

**Minneapolis Clean Energy Partnership
Regulatory Considerations for Inclusive Financing Discussion**

The purpose of this document is to provide regulatory considerations to the Minneapolis Clean Energy Partnership Board (“Board”) regarding CenterPoint Energy’s ability to offer inclusive financing (“IF”)* for discussion on July 27, 2018. The following table outlines Minnesota State Statutes and Administrative Rules that may enable or hinder the ability to offer IF to Minneapolis public utility customers.

No.	Minnesota Regulation	Title	Summary	Opportunity or Constraint	Regulatory/Legislative Approach
1.	Minnesota (Minn.) Statute (Stat.) § 216B.03	REASONABLE RATE	The commission shall set rates to encourage energy conservation and renewable energy use to the maximum reasonable extent. Doubt about what is reasonable should be resolved in favor of customers.	Opportunity; IF is intended to encourage energy conservation and renewable energy use.	Demonstrate that IF encourages energy conservation and is reasonable to help fulfill the policy goals of Minn. Stat. § 216B.03.
2.	Minn. Stat. § 216B.2401	ENERGY SAVINGS POLICY GOAL	The legislature finds that cost-effective energy savings should be procured systematically and aggressively in order to reduce utility costs for businesses and residents.	Opportunity/constraint; IF is intended to address the cost barrier for businesses and residents to pursue energy saving upgrades that lead to energy savings, but must be cost-effective in order to comply with the statute.	Demonstrate IF reduces utility costs for businesses and residents and is a cost-effective strategy to reduce energy to help fulfill the policy goals of Minn. Stat. § 216B.2401.
3.	Minn. Stat. § 216B.02	DEFINITIONS.	Subdivision (Subd.) 4. defines “public utility” as an entity “operating, maintaining, or controlling...equipment or facilities for furnishing at retail natural...gas or electric service to or for the public...” Subd. 6. defines “service” as “...natural...gas and electricity; the installation, removal, or repair of equipment or facilities for delivering or measuring such gas and electricity.”	Constraint; IF does not fit this statutory definition because customer premise efficiency improvements are not equipment or facilities used by a public utility to deliver or measure natural gas.	Modify Minn. Stat. § 216B.02 to include IF in the definition of ‘Public Utility’ and ‘service’ -or- Offer IF as a CIP program (but see 5.a-5.c)
4.	Minn. Administrative Rule (R.) 7820.1300	NONPERMISSIBLE REASONS TO DISCONNECT SERVICE	(A) prohibits utilities from disconnecting customers for “delinquency in payment for services rendered to a previous customer who occupied the premises.” (B) prohibits utilities from disconnecting customers for “failure to pay for merchandise, appliances, or services not approved by the commission as an integral part of utility service.”	Constraint; Existing IF examples allow for disconnection of utility services which would be inconsistent with this rule.	Request a variance to Minn. R. 7820.1300(A) to allow for disconnection for non-payment of IF. -or- Request an order/rulemaking from the Minnesota Public Utilities Commission to find IF is ‘an integral part of utility service’ consistent with Minn. R. 7820.1300(B)(but see 3).
5.a	Minn. Stat. § 216B.241	ENERGY CONSERVATION IMPROVEMENT	Subd. 3 states that ownership of energy efficiency improvements executed through a utility Conservation Improvement Program (“CIP”) must remain with the property owner except to the extent that the utility provides a loan and keeps a security interest.	Constraint; One of the key features of existing IF examples is that IF is not a loan; therefore, it would not be consistent with this statute.	Modify Minn. Stat. § 216B.241 to authorize IF and request program approval from the Deputy Commissioner of Commerce to offer an IF Program. -or- Offer IF as a non-CIP public utility service (but see 3)
5.b	Minn. Stat. § 216B.241	ENERGY CONSERVATION IMPROVEMENT	Subd. 5d authorizes utility on-bill loan repayment of CIP programs.	Constraint; If on-bill loan repayment CIP programs required special statutory authorization, regulators might find that IF also requires special statutory language.	Modify Minn. Stat. § 216B.241 to authorize IF and request program approval from the Deputy Commissioner of Commerce to offer an IF Program.
5.c	Minn. Stat. § 216B.241	ENERGY CONSERVATION IMPROVEMENT	Subd. 5d (g) concludes that a utility cannot disconnect for non-payment for failure to pay the utility for a CIP service.	Constraint; This statute prohibits disconnection resulting from failure to pay for energy efficiency improvements made through CIP.	Modify Minn. Stat. § 216B.241 to authorize disconnection of service for failure to pay IF charges.

Although Minnesota policy in support of energy efficiency is reflected in statute, and recent statutory changes have sought to improve public access to energy efficiency financing, there remain legal, regulatory, and practical obstacles to utility offered inclusive financing. CenterPoint Energy looks forward to continued discussion with its partners regarding whether it would be prudent to advocate for the necessary statutory changes, whether other financing models could achieve the goals of inclusive financing, and whether other energy efficiency and/or renewable offerings could help the City achieve its energy efficiency and climate action goals.

*Statement on IF approved by the Board on May 30, 2018: “Inclusive financing allows direct investment in resource efficiency upgrades on the customer side of the meter through an on-bill approach regardless of the customer’s income, credit score, or renter/owner status. Under this definition debt is not accrued by the customer.”