Minneapolis Clean Energy Partnership
ENERGY VISION ADVISORY COMMITTEE
Minneapolis City Hall, Room 319
Monday, May 7, 2018
4:00 – 6:00 p.m.

Q2 2018 Meeting Notes

Committee members present: Chairs: Abby Finis and Matt Kazinka. Members: Timothy DenHerder-Thomas, Trevor Drake, John Farrell, Kevin Lewis, Patty O'Keefe, Rebecca Olson, Julia Silvis, Siri Simons, Jamez Staples, Shane Stennes

Committee members excused: Louis Alemayehu, Billy Weber

Guests: Carter Dedolph, Katie Jones, Lee Samelson

Planning Team/staff present: Isabelle Ballet, Sara Barrow, Bridget Dockter, Laura Dorle, Robin Garwood, Patrick Hanlon, Luke Hollenkamp, Emma Schoppe, Al Swintek, Marsha Wagner, Karlee Weinmann

1. Welcome and Introductions
Co-chair Matt Kazinka called the meeting of the Energy Vision Advisory Committee (EVAC) to order.

2. Review and Approval of Agenda and Q1 2018 Minutes
There being no changes to the agenda, it was MOVED and SECONDED that the agenda for today's meeting be approved. Motion CARRIED. There being no changes or additions to the Q1 2018 minutes, it was MOVED and SECONDED that the minutes from February 12, 2018 be approved. Motion CARRIED.

3. 2019-2020 EVAC Recruitment & Appointments
EVAC member appointments are two years; all members are currently on the 2017-2018 term. Recruitment for the 2019-2020 term will begin during Q3 with a call for applications and targeted outreach to increase diversity (economic, race, gender and sector) on EVAC. The application structure will be similar to previous cycles, and current EVAC members may re-apply. In Q4 the Clean Energy Partnership (CEP) Board will appoint fifteen EVAC members and will also appoint an EVAC Co-Chair. EVAC members will elect a second EVAC Co-Chair in Q1 2019.

4. CEP Board Priorities for the Next Work Plan
On March 1, 2018, the CEP Board and Planning Team held a meeting facilitated by Rolf Nordstrom, Great Plains Institute. The meeting provided an opportunity for Board members to receive a report on Partnership progress to date, establish priorities, and prepare for decision making discussions on development of the next work plan. At its Q1 meeting on March 15 the Board approved the following summarized priorities for the next work plan:
- Lower energy consumption in all building sectors,

- Make clean energy accessible through new inclusive financing tools, and
- Make the City more sustainable and resilient through increased local renewable energy.

The CEP Board also approved four approaches to meeting these priorities as summarized:
- Make meaningful, agreed-upon requests of the State and Public Utilities Commission, as a Partnership,
- Consider return-on-investment and equity of energy efficiency efforts,
- Identify and inventory each partners' key attributes and leverage their respective strengths, and
- Clarify Partnership roles and prioritize goals and activities.

The complete version of Board approved priorities and approaches are described in the Board Meeting on Priorities – Report.

Following the Board's approval of these priorities and approaches, the Board directed the Planning Team to develop two or three "Partnership Activities" that relate to each priority. In December 2017, the Board approved the following Partnership Activity criteria:
- Helps the City reach its Climate Action Plan and Energy Vision for 2040 goals,
- Initiates an action that would not happen absent the Partnership,
- States roles for the City and at least one utility, and
- Identifies a lead Partner.

Bridget Dockter provided background on the process leading to creation of the two previous work plans. Due to time constraints following signing of the franchise agreements, the 2015-2016 Work Plan was driven by the Planning Team using CEP guiding documents (the Clean Energy Agreement and Memorandum of Understanding). The 2017-2018 Work Plan was developed primarily by EVAC based on its core principles and areas of interest. In the first two work plans the structure (programs and policies) and sectors (residential, small and large commercial, multi-family and city enterprise) remained essentially the same. The 2015-2016 Work Plan was developed over a three-to-four month time frame and contained 20 activities; the lesson learned was to engage EVAC more in the ideation and planning process. The 2017-2018 Work Plan was developed over a six-to-seven month time frame and contained 23 activities; the lesson learned was to limit and refine activities to be achievable, high impact and collaborative.

The process for creating the next work plan is a hybrid of the processes used to create the previous two work plans. During this meeting (EVAC Q2), EVAC members form three small groups to brainstorm possible Partnership Activities as they relate to the approved priorities, keeping in mind the Board approved approaches and principles. The Planning Team will consider and analyze the ideas generated from the small group discussions in the development of Partnership Activities. In Q3, EVAC will have an opportunity to provide feedback on proposed 2019 Partnership Activities before they are submitted to the Board for review. After the Planning Team makes revisions, EVAC may again provide feedback before the Board considers approval of the activities in Q4.

Prior to small group discussions the following points were made or clarified:

- As planning begins for the next work plan, work will continue on activities identified for 2018.
- In this meeting, EVAC has the flexibility to discuss potential Partnership Activities beyond the Board approved priorities, with the understanding that the Board will make the final decision on Partnership Activities.
- CEP work plan development is an ongoing process that is separate but intersects with the city's budget process.
- At the Q1 CEP Board meeting, the City inquired about the utilities' flexibility in spending on programs, and discussions on this topic will continue at subsequent Board meetings.

5. Small Group Brainstorming Session on Board Priorities

The priority themes—energy efficiency, renewable energy, and inclusive financing tools—are very broad. To set the stage for the brainstorming session, Luke referenced several slides in the PowerPoint presentation that were presented to the CEP Board at its planning session in early March. These slides set a baseline for how the City is progressing on meeting its Climate Action Plan goals:

- Reducing citywide greenhouse gas emissions (30% by 2025, 80% by 2050): On track for 2025 but not for 2050.
- Achieving 15% energy efficiency in residential buildings from the growth baseline by 2025: On track. The trend is slightly better than the required trajectory.
- Achieving 20% energy efficiency in commercial/industrial buildings from the growth baseline by 2025: Not on track. The trend is only slightly better than the growth baseline, even when normalized for weather, and natural gas is trending up when data points from 2011-2016 were analyzed.
- Increasing electricity from local and directly purchased renewable to 10% of the total consumed by 2025: Not on track. The trend is a decreasing renewable energy percentage. There has been a decline in Windsource (green tariff) subscriptions and low adoption of on-site and garden solar through 2016. It is noted that data for Renewable*Connect, which started in 2017, is expected to show a noticeable uptick in community solar garden subscriptions.
- Achieving a 1.5% annual reduction in greenhouse gas emissions from City facilities: On track.

[Small Group Brainstorming Session Discussion Summary (Planning Team members, city/utility staff and guests in parentheses.)]

Renewable Energy:

EVAC Participants: Abby Finis, Timothy DenHerder-Thomas, Trevor Drake, Siri Simons, Jamez Staples (Bridget Dockter, Laura Dorle)

- Opt-out program: like green power purchase or community choice aggregation, a citywide model where people within Minneapolis have to specifically select to not participate
  - Barriers currently exist that do not necessarily include partnership activities, may require legislative changes or PUC tariff approval
- Accelerate solar in Minneapolis on rooftops, land, parking garages

      o   Key audience to engaged includes large companies who own space (rooftop and other land) and those with sustainability goals

(See additional details in Attachment A)

Energy Efficiency:
EVAC Participants: Matt Kazinka, Kevin Lewis, Rebecca Olson, Julia Silvis, Shane Stennes (Luke Hollenkamp, Carter Dedolph, Patrick Hanlon, Katie Jones, Al Swintek, Robin Garwood)

- Develop a joint initiative between the City and the utilities to use benchmarking data, utility resources, and outreach partners to address big energy saving opportunities in larger commercial enterprises and/or multifamily buildings. If the City could boost the staff capacity it had focused on benchmarking, it could also work with Xcel, CenterPoint, and real estate industry partners to target outreach to buildings that have the most opportunity for energy efficiency.
- Develop policies to increase data sharing on energy use in buildings. These could include expanding the benchmarking ordinance to cover more buildings, doing a time of sale disclosure, or other policies that the city has explored. The partnership opportunity on this one is a little less clear, but the utilities could play a part by developing tools to make it easier for residential and commercial customers report data.
- The group also discussed a desire to continue some of the existing initiatives being pursued by the Partnership that fall into this category, including the Health Department's Green Business incentives and initiatives, CPED's E-TAP small business program, and the Partnership's residential community engagement initiatives. It didn't have time to develop more detailed recommendations around these programs or prioritize approaches.

Financing Tools:
EVAC Participants: John Farrell, Patty O'Keefe (Emma Schoppe, Isabelle Ballet, Sara Barrow, Karlee Weinmann)

- The group recognized existing efforts, including: CenterPoint's On Bill Loan Repayment project, loan buy-down programs, City's May 21st study session on PAYS, and an expected City feasibility study on inclusive financing.
- Inclusive financing is intended for all customer sectors (public property, public housing, EV chargers, residential, etc).
- An inclusive financing program should accelerate adoption of on-site energy efficiency and renewable energy, align with city workforce efforts, and be more accessible to multi-family residence, low-credit houses, and capital constrained public entities.
- The CEP could make financing more widely accessible by establishing a loan loss reserve, buying down interest rates and loan amounts, and lowering credit requirements.
- The CEP could explore opportunities for point-of-sale, 'instant rebates,' on high-efficiency appliances.
- The CEP could consider an inclusive financing pilot project in the City's Green Zones.

(See additional details in Attachment B)

The EVAC co-chairs will present to the Board a synopsis of the conversation and some of the larger ideas or themes during the EVAC Co-Chair Update at the May 30 Q2 Board meeting.

6. Community Voices

EVAC plans to discuss and determine what to do with this segment of the meeting, with guidance and recommendations from the Community Engagement Work Group.

7. **Updates and Announcements**
   a. City Community Engagement Request for Applications (RFA) Feedback
      City staff will circulate to EVAC for any final feedback a RFA for two to three projects to engage landlords of multifamily buildings in energy efficiency and energy cost savings opportunities. Two community engagement meetings were held on March 26 and April 23 to inform the RFA. The exact total of the award(s) has yet to be determined. A portion of the $75,000 in franchise fee funds allocated will be for targeted outreach through Facebook, radio, and television to communities not typically reached. The start date of the awarded work is expected to be mid-summer.

   b. Multi-Family Work Group
      No update was provided.

   c. Workforce Development Work Group
      This group met in March with representatives from the utilities, City, community advocates, Council Member Fletcher and Laura Dorle. The group discussed how to allocate the franchise fee funding for the workforce development assessment, including scope of work, potential contractors, and alignment with programs like the recently-passed 100% Renewable Electricity resolution. CM Fletcher has been in communication with organized labor so they can participate in these discussions. The next meeting will include review of a draft scope of work for the assessments and development of a project timeline.

   d. Small Business Work Group
      This work group has shifted conversations toward a regional effort called the Twin Cities Small Business Energy Initiative, which consists of most of the stakeholders in the small business energy efficiency space in the Twin Cities. It advises on the kind of work that has been done previously on Lake Street, and Minneapolis is the first testing ground for expansion of the program. The work group has collaborated with the City's Business Technical Assistance Program (B-TAP), which is creating a new program called Energy Technical Assistance Program (E-TAP). An RFP by the Department of Community Planning & Economic Development (CPED) for the new E-TAP program should be released in the next two weeks. Using franchise fee funding they will hire organizations to provide energy coaching to small businesses. Matt Kazinka and Trevor Drake, along with this community of stakeholders, will advise on the training for the coaches and on the overall process.

   e. Planning Team Updates
      CenterPoint Energy's Energy Data Aggregation Tool and On-Bill Loan Repayment projects are both on track. A comprehensive update on the On-Bill Loan Repayment tool is scheduled for the May 30 CEP Q2 Board meeting. EVAC members interested in this project are invited to attend.

Xcel Energy's Small Business Refrigeration program rolled out in early May. The program received 21 participation enrollments within the first two days, including one in Minneapolis. The Program will target outreach to Minneapolis customers through the City's website and email lists will begin soon.

Prior to the conclusion of the meeting, Jamez Staples requested that when EVAC-written letters are distributed to EVAC members for feedback, adequate time to respond be provided.

The meeting was adjourned at 6:02 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

Attachment A: EVAC Renewable Electricity Priority Recommendations

I.   Universal city-wide clean electricity program (with customer opt-out)

This approach includes two models for creating a universal renewable electricity program in which all Minneapolis energy users would receive renewable electricity by default and could opt out if they did not want to participate. This approach generates much higher participation rates than an opt-in program.

    A. Develop and opt-out green power purchase program offered by City through Xcel Energy. All businesses and residents in Minneapolis would be automatically signed up for green power purchase programs like WindSource or Renewable*Connect and could opt-out of participating. This would require PUC approval to allow Xcel to automatically enroll Minneapolis customers based on municipal approval.

    B. Implement opt-out Community Choice Aggregation (CCA) program where City purchases electricity from renewable sources on behalf of residents/businesses via the MISO market. This would require legislation to enable CCA, which is active in other states and was evaluated as one option in the City of Minneapolis Energy Pathways Study.

The two models are similar in their overall goal, but are quite different in structure and decision-making roles (in A., Xcel Energy provides a pre-defined renewable electricity offer to all Minneapolis customers, in B. the City of Minneapolis seeks offers for energy supply on the market delivered through Xcel Energy's utility bill). Pros and cons in terms of costs/savings to customers, flexibility to market changes, complexity of regulatory/policy lift required, and time involved will need to be evaluated and compared.

Climate:

- Would allow the city to meet its 100% renewable electricity goal
- Would meet the 10% in-boundary purchase goal in CAP

Workforce:

- Stipulate local hire for new renewable energy development projects where possible

Equity:

- Everyone has access by default
- In options where the proposed renewable energy source will represent an incremental cost on customer bills, need to ensure low-income households and small businesses are not hurt by higher bills

Roles

- EVAC develop pros and cons of options
- Xcel Energy and Minneapolis collaborate on policy changes
- Xcel Energy and Minneapolis determine equitable cost
- Minneapolis create hiring policy

II.   Accelerate solar development within Minneapolis

A series of related strategies around harnessing available space, including rooftops, parking lots, and other available areas, to develop solar energy within Minneapolis.

A. **Residential campaign (bulk purchase)**
Establish a consistent bulk-purchase program to negotiate standard rates and coordinated financing to simplify the process for residential solar and create a consistent pathway for Minneapolis residents to participate in solar.

B. **Large commercial solar in collaboration with businesses**
Coordinate with large commercial businesses to accelerate use of commercial rooftops for both net-metered solar offsetting business use and community solar gardens available for other energy users. Minneapolis and Xcel could engage large commercial businesses within Minneapolis with clear models for solar development and engage major Minneapolis companies in highlighting their leadership in moving to solar. This approach can utilize the solar incentive and solar advisor models below.

C. **Urban CSGs (large rooftops, parking canopies, etc.)**
Promote municipal, corporate, and institutional hosting of urban community solar gardens with a priority to developers and projects that ensure widespread access and community benefit. Minneapolis could lead by example through hosting community solar projects on municipal property and Minneapolis and Xcel could collaborate with community solar garden developers to promote the model to potential project hosts.

D. **Solar incentives**
The City of Minneapolis could provide various incentives for solar, such as property tax incentives and production incentives like green business cost share. Like the current green business cost share, there should be higher incentives in low-income neighborhoods and/or green zones.

E. **Implement a solar advisor model**
Potential solar customers need a trusted navigator to help understand the technology, financing, and service providers in the sector. Partnering with Xcel Energy, the City of Minneapolis could establish a solar navigator program, particularly for small and mid-sized businesses.

Climate:

- Would help meet the 10% in-boundary purchase goal in CAP

Workforce:

- Stipulate local hire for new renewable energy development projects where possible

Equity:

- Need to ensure that incentive and promotion programs are equitable. Without effective financing and opportunities that do not require property ownership like CSGs, solar programs risk benefiting middle and upper income users primarily.

III. City develops its own renewable electricity

The City has some limited opportunities for developing its own net metered renewable energy, especially solar (see solutions in Priority 2). However, in many cases a combination of limited space or limited load minimize what can be done on site. For the City to develop and own a substantial amount of renewable energy, the City and Xcel Energy would collaborate to develop a mechanism by which the City can own its own renewable energy and deliver the benefits to the City and its residents using Xcel Energy's grid. This could be used both for large areas within Minneapolis that do not have adequate load to use the energy generated (potentially solar on the reservoir sites) and for large off-site wind and solar projects. Two main routes are:

A. The city owns renewable energy facilities and generates power transmitted through Xcel's grid for use in City operations or through one of the opt-out programs identified in Priority 1. This would require development of a utility tariff for allowing municipalities to transmit power through a utility's grid at fair rates.
B. The city owns renewable energy facilities offsite and sells the electricity to Xcel Energy but retains the Renewable Energy credits to meet its 100% renewable energy goals. This would require establishment of a clear and adequate price for the electricity provided, either through negotiation or use of the existing requirements for Xcel to purchase energy at an avoided cost, which may require PUC clarification.

Either option offers potential for city revenue and savings and dramatically expands the scope of city renewable energy beyond what net metering can offer. Both will require integration with Xcel's grid and substantial evaluation of policy framework, establishment of clear and stable pricing, and evaluation of pathways to finance projects.

Climate:

- Would allow the city to meet its 100% renewable electricity goal
- Could help meet the 10% in-boundary purchase goal in CAP if a solution was used that allowed Minneapolis to provide part of the energy for an opt-out program (see priority 1).

Workforce:

- Stipulate local hire for new renewable energy projects where possible

Equity:

- Will benefit all customers to the extent that it provides cost benefits to city operations, especially if mechanisms are created to ensure those benefits are shared with energy users.

Roles

- EVAC develop pros and cons of options
- Xcel Energy and Minneapolis collaborate to identify pathway for each option and collaborate to secure any necessary policy changes
- Xcel Energy and Minneapolis determine fair pricing, potentially with PUC approval and clarification of compliance with federal law
- Minneapolis create hiring policy

Attachment B: EVAC Inclusive Financing Priority Recommendations

Pay-As-You-Save Model on Inclusive Financing

What's being done:

CenterPoint Energy on-bill repayment mechanism, loan buydown programs, May 21 study session on PAYS model, feasibility study of inclusive financing for Minneapolis

Intended audience:

all three partners; all customers (public property, public housing, EV chargers, residential, etc)

Impact:

1. Accelerate adoption of on-site energy efficiency and renewable energy via a higher acceptance rate of retrofit opportunities and deeper investments
2. Improve workforce development by aligning with city workforce efforts, hiring Minneapolis residents, esp. people of color and low-income folks. If aligned with training, could address shortages of qualified workers.
3. Addresses equity if well-aligned with workforce goals. Also provides more accessible energy savings opportunities for multi-family residents, low-credit households, and public entities that are capital-constrained.

Thinking systemically, what it addresses:

- Convenience: on-bill, instant rebate or point-of-sale rebate
- Upfront cost: instant rebate or point-of-sale rebate, non-credit capital access (PAYS)
- Access to capital: low-income programs (limited), credit score buydown, PACE, inclusive financing
- Cost of capital: loss reserve, PACE with senior lien (n/a), city subsidy, disconnection option (PAYS)

Other notes:

- PAYS model is crucial for the tariff mechanism and the principles of repayment that preserve at least 20% of savings and repay within 80% of measure life
- Could use funds from loan subsidy programs, too (to buydown co-pays for measures that may not payback within the usual term)
- Could pilot in city Green Zones
- For energy efficiency group: how can rebates be transformed into point-of-sale discounts to increase customers opting