics. What is most important is measuring the top level of how Minneapolis residents participate in various programs.

Mayor Hodges asked for a motion to approve adoption of the metrics proposed by EVAC and the Planning Team. It was MOVED and SECONDED that the motion be approved. Motion CARRIED.

Brendon clarified that from a CAP perspective reporting on Metric #4 would capture top line savings of megawatt hours from all of the programs currently available. However, it would be useful to break out the various programs. Laura made a MOTION to AMEND adding an Item 4.3: Rooftop solar. It was MOVED and SECONDED that the motion to accept the metrics as amended be approved. Motion CARRIED.

Following the vote Mayor Hodges expressed thanks to the Planning Team and staff and requested that her appreciation be extended to EVAC members. EVAC's input in this process is crucial to its success.

6. Community Solar Gardens Update

Lee provided an update on the status of Xcel Energy's Community Solar Gardens program. He showed a graph [PPT Page 9] that showed where applications are in the pipeline; 79% are currently with Developers and 21% with Xcel Energy. The majority (50%) are incomplete or in process. Once deemed complete the application can take its place in the queue. There have been spikes in applications received at key dates: when the program opened in June (420), before a Commission hearing in June (400), and in September when projects had to be downsized from 5 MW to 1 MW (650 applications). The vast majority of the latter were for 5 MW projects.

To date Xcel has 1,541 active applications in the system: 925 in the initial application stages (in the system but without all of the fees and documents), and 615 in the interconnection process (have been deemed complete and are ready to move forward). A big date for developers is November 19 when Xcel will appear before the Minnesota PUC to talk about their tariff filing. Once that is approved it will set the program rules going forward. Five hundred twenty applications have been withdrawn, the vast majority due to being over the 5 MW limit. There remain about 200 applications in that 1,541 number that are still over the 5 MW limit, many for the following reasons: developers have not yet withdrawn them, they are waiting until the final tariff ruling, or any disputes or challenges with co-location have not been resolved.

Of the 615 applications in the pipeline, 49 have recently been deemed complete and within 15 days Xcel owes the developer a statement of work and a bill for their study. There are 91 studies in progress; fees have been paid by the developer and they are in a 90 business day study framework. Xcel is committed to take the 90 days down to 50 days, recognizing from the developers' perspective that the end of 2016 deadline is critical. Xcel's design and construction, along with the developers' permitting and financing, has to be accomplished by the end of 2016.

Xcel has completed 136 studies that have interconnection agreements ready to be signed. Once they are signed and payments are received, the detailed design phase and construction of that project follows. Some are being held because they may be in excess of the 1 MW cap or the material upgrade cap, but 88 applications for 84 MW worth of solar gardens are in compliance. Xcel is waiting for payment: one-third of the estimated interconnection cost, with a letter of credit for the remainder.

There has been one approved application/garden, with 24 signed interconnection agreements for 22 MW entering the design phase. Most of those will occur in the first part of 2016, depending upon weather, but they are moving forward.

When asked if Xcel had a year-end goal for how many applications will be in the signed interconnection agreement phase, Lee said they expect the full 88 to move because they are under 30 day timelines. Additionally, some of the 91 in the study phase will complete that phase and sign agreements. By the end of 2016, 250 MW or more will be installed. Xcel is planning from a design and construction standpoint to handle almost 200 individual sites. To connect these sites to the grid will double Xcel's planned construction.

The level of interest for these projects is not anticipated to continue beyond 2016. Once the projects went from 5 MW to 1 MW Xcel received three new applications. A lot will depend upon what happens with the Investment Tax Credit, which will step down from 30 to 10 by the end of 2016. Xcel has a sunset on some of the material upgrades that were part of its settlement agreement. So much is changing in the market around tax equity and financing. Once tax equity moves out there is a market for debt financing but it is very different. Xcel expects that the program will be sustainable and continue but at a different level.

Lee was asked if they have discerned any patterns in applications that have been withdrawn or have been deemed to be in compliance. On many of the projects that have been withdrawn, the developers have seen through the regulatory process that there is a hard 5 MW cap on

co-location, although they are not disputing Xcel's definition of co-location from a distance or ownership standpoint. Of the applications deemed compliant, they are strong solar developers who are very clear on what is needed from a build and project standpoint, and skilled in building larger solar installations. Many have already obtained permits and are ready to go when Xcel is.

While Lee could not share the specific locations of individual gardens, he surmised a guess that the bulk of them would be adjacent to Hennepin County.

When asked what might be the holdup for the 566 applicants where a Study SOW has been issued by Xcel, Lee said that 300-plus are being held by the developer. They have their statement of work, but the cost is approximately \$22,000 so a number of them are waiting for the new tariff.

In order for a developer to qualify for the tax credit, the project must be commercially operational by the end of 2016. Anything that is deemed complete today, and some of the others depending on the complexity of the project that will be deemed complete in the first or second quarter of 2016, will be constructed. Some of the projects are very straightforward with a short distance to connect so construction will be relatively easy. Others involve two to three miles of reconducting. Xcel does not know what the site looks like until they get into the detailed phase; once they see the site things may change. Landowners may have different requirements for the land they are leasing which could slow the construction phase.

Mayor Hodges excused herself and turned the meeting over to Laura McCarten to run the meeting.

7. Planning Team Updates

- **EVAC Engagement Planning Summary**

Kelly Muellman, Sustainability Program Coordinator, City of Minneapolis, provided an update on engagement activity that has been accomplished since the last CEP Board meeting in September. At the Q3 EVAC meeting a group of members formed an engagement working group, led by EVAC Co-Chair Jamez Staples. The group has met three times and plans to meet an additional four times through early January. Their intent is to put together a framework or template, creating a tool that can be used to flesh out more detailed community engagement plans by segment over the life of the Partnership.

Components of the framework will include identifying the audience or segment and the goal or vision for that particular engagement strategy, selecting the intervention that will be used, and developing a plan: timeline, who is responsible for the actions, where resources come from. They would conduct a pilot project, and do some troubleshooting and evaluation before a full-scale rollout. It will be presented at EVAC's Q1 2016 meeting, where it will be discussed and approved, and it will be presented to the CEP Board at its Q1 meeting. Between the first and second quarter EVAC and CEP Board meetings that template will be developed so there are specific action items and a specific plan for engagement for the remainder of this two year Work Plan.

- **Potential grant opportunity: Partners for Places**

Kelly explained that Partners for Places (PFP) is an opportunity to apply for significant funding to help support community engagement work through EVAC and the CEP Board in this Partnership. PFP focuses on place-based interventions to advance sustainability, and requires partnership with local, place-based foundations. The money is provided through the Funders Network for Smart Growth and Livable Communities and its partner, the Urban Sustainability Directors Network, of which Minneapolis is a member.

Previously funded projects include neighborhood-specific or cultural-community-specific outreach around waste and energy reduction, tree canopy and livability, and urban agriculture projects. The engagement activities under the Partnership fit nicely as an application. What is required is that the Planning Team build a relationship with a local place-based foundation, and then they can give up to \$150,000 over a two year period which will be matched dollar-for-dollar by the PFP grant for a total of \$300,000. Multiple local foundations can be combined to get to the \$150,000 requirement.

The grant application will describe the work that the Partnership has been doing around engagement, adding that they want to use the resources to implement the engagement work plan. They are currently working on developing relationships with local funders so they can apply for the application. The next grant round will be opening in December 2015. If selected the money would be disbursed in the summer of 2016. The Sustainability Office will be submitting the grant application in collaboration with the Planning Team, as well as EVAC representatives.

The Funders Network is looking for specific place-based organizations, identified as those whose work is focused specifically in the Twin Cities region. Examples of place-based foundations include the Minneapolis Foundation, Carolyn Foundation, and Bush Foundation. The Planning Team is exploring all options but they also want to leverage the Partnership activities to help make a strong case. The Funders Network places a high value on developing the application jointly with the foundation(s), writing the application together. Laura requested that the Planning Team, as they identified foundation(s) to partner with, notify the CEP Board so they can help make connections. She lauded the great work in finding this opportunity.

- **Progress on Home Energy Squad buy-down and zero interest loan**

Brendon gave an update on activities that the Partnership has been working on and supporting for the past couple of months. The Home Energy Squad (HES) program is the local comprehensive energy efficiency program for 1-4 unit properties. It covers a home audit including blower door test, retrofitting light bulbs, changing faucet aerators, and making recommendations for larger retrofit improvements like insulation and furnace replacements. The City provided funds for buying down the cost of HES visits, normally involving a copay of \$70 to \$100, for households that are up to 300% of poverty (\$60,000 for household of three) to zero dollars. In 2015 there is funding for 200 households.

The second component is a zero-interest loan program. HES participants who need deeper improvements, like air sealing or insulation, are eligible. This is an existing loan product through the Center for Energy and Environment (CEE), and the City has reduced

the interest rate to zero percent. The budget in 2015 is for 100-200 households depending on the size and terms of the loans. Bridget added that this is not for the traditional low-income qualified as they qualify for regular long-term programs offered by utilities. This applies to the next category, those who struggle with bills but don't qualify for subsidization.

The HES and zero interest loan programs were not aggressively marketed through utility bill inserts until September of 2015. Income-qualified HES visits have increased each month, but will fall off in December with the approaching holiday season. CEE is breaking HES visits out by renter and owner-occupied. To date 145 visits have been completed or are scheduled.

Brendon showed a map displaying where income-qualified HES visits are occurring and the geographic areas being served. [PPT Page 18] As of November 6, 17 zero-interest loans had been closed or were pending. The average loan value is about \$4,500.

Many engagement channels have been used to date, and this will continue to evolve as EVAC's robust engagement plan is implemented. Engagement channels used to date include:

- Utility bill inserts mailed out in September
- Social media
- Community events (Open Streets)
- City Council newsletters
- City email lists
- City Council-member events (CEE staff person in attendance)
- CEE communications and events
- Community based organizations and energy assistance service providers
- Housing inspectors (Regulatory Services)

Council Member Glidden suggested outreach through neighborhood associations, since some of them do written newsletters and housing loan programs. Bridget said an e-newsletter had recently been sent out to neighborhood associations and others, and it included a piece about the buy-down. Kelly added that they have worked with the City's Neighborhood and Community Relations (NCR) office, to reach a number of different outlets. NCR sent information to neighborhood associations and other connections they have.

Laura asked if the numbers for the HES visits and zero-interest loans were about what were expected from the day the program began. Brendon responded that they are pleasantly surprised. CEE had cautioned that they would be challenged to reach 200 by the end of the year, so they are pleased to have 150 scheduled before the holidays begin. Bridget added that if the programs were entirely free it might be a different story. This program is trying to fit a certain income niche and send people to the right program. A question was asked about whether people signing up now for a visit that is not scheduled until January would count in these numbers. Brendon said they are working to establish a waiting list and trying to determine how much of the remaining budget can be

rolled over into 2016. CEE is being flexible about keeping people on a waiting list. Laura thinks it is a fantastic list, and with the list of engagement channels this is a great beginning effort.

- **Progress on Multi-Family Building Efficiency program**

Nick Mark, Regulatory Manager, Conservation Improvement Programs for CenterPoint Energy, reported that since the CEP Board meeting in September the program has officially launched. They started accepting applications in early October and there has been a very significant interest. Nearly 20 owners, representing 39 buildings, have applied to participate in the program. Nine of the buildings are within the City of Minneapolis. Audits have begun; assessments and direct installs have been done, generating savings. The program was filed to serve 50 buildings in 2015.

Laura said this program has been a great example of what the Partnership was a catalyst for accomplishing. Council Member Glidden wondered what the penetration in this area might be based on other experiences. Nick replied that this is a new program and they wanted to move slowly. The utilities serve 7,000 to 11,000 multifamily buildings, and how many they can get into the program in a certain time period is difficult to say. They are hoping to take the first 18 months of experience with the program to inform where they want it to go, what the market will support, and what the utilities have the capacity to achieve. They know it is going to grow; they do not know how far or how fast.

Brendon added that he believes the multifamily program is an exciting opportunity because it is a new program and because the City has more tools to leverage to get the message out. They have been working in preparation for 2016 with licensing and regulatory services. The City has email addresses for approximately half of the contacts for buildings that are five units or more, so they can reach out to those landlords and connect directly with them. Once the program ramps up, and the engagement strategies EVAC is working on are available, there will be many opportunities to reach out and get the buildings signed up. He noted that the initial audit is free to building owners. Bridget added that direct install, i.e. lights and shower heads, is also free. Nick said the whole intent in the program design was to make it a zero risk opportunity for a building owner. This is not the only program available to multifamily customers, but it is the only one that is specifically targeted to them.

8. Announcements and Adjournment

- There will be a CEP Board meeting in Q1, 2016, date to be determined. It will include a presentation on EVAC's community engagement strategies.
- Council Member Glidden announced that Brendon Slotterback is leaving the City of Minneapolis. Brendon has been involved in leading much of the work that was foundational to the Partnership getting established, including the Climate Action Plan, the Energy Pathways Report, energy benchmarking for commercial buildings and others. She offered her thanks to all of the work Brendon has done to help support the CEP Board.

The meeting was adjourned at 11:30 a.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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