

**Minneapolis Clean Energy Partnership
CEP BOARD MEETING**
Xcel Energy, 414 Nicollet Mall, Lower Level Bay 1
Friday, November 4, 2016
1:00 – 3:00 p.m.

2016 Q4 Meeting Notes

Board members present: Mayor Betsy Hodges, Council Vice President Elizabeth Glidden, Council Member Kevin Reich, Spencer Cronk, Jeff Daugherty and Doug Peterson (sitting in for Brad Tutunjian) from CenterPoint Energy, Laura McCarten and Lee Gabler from Xcel Energy

Board members excused: Brad Tutunjian from CenterPoint Energy

Guests: Timothy DenHerder-Thomas, Trevor Drake, Abby Finis, Council Member Cam Gordon, Eric Immler, Patty O’Keefe, Audrey Partridge, Adam Pyles, Mark Ruff, Lee Samelson, Billy Weber

Planning Team present: Bridget Dockter, Ben Hecker, Luke Hollenkamp, Nick Mark, Louis Mondale, Gayle Prest, Brady Steigauf, Al Swintek

1. Welcome and Introductions

Mayor Betsy Hodges called the meeting to order at 1:07 p.m. Mayor Hodges invited Clean Energy Partnership (CEP) Board Members, staff and guests to introduce themselves.

CenterPoint Energy announced that Jeff Daugherty is stepping down from the CEP Board. He will be replaced starting in Q1 2017 by Adam Pyles, Director of Regulatory Affairs, who brings expertise in policymaking and project management.

2. Review and Approve Agenda and Minutes

Mayor Hodges asked for a motion to approve the agenda. It was MOVED and SECONDED that the agenda be approved. Motion CARRIED. Mayor Hodges asked for a motion to approve the minutes from the Q3 CEP Board Meeting. It was MOVED and SECONDED that the minutes be approved. Motion CARRIED.

3. 2017-2018 Energy Vision Advisory Committee (EVAC)

Luke Hollenkamp reported that the Planning Team received 33 applications for EVAC membership, including ten from existing members who reapplied. The Board recently took a vote on the slate of highly-qualified candidates; the voting was unanimous for the fifteen selected. Trevor Drake, an existing EVAC member, was in attendance at this meeting; new members present were Patty O’Keefe, Timothy DenHerder-Thomas, and Abby Finis.

Addressing the topic of diversity, Luke said that progress has been made, but the Planning Team recognizes the need to make a more concerted effort to achieve greater diversity on future EVACs.

Luke added that two EVAC members resigned during the last term, and five did not reapply for 2017-2018 membership. Luke thanked them for their service. Mayor Hodges welcomed new EVAC members present, and thanked all EVAC members for their service on this Partnership.

Council Member Glidden echoed Mayor Hodges' comments to EVAC members, adding that EVAC members put in significant time and effort in the challenging work of essentially creating a new organization. She offered thanks to EVAC for helping the CEP Board members understand how to continue to grow and work with EVAC to ensure that they are taking advantage of the talents of EVAC members. The CEP Board values the input that it receives from EVAC as it lends perspective on the work of the organization. CVP Glidden said she also appreciates that staff is willing to work with the CEP Board and EVAC members to explore and think about the variety of perspectives that they are seeking to be represented on the Board, in addition to diversity in race, gender, and other things that go beyond expertise from different walks of life.

4. 2017-2018 Work Plan Discussion - EVAC Recommendations

Before Spencer Cronk facilitated a brainstorming session to develop priorities for the 2017-2018 Work Plan, he offered a brief history. Early in 2015 the CEP Board heard from the Planning Team and adopted the 2015-2016 Work Plan, the guiding document used by both EVAC and the CEP Board to facilitate the discussion and activities on a day-to-day basis. The discussion at today's meeting will impact the Work Plan for the next two years, which will be considered and possibly adopted at the Q1 2017 CEP Board meeting.

Bridget Dockter provided an overview on the role played by EVAC in the first Work Plan. She said the Planning Team approached each of the Work Plan development pieces differently; this is a work in process and will continue to be as the years progress. The 2015-2016 Work Plan was developed from two core documents: the City's Climate Action Plan (CAP) and the Memorandum of Understanding (MOU) that was part of the Clean Energy Agreement signed at the time of the franchise agreements. Because the Work Plan needed to be approved and rolled out quickly, the Planning Team pulled elements from the CAP and MOU that they felt were critical to the process of moving forward. Due to time constraints with the scheduled quarterly meetings, EVAC had limited time and ability to provide input, but their recommendations were included along with the Planning Team's recommendations.

For the 2017-2018 Work Plan the Planning Team used a different approach. Given feedback from EVAC, a facilitator was hired for the Q3 2016 EVAC meeting which resulted in some good points of information, but ultimately fell short of expectations. Following the Q3 EVAC meeting they held an additional workshop on October 12, facilitated by EVAC co-chairs, Billy Weber and Jamez Staples, which was very productive. At its next meeting (December 7) EVAC will review those recommendations for the Work Plan. The Planning Team will then review EVAC's priorities and recommendations and submit the compiled recommendations to the CEP Board for consideration.

Billy Weber reported that following the facilitated September EVAC meeting, the break-out meetings held in October included the topics areas of Small Commercial, Large Commercial,

Residential 1-4 Units, and Multifamily (5+ units). The focus was on developing strategies for how the principles of CEP could be put more fully into action. In November EVAC is using a survey to continue its work on prioritizing the committee's recommendations, and organizing to better facilitate accessing EVAC members' expertise in different areas or strategies.

The 2015-2016 Work Plan contained three key strategies and operating principles:

1. Enhancing and coordinating community engagement
2. Using data on program participation to aid decision-making and develop metrics
3. Exploring City policy levers

In the current planning process there has been an opportunity for EVAC to take a step back, reflect, and think about how the key strategies get implemented and activated across the CEP. EVAC's draft recommendations for the new Work Plan, along with engagement and equity issues, include:

- Timelines for implementation of each Work Plan item
- Setting short- and long-term goals for each Work Plan item
- Forecasting impacts on the Climate Action Plan goals
- Identifying regulatory levers
- Being proactive in evaluating work force opportunities

EVAC is also considering ways of thinking about the Partnership, developing new partnerships and expanding current work practices for all entities to better work together as the current practices used by the City, utilities, and Partnership might not necessarily lead to the outcomes being sought. Working collaboratively might require some training and coaching, but would continue to enhance stronger communication across CEP and in particular better use and engaged expertise of EVAC members.

EVAC assumes that the majority of the existing Work Plan will carry forward. Certain aspects of the Work Plan (i.e. setting the baseline data, assessing distribution across the City, and equity issues) will continue as part of the reporting and tracking process, but they are in place and will not be included in EVAC-recommended Work Plan items. Billy highlighted a few additional items EVAC would like to see included in the new Work Plan:

- Small Commercial
 - Monitor and assess progress of small business programs of the Partners in Energy (PIE) program in the Lake Street corridor
 - Develop and pilot a citywide small business energy efficiency initiative
- Large Commercial
 - Leverage commercial building benchmarking to encourage energy efficiency
 - Adopt a city sustainability program for new construction with Sustainable Buildings 2030 (SB2030) energy targets
 - Work with partners to support and encourage the State of Minnesota to adopt an addendum to the state energy code for higher energy efficiency
- Residential 1-4 Units
 - Continue the community engagement pilot
 - Implement on-bill repayment

- Utilize city regulatory authority to drive energy efficiency and time of sale energy usage transparency
- Multifamily Residential
 - Utilize city regulatory authority to mandate disclosure of energy usage in multifamily residential and drive energy efficiency, and encourage energy efficiency through tier rental license system
 - Explore the use of multifamily building energy efficiency programs to preserve unsubsidized affordable housing

There were some questions and comments clarifying items under Large Commercial.

- On the second item, SB2030 is tied to a certain energy efficiency goal established by Architecture 2030, a national program that targets energy consumption in buildings to be zero energy by 2030. SB2030 is Minnesota's version of that, and is authored in part by the Center for Sustainable Building Research. EVAC members were asked to bear in mind the unintended consequences because this could affect utility conservation program benchmarks, CIP and other programs. Utilities are allowed to apply rebates through its programs, but once it is required by law the rebates and incentives are no longer available and the various rebate programs are not cost effective.

Billy clarified that EVAC is not suggesting that CEP or the City take this on alone, and added that there are people who are working on it now trying to understand the ramifications. From EVAC's perspective the City, as a large builder of buildings and with a large segment of the population, has an opportunity to lend its voice in support. Bridget added that Xcel Energy and CenterPoint Energy are supporting SB2030 in the current Energy Design Assistance program. CVP Glidden believes this is already on the City's legislative agenda, and Billy added that it is already on a number of other CAPs at the state level.

- On the third item, new buildings are obliged by law to meet certain state energy codes. Currently, state law dictates that a municipality cannot adopt a code higher than the state building code. An addendum would allow a stretch code to be adopted by a municipality. This requires action by the state legislature and other entities.

On Multifamily (5+ units) item number two, CVP Glidden said the City is very involved in discussing and the City Council has approved actions about affordable housing. She encouraged EVAC's workgroup to invite City housing finance and other staff to be part of the conversation and provide perspective. In answer to Doug Peterson's question about the difficulty of identifying unsubsidized affordable housing, Billy replied that it is doable but not through utility records. He added that one reason to look at that group is that it is an under- or zero-served group and new and innovative ways will have to be developed to reach them. Laura added that the notion of preserving unsubsidized affordable housing is fascinating because it hits so many of the things this initiative is focused on, i.e. underserved communities in terms of energy efficiency programs, the City's goals in terms of equity, and also resiliency. She congratulated EVAC on coming up with that and expressed hope that CEP could do something in that area.

Speaking to the entire presentation, CVP Glidden added that she, along with CM Gordon and CM Reich, was surprised to see that EVAC does not have any recommendations around

renewables. Billy explained that items that were previously focused on renewables are happening and are being carried forward. EVAC's current emphasis has been on accessing underserved communities, particularly multi-family and in certain areas of the City, focusing on improvements at the property level with an emphasis on meeting energy efficiency goals set forth in the CAP.

In Q4 2016 EVAC will be making final recommendations for the 2017-2018 CEP Work Plan. Work Groups will be continuing to discuss Engagement, Work Force, CEP Funding (franchise fee or other long-term funding options), and Multifamily Energy Efficiency Program. Moving forward, in Q1 2017 EVAC will consider questions put forth by the Planning Team on CEP goals and tracking/measuring outcomes, attempting to define "what counts" and helping to define the metrics. EVAC and the Planning Team will also have discussions on how to accomplish forecasting for CEP goals.

For clarification, "Work Force" has to do with job opportunities in the "green" sector. EVAC wants to ensure that CEP is proactive in anticipating the need and working with other partners to get training in place for these jobs in the target communities.

On the item of CEP Funding, Billy explained that it stems from EVAC's recognition that the Partnership is not funded above where it was when it was founded. The MOU was put in place without adding additional funds, and there is a lack of funding for engagement outreach, expanding or doing a targeted program, or tying into some of the things that EVAC is looking for in terms of data and information. EVAC is thinking strategically about the need and developing a plan for sufficiently funding CEP, and raising the current franchise fee is one but not the only possibility being considered. This is in the early stage of development but EVAC hopes to have a greater understanding and more refined approach by Q2 2017. Jeff said that from CenterPoint's perspective on franchise fees, the City Council makes those types of decisions. If such a discussion took place at future CEP Board meetings CenterPoint would abstain. Laura added that the franchise fee for Xcel Energy is structured as a percent of the bill, not a fixed amount, so it fluctuates year by year depending on how much energy is used as driven by the weather. When rates are increased with PUC approval, the franchise amount also increases by that same percent.

Spencer thanked Billy and the work of EVAC to get to the point of submitting draft recommendations, and said he looks forward to hearing the final recommendations later this year. He then invited CEP members to offer their priorities for the 2017-2018 Work Plan.

Board Roundtable Discussion

CM Reich: Requested an updated presentation at a future meeting on the solar garden issue because constituents are inquiring about it.

CVP Glidden: Acknowledged the great work analyzing how we can access better data, how we're thinking about and maximizing existing programs, and looking for new program offerings. One thing that could be done is a new policy decision to drive the work in a major way. Her personal preference for priority is taking the work already done on commercial building benchmarking into the multifamily arena. It is dependent on working together with our partners

around the whole building data aggregation, but it is an important goal. Also there are opportunities to match up the programs that utilities are offering with the benchmarking program so property owners have program offerings that could help them do things like an audit or retrofit work.

Mayor Hodges: Agrees with CVP Glidden about the opportunities that exist with the commercial efficiency work. If we are looking at ways to move the dial on emissions this is one of the biggest areas to work. It has some complications, and the low-hanging fruit has been plucked; now we need to focus on something a little more complicated. With the expertise of EVAC and CEP members some headway could be made. In addition, community outreach and energy efficiency is crucial for the health impact of what we are doing. If we can piggyback that work with some of the lead safe housing and air quality work and do community outreach about safe housing with renters and property owners we will be fulfilling many goals for the City. Even if the outreach did not meet other goals of the City it would still be really important long-term for the goals we have in the CAP. Focus should be on these two areas because we can get a big chunk done in one area, but for long-term sustainability we need as many people engaged as possible and community outreach will be crucial for that.

Doug Peterson: As someone directly involved with the delivery of energy efficiency programs, his top priority would be to find ways to further integrate city services with utility conservation programs. This is very consistent with some of the bullet points that we heard from Billy regarding engagement of citizens and collaboration. The purpose would be to increase exposure of the utility CIP offerings within the City of Minneapolis. A couple of examples from the past two years with the Partnership: the low-flow showerhead program with the City's water bills was very successful, and the joint CenterPoint Energy-Xcel Energy Home Energy Squad program that the City joined in promoting has been successful in raising participation within the City. Future examples would be providing a packet of information to people getting building permits regarding the related conservation program offerings, i.e. for commercial building permits they could get information about the joint Xcel-CenterPoint Energy Design Assistance Program. On the residential side someone requesting a residential building permit could receive information about CenterPoint's and Xcel's residential new construction CIP programs.

Jeff Daugherty: Proposed a decision-making or problem-solving tool that could be used for project assessment, similar to a checklist used by airplane pilots. We have a lot of great ideas but it would be helpful to him as a decision-maker to know the potential impact of these ideas, and what the partners can bring to the table. There are times when one can do something the other can't do and vice versa. It would help identify gaps and opportunities to fulfill the tangible impact.

Spencer Cronk: Building on what Jeff said, one of his priorities is ensuring that the things discussed in the first Work Plan are done well, that we are taking advantage of the pilot community engagement program and executing it effectively, then potentially building it out across the City. We want to avoid spreading ourselves too thin, but make sure that the programs we do choose are done effectively.

Laura McCarten: Supports all of these priorities. She would like to see that we are starting to track our work and achievements from the starting point, and establish interim goals for the CAP top-level outcomes that we are trying to achieve. It will help the CEP Board from a process point understand what we are doing, recognizing the success and making sure that we are taking steps that will achieve that goal and hit that trajectory.

Lee Gabler: He has been running the CIP program for five years, and Xcel Energy has been doing CIP programs for more than twenty years, and they still struggle with awareness. We are trying to influence decisions, so it goes back to a couple of things, whether it's community outreach, digging deeper into education and outreach, to raise the level of awareness when we talk about big buildings and EDA in new buildings. Outside of programs we have a program called Custom Efficiency, which means if you're going to do anything we are going to try to figure out how to give you a rebate for it, so it's driving education perhaps not about a specific program but about the importance of energy efficiency. Looking at the pyramid of things, we start with low-cost, no-cost, getting as efficient as possible. Then you figure out what else can be done, which might bring in the renewable aspect.

To underscore Lee's point, Laura offered an anecdote about the multifamily building she has resided in for a year. The common areas have lights that are left on all of the time, 24/7. Someone suggested changing out the bulbs for LED bulbs that use fifty percent less energy. In one year they will save more than what it cost to buy the bulbs, so with a six year life span the LED bulbs will result in significant savings and lower energy bills. Even though she works at Xcel Energy it did not occur to her to offer that solution.

CM Gordon: Has three suggestions. (1) Doing more to push us towards getting more renewable energy available to the residents of the City. There are a lot of people that would like the opportunity to participate in community solar or have solar on their own home, participating in clean energy over and above what is required by the state to address climate change sooner and faster. (2) The City and utilities have financial relationships with their customers, where they use utility bills to finance things like water heaters, but perhaps those tools could be used more. The PACE program uses property taxes to help finance clean energy on commercial projects. (3) This does not necessarily have anything to do with the Work Plan, but would like to see CEP think about how we can build our capacity and independence as a partnership so that we could have staff and an increased budget controlled independently of our respective organizations.

5. Next Meeting

The next CEP Board meeting will be held January 26 from 10:00 am to noon in the Doty Board Room at the Central Library. The agenda will include the recommended 2017-2018 Work Plan, an update on the Community Engagement Pilot, and consideration of Board Chair and Vice Chair appointments for 2017.

The draft 2017-2018 Work Plan will be provided to CEP Board members in advance of the meeting to give them a chance to review it and provide feedback. When the Board reconvenes at the Q1 2017 meeting the Work Plan will be discussed. If CEP Board members are not ready to vote on it at that time a special meeting can be scheduled or voting can be done electronically.

Speaking on behalf of the Planning Team, Luke said that this is a fluid process and everyone is working through this together. At today's meeting they valued hearing priorities from the Board members directly, not trickled down through staff on the Planning Team. They were interested in seeing if there were areas of consensus or disagreement, and how that jelled with the work of EVAC. At the next Planning Team meeting they will be assessing what they learned and triangulating the different priorities to build a consensus Work Plan which will continue to be updated until it is submitted to and approved by the CEP Board.

6. Announcements / Open Discussion

- Laura said that like other utility companies Xcel Energy does long range resource planning. Every few years they put together a comprehensive plan that spans fifteen years. It is submitted to the Minnesota Public Utilities Commission and a very extensive public review process ensues from there. The resource plan looks at what Xcel Energy thinks are its customers' needs, energy sources available and their prices and operating characteristics, and determines what needs to be done to meet customer needs, ensure a reliable system operation and maintain at a reasonable cost. There is also a near-term five-year action item. The PUC recently granted approval of the Resource Plan.

Some key elements of Xcel Energy's 2016-2030 Resource Plan are:

- Extension of licenses at its two nuclear plants that provide almost thirty percent of customers' energy needs
- Planned retirement, in 2023 and 2026, of two of three units at its Sherco coal plant
- To replace that energy and to take advantage of federal production tax credits, add 1,800 MW of Wind (1,500 MW by 2020 to secure the full value), which brings Wind prices down to the lowest prices ever seen in this part of the country
- A proposal to build a highly-efficient natural gas fueled power plant at the Sherco site to replace the two units (the PUC did not approve that specific plan but invited Xcel Energy to submit a new filing for further review)
- Adding 1,380 MW through combustion turbines, which are only run at times of high energy need
- A plan to go forward with 1,000 MW solar between 2020 and 2030; by the end of 2017 they will have close to 700 MW of solar, which includes solar gardens and other projects

Xcel Energy's energy vision, using 2005 numbers as a base, is a 60 percent reduction in the carbon emission profile of its energy source. By 2030, with nuclear plants and 25 percent wind, adding hydro and solar, that energy mix is 63 percent carbon free. Xcel Energy believes it can get there at a reasonable cost impact, not a significant percent increase over what it would cost to be less aggressive. Much of that is due to the current low price of wind, which replaces coal or natural gas.

- Minneapolis recently held its second annual Building Energy Challenge Awards, hosted by CVP Glidden and Mayor Hodges, with representatives from CenterPoint Energy and Xcel Energy in attendance. Buildings were challenged to reduce their energy. The winners were Days Hotel (for incentivizing its employees to reduce energy) and Ackerberg Group for its Calhoun Square property.

- Minneapolis was one of fourteen cities in the country to receive the Department of Energy's first Gold SolSmart designation for the work we are doing in fostering local solar market growth, i.e. reducing permitting fees, and making it easier and faster to get solar permits. Because of the Gold designation at some point Minneapolis will receive a solar panel, and will also receive free technical assistance on solar and PUC work from national groups.
- In response to the Community Engagement Pilot Request for Applications (RFA), several great applications were received. Staff from the three partners reviewed the applications, and will be submitting their recommendation to the Health, Energy and Community Engagement Committee on November 28.
- Reporting on the status of the Utility Conservation Improvement Programs (CIP), the decisions for both Xcel Energy and CenterPoint Energy came on November 3. Both utilities are still digesting what it means, and are not prepared at this point to provide a full update on what exactly was approved. At a future date they will offer to present and explain to interested parties – CEP Board members, EVAC members, and staff – what has been approved in the plans.
- Doug Peterson said that CenterPoint Energy has a CIP conservation program regarding its food service market, i.e. restaurants, schools, universities, hospitals, etc. He noted that their brochure about the program is now available in Spanish.

The meeting was adjourned at 2:35 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: Marsha Wagner, CastleVisions, marsha@castlevisions.com