

Minneapolis Clean Energy Partnership
BOARD MEETING
Doty Board Room, Minneapolis Central Library
Friday, July 27, 2018
1:00 – 3:00 p.m.

2018 Q3 Meeting Notes

Board members present: Mayor Jacob Frey (Chair), Council Member (CM) Steve Fletcher (alternate), Council Member Cam Gordon, Council Member Jeremy Schroeder, and Mark Ruff from the City of Minneapolis; Adam Pyles (Vice Chair), and Todd Berreman sitting in for Brad Tutunjian from CenterPoint Energy; Kelly Bloch and John Marshall from Xcel Energy

Board members excused: Brad Tutunjian

Planning Team present: Sara Barrow, Bridget Dockter, Laura Dorle, Peter Ebnet, Robin Garwood, Kim Havey, Luke Hollenkamp, Louis Mondale, Kelly Muellman, Heidi Ritchie, Emma Schoppe, Al Swintek, Karlee Weinmann

Guests/Staff present: Machael Bropleh, Corry Conover, Carter Dedolph, Chris Duffrin, Abby Finis, Patrick Hanlon, Eric Immler, Matt Kazinka, Nick Mark, Rebecca Olson, Jamez Staples

1. Welcome and Introductions

Mayor Jacob Frey called the meeting to order at 1:05 p.m. Mayor Frey invited Clean Energy Partnership (CEP) Board Members, staff and guests to introduce themselves. Kim Havey was introduced as the new manager of the Sustainability Office. Kim previously worked at the Minnesota Department of Commerce, Energy Office on renewables, energy efficiency and low-income energy-assistance programs. Prior to that he worked at the City of Minneapolis on several topics including green roofs and renewable energy. Kim looks forward to working with and facilitating the work of the Clean Energy Partnership (CEP) and achieving the energy goals of the City and Partnership.

Following introductions, Mayor Frey referenced a recent Star Tribune [article](#) on global warming and lauded the important work of the Partnership.

2. Review and Approve Agenda and Minutes

Mayor Frey asked for a motion to approve the agenda, as well as the minutes from the 2018 Q2 CEP Board Meeting. The agenda was reorganized moving the Quarterly Update from EVAC Co-Chairs and the 2017 Annual Report Presentation to the end, it was MOVED and SECONDED that the agenda for July 27, 2018 be approved. Motion CARRIED. It was MOVED and SECONDED that the minutes from May 30, 2018 be approved. Motion CARRIED.

3. Utility Funding Flexibility Presentation

At the Q1 Board meeting, the Utilities were asked to review its Conservation Improvement Programs (CIP) and determine opportunities for realignment with City activities, and to discuss the process for developing new initiatives or programs. John Marshall remarked how the process

was a good exercise for Xcel Energy to think outside the box and how it helped the Partners create some of the pilot ideas for discussion today. The presentation concluded with recommendations for maximizing energy savings by leveraging specific CIP programs in the City of Minneapolis, including: high efficiency heating equipment and insulation rebates in the residential sector, weatherization programs for low income and low income, multi-family residents, and custom rebates, design assistance, and lighting programs for the commercial sector.

Following the presentation, CM Schroeder again asked whether the Utilities are committed to increasing their spending on Partnership activities, either finding new ways of funding or spending shareholder dollars. Adam Pyles clarified that CenterPoint Energy has adequate money in its budget for energy conservation that has been approved by the State, but their constraint is reaching homes and consumers to participate. He suggested that the City could possibly help CenterPoint Energy increase its delivery and savings through its regulatory policies, and help to make connections with customers within the City who would benefit by participation. Todd Berreman agreed that CenterPoint Energy has funds available to deliver the CIP programs, but also has budget flexibility for delivering cost-effective savings.

After further discussion the Partners agreed that they are committed to identifying new programs or initiatives that have a larger impact on meeting the City's climate goals. If these programs do not fit within CIP guidelines they will explore how they can be accomplished, which may involve going to the Legislature and/or regulatory bodies. CM Gordon suggested including any proposed new programs or pilots in the Utilities' 2019 CIP submissions would be a great goal for the Partnership.

4. Draft "Partnership Activity" Concepts for Next Work Plan

Luke Hollenkamp reviewed the work plan development process in 2018. (PPT Slide 31.) At the 2017 Q4 Board meeting, the Board adopted the Work Plan Principles defining two forms of activities: Partnership Activities and Potential Collaboration Activities. The Work Plan Principles states that, 'Priority will be given to accomplishing and reporting on Partnership Activities over the course of a work plan timeline.' The Board reviewed and discussed the draft Partnership Activity concepts for the next work plan. The Board considered EVAC comments on the draft Partnership Activities as presented from EVAC co-chair, Abby Finis. Abby cautioned that the comments presented may not be representative of EVAC consensus.

Energy Efficiency (PPT Slides 33-34):

- Study and act on high residential gas usage. Conduct a research effort to identify high residential natural gas users and the contributing factors of high usage. Develop and pilot individually customized strategies and more accessible marketing materials to dramatically increase residential energy efficiency with a focus on building envelope upgrades.
EVAC Feedback: Emphasize different strategies for different building types – focusing primarily on building envelopes may preclude action in multifamily buildings. Set target for how many high NG users will receive customized interventions.
Todd Berreman: Agreed with EVAC's recommendation, and suggested including single-family residential and adding HVAC equipment replacement.

- Align benchmarking data with utility energy efficiency resources. Create a pilot commercial office building sector cohort to realize significant energy conservation by targeted and measurable outreach efforts to buildings with the highest energy use intensity and highest energy use.

EVAC Feedback: Should include an action component, not just targeted outreach and discussion.

Todd Berreman: Requested that CenterPoint Energy and natural gas be included in these discussions.

- Pursue City facilities “Performance Path.” Pursue new pilot “Performance Path” to Energy Efficiency for City facilities by providing discrete bundles of service according to progression in energy management.

EVAC Feedback: More information is needed to understand the program design and expected outcomes.

Renewable Energy (PPT Slides 35-36):

- Conduct Electric Vehicle Infrastructure Pilot. Conduct an Xcel Energy EV Infrastructure pilot with City fleet vehicles and maximize renewable electricity consumption based on actual and modeled renewable resource production.

EVAC Feedback: Be more clear about the scope of what is being piloted and what it will lead to. Is the ultimate goal to create infrastructure for the City fleet or the broader community? This is something that is being done in other cities, so is this a special Partnership project or is it something that would be happening absent the Partnership?

CM Gordon: It makes sense to start with the City fleet first, but he would like to see it expanded citywide.

John Marshall: The electrification of transportation is part of Xcel Energy’s long-term goals and strategies. The utility industry is now second in greenhouse gas emissions, following transportation. In bringing this evolving industry citywide the Partnership could help with education efforts, leveraging the City’s comprehensive neighborhood network on community outreach, while working at the high level on the City’s fleet.

CM Fletcher: Asked how EV relates to Hour Cars, food trucks using generators, etc. Bridget responded that Hour Cars is a separate initiative. Xcel Energy is working on a pilot with two other large customers on three distinct test situations.

Bridget: Regarding expanding EV, when they are ready to implement this citywide the City’s regulatory structure will be very helpful.

Luke: As EV expands beyond the City fleet, there will be opportunities as a Potential Collaboration Activity when the right regulatory or technological moment arrives.

- Achieve 100% renewable energy for City Enterprise. Create a pathway for meeting the City’s 100% renewable electricity enterprise goal after the current Renewable*Connect tranche subscriptions expire while still meeting the City’s priorities. Include a potential to expand citywide, helping to reach the community-wide goal.

EVAC Feedback: The ultimate goal should be to create an approach that will work community-wide.

Adam Pyles: CenterPoint Energy is interested in pursuing renewable natural gas, and there will be more conversations about that. He wants to keep open the possibility of that showing up on the list as a Partnership Activity.

CM Gordon: We should plan the funding for and identify how the Partnership can help facilitate it expanding community-wide.

- Align Low Income Solar*Rewards with 4D Criteria. Add 4D NOAH participation as eligibility criteria to upcoming Low Income Solar*Rewards program with a focus on Minneapolis outreach and promotion.

*EVAC Feedback: In addition to Solar*Rewards qualification, consider a more comprehensive approach and broader focus to address various barriers facing 4D NOAH buildings (financing, etc.).*

CM Gordon: Agreed with EVAC's recommendation. Would like to see a push to geothermal, but this is a step in the right direction.

Inclusive Financing (PPT Slide 37):

The following definition of inclusive financing was adopted at the Q2 Board meeting: "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."

- Advocate for inclusive financing at the State Legislature and/or Public Utilities Commission, if inclusive financing is determined to be feasible and can reasonably favor customers.
- Develop an inclusive financing pilot project, if it is determined to be legally feasible and reasonable for the implementer and their customers.

At the Q2 Board meeting, the Board requested a report back at the next meeting on how utility legal staff, the city attorney, and IGR staff view the regulatory landscape of Inclusive Financing. Emma introduced a handout (11x17) that outlines five potential regulations or statutes that enable or hinder inclusive financing and a possible approach for addressing barriers.

Adam Pyles, the Director of Regulatory Affairs at CenterPoint Energy, provided an overview of the process for moving forward with statutory or regulatory changes. He noted, with the upcoming election we can assume there will be turnover at the legislature and changes on the energy committee. This could be a great opportunity to pursue these kinds of changes if the Partnership agrees that Inclusive Financing makes sense and can deliver meaningful benefits to customers. Mr. Pyles referenced Ellen Anderson's current feasibility study on inclusive financing which will help determine if inclusive financing makes sense in this market. (The study will focus on the financial and economic analysis of individual energy efficiency measures and the cost of upgrades. It is expected to be completed within two to three months after the contract is in place; that is expected to happen within the next month.) If the legislature makes changes that enable Inclusive Financing, the PUC will then need to approve specific programs. The Planning Team has not yet had any discussions with staff at the PUC about inclusive financing.

Mark Ruff, commenting that the Partnership tends to look at these activities sequentially, suggested that the Partnership should look for opportunities for approaching issues concurrently. One idea would be to have conversations with legislative and PUC staff, asking them to help the Partnership find ways to solve these problems. He introduced the following motion:

“Direct the Planning Team to develop an Inclusive Financing Partnership Activity for consideration at the Q4 Board meeting. This activity shall include a commitment to an inclusive financing pilot project and, as a first step, jointly approaching Public Utilities Commission staff, Department of Commerce staff and/or other appropriate parties asking for clarification on necessary next steps with intent to undertake a pilot project.”

There was extensive discussion following introduction of the motion. John Marshall said he could not support the motion without first discussing it with Xcel Energy’s regulatory and operating company leadership, and suggested laying it over to the Q4 Board meeting. There was some confusion about whether the motion called for the Planning Team to approach PUC and DOC staff prior to the Q4 Board meeting. It was clarified that the Planning Team would prepare a plan for an activity to be presented at the Q4 Board meeting and, if approved by the CEP Board, would be positioned to take action quickly following approval.

Mayor Frey proposed a minor amendment in the second sentence of the motion, capitalizing the letter “A” in Activity, so it reads as follows: “This Activity shall include...” It was MOVED and SECONDED that the amendment be approved. Motion CARRIED.

In the continuing discussion CM Fletcher called for support of the motion as a means for the Partnership to build trust and act together. CM Schroeder added that setting firm deadlines is important, and this motion accomplishes that. Todd Berreman went on record to say that since CenterPoint Energy is already investing more than a million dollars on its On-Bill Repayment program pilot, and any proposed pilot on inclusive financing is likely to cost a similar amount, it might have to look at some innovative ways of doing a pilot. Luke said there have been discussions at the City about who is providing the capital to ultimately finance these projects, and there may be fewer potential barriers if capital is not provided by the Utilities. There are multiple ways to proceed with the analysis. Starting conversations at the staff level will help identify the barriers and ways to think creatively about avoiding them.

There being no further discussion, it was MOVED and SECONDED that the motion be approved. Motion CARRIED. John Marshall voted Nay.

Feedback on overall list of Partnership Activity concepts:

EVAC Feedback:

- *More details will help make it easier to assess projects.*
- *Include near-term objectives (i.e., percent of actions taken in target sector) and an expected two-year project outcome that will lead into future work plans (i.e., a plan for how successful programs and activities will be expanded).*

- *The work plan as a whole doesn't seem ambitious enough at the current level of detail provided. At least one item in each section should be expanded to have a broader reach and larger expected impact.*
- *Equity and workforce development need to be woven throughout and be a consideration in each of these priority activities.*

CEP Board:

- CM Fletcher: Echoed EVAC's comments that more detail would be helpful. Wondered if the plan was ambitious enough, and asked for staff guidance on whether it will help meet climate goals by 2030. Bridget said that both the Planning Team and EVAC agree that metrics for long-term goals are necessary. Luke added that as reflected in the 2017 Annual Report the Planning Team will re-examine the metrics early next year to help the Partnership more clearly determine if it is on a trajectory to meet its goals.

5. Quarterly Update from EVAC Co-Chairs

Matt Kazinka provided a brief update of the Q3 EVAC meeting held on Monday, July 16. Much of their discussion related to the work plan, and that feedback has already been reported. The other main agenda item was reporting back to the group on a special meeting held in late June and attended by 10 of 14 EVAC members. The purpose of the meeting was to discuss how things are going, what EVAC members are getting out of the experience, what is going well about EVAC and the Partnership, and what they would like to see changed. The notes from that meeting were reported back to the Q3 EVAC meeting, and in the interest of saving time Matt mentioned just a few of them.

- EVAC members expressed a lot of interest in having more opportunities to collaborate and work with staff from the City, CenterPoint Energy and Xcel Energy, as well as the Board members. They are interested in building those relationships more, and would like to be brought to the table and be part of the conversation about work plan items, and new pilots and programs.
- Around EVAC's priorities and goals, they are interested in the metrics conversation and tracking how the Partnership is doing around equity goals: who is being served, addressing and diminishing cost disparities, and workforce development.
- They are interested in the conversation around renewable natural gas and electrification, and where it fits in to help meet climate goals.
- They would like to provide some guidance on what the Partnership considers in future EVAC cohorts and what to look for in new members.

The Planning Team requested that EVAC provide a specific set of recommendations for each partner based on their conversations at the June meeting. EVAC will have that prepared in time for the next EVAC meeting.

6. 2017 Annual Report Presentation

There was discussion about delaying this presentation to the Q4 meeting. However, the agenda for that meeting will be very full with consideration of the next work plan. Due to time constraints, Luke suggested limiting this presentation to an executive summary, and invited Board members to highlight any particular questions they have that could be addressed at the Q4 meeting.

Emma gave an overview of the 2017 Annual Report contents corresponding to eight categories of board-approved metrics. The Board was reminded of 2017 Partnership Highlights and progress toward the City's climate goals.

Adam Pyles added that the report represents quite a bit of effort and contains a lot of good information. He invited Board members to think about whether or not it is meeting their needs, and to offer suggestions for adjustments. CM Gordon said it appears that progress is being made in some areas, but in some areas it appears we are losing ground. Emma explained that in the case of the Utilities joint-program, Home Energy Squad, 2015 and 2016 peaks in participation can be correlated to leveraging City activities to market and buy-down the cost of the visit. The City relaunched these efforts in 2018 which is expected to bolster numbers in future reporting.

7. Next Meeting

The date and location of the Q4 2018 CEP Board meeting are to be determined.

The meeting was adjourned at 3:00 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