

Minneapolis Clean Energy Partnership
CEP BOARD MEETING
Doty Board Room, Minneapolis Central Library
Thursday, October 5, 2017
3:30 – 5:30 p.m.

2017 Q4 Meeting Notes

Board members present: Mayor Betsy Hodges, Council Vice President Elizabeth Glidden, Council Member Kevin Reich, Spencer Cronk, Adam Pyles and Brad Tutunjian from CenterPoint Energy, Laura McCarten and Lee Gabler from Xcel Energy.

Board members excused: None

Planning Team present: Sara Barrow, Bridget Dockter, Peter Ebnet, Robin Garwood, Patrick Hanlon, Luke Hollenkamp, Nick Mark, Louis Mondale, Kelly Muellman, Halston Sleets, Sara Lara Lopez

Guests/Staff present: Todd Berreman, Carter Dedolph, Matt Kazinka, Jenny Edwards, Katie Jones Schmitt, Brian Millberg, Marcus Muller, Mark Ruff, Lee Samelson, Brady Steigauf, Becky Timm, Michelle Wenderlich

1. Welcome and Introductions

Mayor Betsy Hodges called the meeting to order at 3:39 p.m. Mayor Hodges invited Clean Energy Partnership (CEP) Board Members, staff and guests to introduce themselves.

2. Review and Approve Agenda and Minutes

Spencer Cronk noted that Kate Knuth, Chief Resiliency Officer for the City of Minneapolis, was not able to attend the meeting. She was to be introduced in Agenda Item 6, which Spencer suggested be delayed to the next CEP Board meeting. It was MOVED and SECONDED that the agenda as modified be approved. Motion CARRIED. Mayor Hodges asked for a motion to approve the minutes from the 2017 Q3 CEP Board Meeting. It was MOVED and SECONDED that the minutes be approved. Motion CARRIED.

3. Work Plan Activity Criteria

Luke Hollenkamp reported that at the Q3 Clean Energy Partnership (CEP) Board meeting Council Vice President Elizabeth Glidden introduced the idea of developing criteria for Work Plan activities and amendments to create a better process and provide clarity. The Planning Team was asked to report back on the status of their efforts at the Q4 meeting.

The Planning Team developed categories for this discussion revolving around four items within the Work Plan:

- Criteria for defining a Work Plan activity to support a stable scope of Partnership activity. A Partnership Work Plan activity shall help the City reach its climate and energy goals, initiate an action that would not happen absent the Partnership, state roles for the City and at least one utility, and identify a lead that will be ultimately responsible. The CEP Board has the

authority to determine that if an activity in an existing Work Plan no longer meets all criteria, it may take action to eliminate the activity.

- Identifying other items of potential collaboration that the Partners may work on together. These are items that Partners may bring forward to a Work Plan that are individual activities that clearly advance the goals of the Partnership and may become areas of collaboration in the future. Previously existing and/or new utility programs that are near deployment may be considered for this section with a planned collaborative effort to leverage the Partners' resources.
- Developing the process to be used for amending a Work Plan in the future. In the rare event the Partners deem it necessary to amend a Work Plan activity, the substance of the amendment shall be presented by the Planning Team at an EVAC quarterly meeting for input prior to Board consideration. Any amended or new activity must meet the Work Plan activity criteria.
- Developing the process for creation of subsequent two-year Work Plans. Without getting too detailed, but recognizing that in 2018 the next two-year Work Plan will be created, the Planning Team defined some principles and best practices. They suggested that the City bring forth its priorities with enough time to allow the utilities to fully research the potential of each priority, each Partner shall present a list of potential Work Plan activities with enough time to adequately discuss and assess the concepts, and EVAC may advance recommendations that meet the established Work Plan activity criteria for consideration by the Planning Team.

Luke said that the Planning Team presented these concepts at the September 26 - Q3 EVAC meeting. There was not adequate time for a deep discussion, but EVAC members did voice a strong desire to know and be involved in discussing the process for creation of the next two-year Work Plan, and to be involved early in the process.

Following Luke's presentation Mayor Hodges asked if there were any general questions. There being none, Luke continued. In the material presented by him some were indicated as items for discussion, the first being that the Work Plan activity "shall initiate an action that would not happen absent the Partnership." The ensuing discussion included these comments and concerns:

- CM Reich: Work Plan activity criteria and the notion of items of potential collaboration seem to create a concentric circle of activity. Some items meet the criteria "if not but for" and other things are clearly related and support the mission but do not pass that same test. Bridget explained that the Planning Team struggled with importance of the Work Plan criteria without minimizing the items of potential collaboration. The current language means there are certain items that will never meet the Work Plan criteria, and if no importance is placed on items of potential collaboration huge opportunities for collaboration will be missed. Luke clarified that this does not mean there is no importance to items of potential collaboration, but they fall into a different category and may be considered at the discretion or as a prerogative of an individual Partner.
- Brad Tutunjian: Why limit and define that specifically in the criteria? He is concerned that some of the current Work Plan items would not meet the criteria.
- Mayor Hodges: Conjectured that people want the criteria because it helps focus the work of the Partnership to ensure that they are impactful, effective and doing something that would

not happen without CEP, instead of being a rubber stamp for things that are already happening. Heard feedback questioning the criteria if it would limit the Partnership's participation in other good work that is happening. Finding a balance of both of these things might be the middle ground that people are looking for.

- Laura McCarten: This effort is helpful in coming together and having a good understanding of what the Partnership is trying to focus on and accomplish. It is worthwhile to track and look for things that are unique and happen only because of the Partnership, but the value of CEP is so much broader than that. Thinking about how people spend their time under the umbrella of the Partnership there are a variety of activities, some of which are happening and informed by collaboration. It is not a “but for” because Xcel Energy is doing it as part of its business, and she would not want to limit the understanding of the value of the Partnership and what it is accomplishing by saying this is or is not a Work Plan item. While there is value in identifying some things as “but for” Work Plan items, identifying others as having a different status could potentially limit what can be accomplished by the Partnership.
- CVP Glidden: Items of potential collaboration is a significant category and she does not want to see them downplayed. Believes there are more touches between the three organizations than might be articulated on a list. Thought an example of what could go on this list might be the Data Aggregation Tool, and asked for other examples from the Planning Team. A lot has been invested in putting together the Partnership so she said we want to be careful about what matches up to a Work Plan activity as opposed to things we are giving special attention because they are an item of potential collaboration.
- Mayor Hodges: To help focus the debate, good examples are renewables and the Data Aggregation Tool. They would belong on the collaboration list because we are already doing it, but they are happening independent of the CEP. If there were elements that the Partnership wanted to lend their weight to, that would meet the “but for” test.
- Adam Pyles: Supports the idea of defining a process for creating a Work Plan. Coming at this from his experience with the new product development process, which is a well-established series of activities, he thinks it is very applicable to the process of establishing a Work Plan. He applied the 23 items in the current Work Plan to the proposed criteria and, recognizing that there was some subjective judgment in deciding if an item met the criteria, found that four items passed the criteria, nine items could have passed if the role of a second partner had been stated, and ten items would not pass. Items that fell into the collaboration category are some very significant activities that will help the City make big progress in reaching its goals, which caused him to question the purpose of categorizing activities into these buckets. What makes more sense in this exercise is prioritization of Work Plan activities so resources can be properly allocated. A subsequent step might be for the Partnership to undertake additional process and design work.
- Luke: Agreed that many items in the current Work Plan do not meet the proposed Work Plan activity criteria as worded, but the Partners are very intentionally coming together on them. Thinking about the language intentionally will help the next Work Plan creation, focusing on high impact, high value, resource intensive items, and prioritize activities that would not happen absent the Partnership. A new initiative—like Xcel Energy's mobile app, which has a lot of potential to help reduce energy use and greenhouse gas emissions but does not meet the Work Plan activity criteria because it was going to happen absent the Partnership—would be an item of potential collaboration but could mature into something that might be considered a Work Plan activity. Using Luke's example of the mobile app, Adam wondered if it could be

considered a Work Plan activity if it added a new functionality or was used in a targeted way for Partnership purposes. Luke affirmed that would be the case, and added that some items of potential collaboration may mature or bloom during the lifecycle of the two-year work plan. Annual reporting on Work Plan progress can include intangibles as well as metrics.

- Laura: Concerned that if the Work Plan contained items that were happening only because of the CEP, programs like Renewable*Connect which has the support of the City may not be included because it does not meet the “but for” measure. She would like to see CEP have the latitude to have a conversation about what fits in the Work Plan.
- Mayor Hodges: Cautioned against conflating creating a Work Plan and creating a report on what has been done. Those are two separate decisions. The current discussion is about putting a Work Plan together and asking where we want to spend our time, and where do we want staff who implement or move things forward to spend their time. There are many ways to parse results from both Work Plan and collaboration, and we want to report out both because they are things we are doing together. That is different from how we are expecting ourselves to focus our time, and what is the most effective way to move forward. What Mayor Hodges heard from this conversation is that for item number two of the Work Plan activity criteria different language than what was proposed is needed. It is useful to name the tension and dynamic in this discussion: the utilities do not want to be left behind for the good work that they are doing because it is not on the Work Plan, and the City is concerned that the Work Plan will get overrun with things that are happening anyway and as a result the CEP is not actually being value-added to get to the energy goals. This is not an irreconcilable difference. How can we name in the Work Plan criteria that we would like the CEP to do something meaningfully different than what would have happened if we did not exist, and at the same time give credit, recognition and elevation to the fact that we have utilities in Minnesota that are already doing more than their counterparts in other places to advance the energy goals that we have while acknowledging that for the City we recognize that and still want to push harder? This language does not capture that and there is tension about this language. If we assume goodwill on everybody’s part will it be this or something different?
- CVP Glidden: On the City’s side we thought there was some agreement to this language, but even before the meeting we were hearing that not everyone was happy with it. Mayor Hodges offered a great summation and it appeared it was resonating with everyone. There is a way to find a solution but at this point in the meeting we should move on to the other agenda items.
- Bridget: Suggested that the Planning Team continue to work through the language with their CEP Board members and perhaps do an email vote.
- Mayor Hodges: Agrees with CVP Glidden that we will not be able to craft language today that will ease the minds of people who have concerns on either side of the dynamic that was raised, but she believes it is possible. It is a fine suggestion to put it to an email vote or wait until the next CEP Board meeting. There is no action in front of the Board so it will move on to the next agenda item. The plan is to have the Planning Team consult with Board members to discuss what can happen moving forward. Mayor Hodges exhorted them to assume goodwill, and make sure the language addresses both sides of the concern.
- CM Reich: Suggested that perceived prioritization and importance may be a result of the order in which the categories of collaboration were presented.
- Luke: Suggested that the next item for discussion be dealt with very briefly. (“If the Partnership Board determines an activity does not or no longer meets all criteria, it will take action to eliminate the activity from the work plan.”) There was a request for language saying

that the Board had the authority to approve Work Plan items as well as the authority to waive these criteria. I agree with that, and it is understood that the Board is the ultimate authority of the Partnership.

- Adam: The only point of that discussion I was unclear about was how the criteria would be applied in practice. I did not want us to unnecessarily constrain the actions of the Board with a rigid application of criteria. As long as the Board has consensus that it can waive criteria then the specific language is not needed.
- Mayor Hodges: Something should be in place for transparency for the public, EVAC and others. Is there a way to be clear about exemptions from or waiving criteria? Suggests we receive and file this agenda item, with staff direction on the table, and move on to the next agenda item.
- Bridget: Acknowledged that there was one more item for discussion, an element that utilities questioned. (“Each Partner shall present a list of potential work plan activities with enough time to adequately discuss and assess the concepts.”) This topic would involve too deep of a discussion for now, but is something the Planning Team can work on with Board members.

4. Community Engagement Pilot Report – Minneapolis Renters Coalition (MRC)

Becky Timm, Executive Director, Nokomis East Neighborhood Association (NENA), spoke in representation of the Minneapolis Renters Coalition (MRC) who was selected to work on the CEP Pilot Project for community engagement. The partners—who in addition to NENA include Corcoran Neighborhood Organization (Corcoran), Holland Neighborhood Improvement Association (Holland) in Northeast Minneapolis, and Community Power—have been working on the pilot since early this year. Becky began by offering her thanks to Planning Team members Bridget Dockter, Audrey Partridge and Kelly Muellman for their support.

The presentation is posted online.

A brief question-and-answer period followed Becky’s presentation:

- Nick Mark asked if there were cases where some of the landlords of smaller buildings also lived in those buildings, and if so did their attitudes seem any different from the general attitude. Becky replied that she was only familiar with landlords in NENA; only one lived in his building and she did not notice any difference. In the case of the 110-unit complex the office manager was a tenant, and he was very enthusiastic. Most of the other landlords she spoke with live outside the City.
- Laura McCarten asked if landlords were looking at how much they would have to spend, how much it would reduce operating costs for that building, and if they did not see any benefit or value in it—coupled with the hassle factor of doing something—they don’t act on it. Becky said that it goes along with the piecemeal approach of making small repairs rather than taking on a big investment, and the hassle factor is a big thing.
- Mayor Hodges wondered if the payback factor of the investment would make a difference, i.e. if it only takes six months to recoup the investment versus something that would take two to three years. Becky said she did not have any in-depth conversations like that. If a landlord was interested in a program they were referred to the right person.

Bridget offered her thanks to Becky for being helpful, organized and coordinating the work of three other organizations in addition to her own. Mayor Hodges echoed Bridget’s remarks, and

said she appreciated the clear, concise and informative presentation and the great recommendations about how to move forward.

5. Quarterly Update from EVAC Co-Chair

Matt Kazinka, EVAC Co-Chair, reported that EVAC held its Q3 meeting on September 26. They were joined by new EVAC member Siri Simons who works at the Minnesota Department of Transportation and was a former fellow in the City of Minneapolis sustainability office.

The content of the meeting included:

- A brief discussion on the Work Plan Activity Criteria. EVAC looks forward to being involved in discussions as that moves forward.
- A Community Voices section was on the agenda for the first time. This is something EVAC decided to add at the Q2 EVAC meeting so they could hear first-hand about individuals' concerns around energy. They heard from Donna Olson and Ed Sutton, who told about their experiences as renters, the challenges they face with landlords and long-term investments in their buildings or around being able to afford energy-saving opportunities, and barriers they saw for themselves and others in their situation of being able to afford rent if improvements were made.
- A report from the other community engagement pilot. Akisha Everett, Executive Director of Neighborhood Hub in the Jordan neighborhood in North Minneapolis, said that in addition to talking to people about energy savings programs that are available, they had a large focus on healthy homes. They are thinking about how to pair energy efficiency outreach engagement conversations with discussions about lead and other issues that also need investment that people face in their homes.
- Rebecca Olson, Director of Residential Programs with the Center for Energy and Environment, gave a presentation on several of the key residential retrofit programs. That presentation was followed by discussion on how these programs can be improved to help reach the Climate Action Plan goal of doing energy efficiency retrofits in 75 percent of the multifamily and single family homes in Minneapolis. If the proposed franchise fee increase is approved EVAC wants to be prepared to make recommendations on how that money can best be invested in work of the Partnership in terms of expanded programming and policy approaches.
- Multifamily, Workforce Development and Small Business Work Groups are continuing to meet. The Multifamily Work Group has been working on plans for multifamily engagement, and recently made a data request to the Multifamily Building Efficiency program.

Following Matt's presentation, Mayor Hodges thanked him and EVAC members for their work and for being part of this successful partnership.

6. Kate Knuth Introduction – Delayed until Q1 2018 CEP Board meeting.

7. Announcements / Open Discussion

- *Minneapolis Update on Status of Franchise Fee Increase*
Mayor Hodges made a recommendation in her 2018 budget proposal to increase the franchise fee. On August 31 subject matter was introduced at Council, and on September 20 there was a formal introduction of the ordinance change by Council Members Kevin Reich and John

Quincy. The following day the Clerk's office sent formal notification via registered mail to Xcel Energy and CenterPoint Energy, as required by law, notifying them of the proposed ordinance change. This started the process for the 60-day notification period clock. On October 2 the Ways & Means Committee set the public hearing for December 4.

The next steps in the process for increasing the franchise fee are:

- November 16 (approximately, depending on when the registered letters were signed for by the utilities) – the 60-day clock expires
 - November 27 – Report to Health, Environment & Community Engagement Committee chaired by Council Member Cam Gordon
 - December 4 – Public hearing and potential adoption at Ways & Means Committee
 - December 8 – Potential adoption at Council
 - December 16 – Ordinance change is official
 - December 18 – Clerk's office sends formal notification via registered mail to utilities, which starts the next 60-day clock process
 - February 16 – Xcel Energy and CenterPoint Energy will institute the change in franchise fee in the next billing cycle
- Mayor Hodges announced that today [October 5] is National Energy Efficiency Day. She read from a proclamation that included the following language:

WHEREAS, residents of Minneapolis can continue to contribute to our energy efficiency efforts by learning about participating in our Xcel Energy and CenterPoint Energy's efficiency programs,

WHEREAS, the Minneapolis Clean Energy Partnership, a first in the nation agreement between the City of Minneapolis, Xcel Energy and CenterPoint Energy to deliver energy efficiency, energy choices and renewable energy to Minneapolis residents and businesses; and

WHEREAS, a national network of energy efficiency groups and partners has designated October 5th as the nation's second annual Energy Efficiency Day; and

WHEREAS, together the residents of Minneapolis can continue to contribute to our sustainability efforts by learning more about energy efficiency and practicing smarter energy use in their daily lives;

NOW THEREFORE I, Betsy Hodges, Mayor of the City of Minneapolis, do hereby proclaim October 5, 2017, as Energy Efficiency Day in the City of Minneapolis.

- *Hotel Energy Efficiency & Benchmarking Workshop*
Luke said the Building Sector Workshops are a Work Plan item intended to pair benchmarking data with energy efficiency program opportunities provided by the utilities. They have held several targeted meetings, including one with the Minneapolis Public Schools on July 5 to talk to them about their needs. On July 11 a workshop held for the office

building sector was attended by representatives from 23 office buildings. A workshop attended by representatives from seven hotels was held on October 3. It showed the power of the Partnership in bringing together the expertise and data that the City has on energy benchmarking with opportunities to create energy savings provided by the utilities. Following these workshops members of the Planning Team will be offering three-on-one meetings with interested parties; five of the seven attending hotel properties accepted these meetings.

- *CenterPoint Energy Rate Case*

Adam reported that on August 2 CenterPoint Energy filed a rate case request with the Minnesota Public Utilities Commission to increase rates by \$56.5 million. This is background information for everyone to be aware of, and is not an activity within the scope of the Partnership. If granted this represents a 6.4% increase in total revenue. A decision is expected in late 2018, and the rate increase would be implemented in the first quarter of 2019. The case for the rate increase is driven by two things. The first is CenterPoint Energy's ongoing capital investment cycle (i.e. replacing gas distribution mains) of approximately \$1 billion over five years, much of which is being done in conjunction with City and county street and road projects. Second is the need to renew the Decoupling Rider to support conservation activities which is set to expire in the summer of 2018. CenterPoint Energy's last rate case was filed in August 2015. The \$56.5 million increase is spread over 840,000 customers in more than 260 communities in Minnesota.

- *CenterPoint Energy Data Aggregation Tool Update*

Todd Berreman reported that the Statement of Work addressing the scope and criteria is done. They worked with CenterPoint Energy's internal IT department to create the business requirement document; options for developing the data aggregation tool are complete and they have come up with an estimate of what it will cost. At the same time they were in contact with some outside firms that specialize in and have been conducting this type of work for large utilities across the nation, and the decision was made to use outside expertise versus developing the tool in-house. The tentative schedule is for the RFP to go out the second week in October, and vendor selection will be made by the end of 2017. Application development will take place in the first half of 2018, testing in the third quarter, and the program will be launched by the end of 2018. Some challenges were faced as they developed the tool: CenterPoint Energy's data privacy department required deep statistical analysis to ensure customer privacy, and Hurricane Harvey stretched available resources.

- *CenterPoint Energy Hiring*

Adam addressed the vacancy on the Planning Team created by Audrey Partridge's departure. He said they have been intentional about activating the network and recruiting for the position to draw additional candidates since they see it as an important hire. They expect to post the position soon and would like to have someone in place by year-end.

- *Xcel Energy Low Income Solar Garden Update*

Bridget first provided some background, then reported that Xcel Energy has facilitated several discussions with the project-grantee and City of Minneapolis. An amended petition was filed with the PUC, with a letter of support provided by the City, to allocate up to

\$1.2 million in funds remaining from a previous Renewable Development Fund project. A possible site location is at 28th Street and Hiawatha Avenue, with roof mounted arrays likely to be used. This is an uncontested item and approval by the PUC is expected before the end of the year.

- *Xcel Energy Small Business Refrigeration Program Update*
Bridget said that a successful RFP process has been completed, an implementer has been selected, and they are in the process of finalizing the contract with the chosen firm. The program is on target to file with the Department of Commerce, Division of Energy Resources, by mid-November, with a targeted launch in February of 2018. Outreach and training in preparation for the launch will begin in November. Xcel Energy will meet with CEP representatives to coordinate activities and have discussions about how they can leverage the City's Green Business Cost Share Program.
- *Xcel Energy Renewable Energy Update*
Renewable*Connect – Laura said the City provided a letter of support for a filing with the PUC asking to modify the terms of Xcel Energy's Renewable*Connect program. This is the tariff program that allows people to subscribe and receive all of their energy from a combination of wind and solar. The initial filing had a cap so that no one subscriber could take more than ten percent of what was being offered. After a portion of it remained unsubscribed, the City expressed interest in taking more than ten percent. Xcel Energy and the City worked together and made the filing to remove the 10% cap allowing the City to purchase an additional 50 MW. Lee added that the PUC has opened this for comment. Xcel Energy must provide certain information and interested parties will be given an opportunity to provide their feedback.

Wind Expansion – After announcing that last week was Clean Energy Week, Laura said that Xcel Energy has launched another wind project. It will build and own a new 300 MW wind farm in South Dakota, which combined with another project with 1,550 MW will bring its total to 1,850 MW. When it comes online in 2022 Xcel Energy will be on pace to have 10,000 MW of wind on the system across Xcel Energy's entire service area, from Texas to Minnesota, with 4,500 MW in the NSP system. At that point Xcel Energy will be 70% carbon free with its energy mix that serves the City of Minneapolis and its residents.

Community Solar Garden Program – Lee reported that they have over 139 MW from 40 community solar gardens. This is the largest Community Solar Garden program in the country and more megawatts to be determined will be added by the end of 2017, bringing its total to over 200 MW.

- On the subject of energy-related proclamations, Nick Mark noted that Governor Mark Dayton has declared October 2017 "Energy Awareness Month."

8. Next Meeting

The Q1 2018 CEP Board meeting will be held possibly in February, location to be determined. This being Council Vice President Glidden's last meeting as a member of the Partnership, Mayor Hodges commended her for the work she has done on issues of climate sustainability and energy

in general, and her assistance with creation of the CEP and its vision. Laura added that she appreciated CVP Glidden's thoughtful and active engagement with the Partnership.

The meeting was adjourned at 5:26 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

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