

**Minneapolis Clean Energy Partnership
ENERGY VISION ADVISORY COMMITTEE**

Minneapolis Central Library, Doty Board Room

Wednesday, April 24, 2019

4:00 – 6:00 p.m.

Q2 2019 Meeting Notes

Committee members present: Chairs: Patty O’Keefe and Rebecca Olson. Members: Robert Blake, Margaret Cherne-Hendrick, Rick Dallmeyer, Timothy DenHerder-Thomas, Andrew Fang, John Farrell, Leah Hiniker, Matt Kazinka, Mauricio Leon, Julie Samuelson, Jamez Staples, Elizabeth Turner, Ansha Zaman

Committee members excused: None

Guests: Trevor Drake, Kattie Evans, Erica Larson, Amber Lee, John Marshall, Stacy Miller, Marcus Mills, Nikki Caicedo, Lee Samelson, Ethan Warner, Michelle Wenderlich

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

1. Welcome and Introductions

Co-Chair Rebecca Olson called the meeting of the Energy Vision Advisory Committee (EVAC) to order. Following introductions, Becky thanked Clean Energy Partnership (CEP) Board members Amber Lee and John Marshall for attending the meeting. In turn Mr. Marshall thanked EVAC members for the time they are volunteering to meet the goals and mission of the CEP.

2. Review and Approval of Agenda and Q1 2019 Minutes

There being no changes to the agenda, it was MOVED and SECONDED that the agenda for the meeting be approved. Motion CARRIED. There being no changes or additions to the Q1 2019 minutes, it was MOVED and SECONDED that the minutes from January 23, 2019 be approved. Motion CARRIED.

3. Q1 Board Meeting Report

Becky provided a brief synopsis of the Q1 2019 CEP Board meeting held on March 25. Two new CEP Board members were introduced. Bria Shea, Director of Xcel Energy’s Regulatory Department, replaced Kelly Bloch, who is now an alternate. Amber Lee, Director of Regulatory Affairs for CenterPoint Energy, replaced Adam Pyles who retired. The Planning Team recapped the process for selecting EVAC members to serve the next two-year term and the 2019 franchise fee increase-enabled programming, and provided an update on CEP metrics refinement process. There was an extended discussion on inclusive financing regarding options to be considered after the Department of Commerce (DOC) releases its assessment of regulatory pathways. The Board directed the Planning Team and staff to develop a decision matrix based on several possible outcomes, and will make its decision at its Q2 Board meeting.

4. Energy Vision 2014 Overview

Robin Garwood, Aide to Council Member Cam Gordon, provided an overview and history on Energy Vision 2014. Franchise agreements that the City had with both energy utilities were due for renewal in 2014, and at the same time the City was developing its Climate Action Plan (CAP). They identified several interests (i.e., reducing carbon emissions) that they had in common, but the franchise agreement was not a contract wherein terms could be added to compel the utilities to conform to the City's efforts to meet its climate goals. This discussion led to formation of the Minneapolis Energy Options Campaign that worked to get a question on the ballot as to whether Minneapolis should start down the same path as cities like Boulder that sought control of local energy utilities. By 2013 this had become a contentious point and it became clear that other action was required. The first was to direct staff to develop an energy vision, then work with other consultants including the Center for Energy and Environment to develop an energy pathways study. That pathways study laid out some of the potential ways to get to this vision, and CEP was one of the suggested pathways. The executive summary of the energy pathways study, which contained five primary recommendations, will be distributed to EVAC members.

5. 2019-2021 Work Plan Review & Updates

Emma Schoppe reminded EVAC members that they are charged with reviewing and providing feedback on the biennial work plan and measurement and performance reports. To recap the development process for the current work plan—which began last year with the Board setting work plan priorities around energy efficiency, renewable energy and inclusive financing—Emma said that in Q1 2018 the Board adopted CEP priorities and approaches for the next work plan, and directed the Planning Team to develop potential partnership activities for each priority. In Q2 EVAC contributed work plan ideas for Partnership consideration and the CEP Board approved a definition of inclusive financing. In Q3 the Planning Team drafted and workshopped partnership activity concepts with EVAC and the Board, and in Q4 the Planning Team sought feedback from EVAC and presented a final draft of the 2019-2021 Work Plan to the Partners for approval. At its Q4 meeting on November 8, 2018, the Board approved the work plan with ten partnership activities related to energy efficiency, renewable energy, workforce development and inclusive financing.

The Planning Team presented on each of the ten items, including a summary, key takeaways, Q1 updates, and next steps. [\[PowerPoint Slides 8-18\]](#) Following the presentation, EVAC members asked the Planning Team for clarification on several items or made the following points:

- The timeframe/target for GHG reductions in the key takeaways metric on each of the work plan items should be the term of the work plan, 2019-2021
- WD.1: The Community Environmental Advisory Commission has expressed interest in being part of the conversation and helping develop higher level goals and metrics around workforce development.
- EE.5: GHG reduction is expressed as an estimated percentage as opposed to an amount. Has there been an estimation of the GHG reduction expected? Luke responded that the numbers are dated because they represent what was available when the work plan was adopted late last year. Since then they have identified which buildings are affected. Building energy disclosure helps bring attention to energy usage but by itself does not save energy. It will have an impact but the extent is not yet known. Kim added that the 1-2% figure came from

commercial benchmarking that has been going on since 2015, but the programs that have been put in place on the policies will actually derive greater efficiency than that.

- RE.3: How will ownership be structured? Bridget replied that in the Renewable Development Fund (RDF) Low Income Solar Garden with Energy Efficiency emphasis proposal, specific guidelines were laid out. The goal for this particular garden is to have a 30% discount for customers which is helped by the RDF grant and the low-cost leasing opportunity on the City's facility. The energy efficiency piece is not part of the RDF grant; that will come from CIP dollars.
- RE.3: There is a lot of financial value beyond the savings generated from a community solar project. Where will the long-term wealth generation from the project accrue and how is it being structured or managed to ensure maximum benefit to participants? Bridget said she has to look at what kind of reporting the grant requires; she does not manage the renewable development fund so does not know exactly what they have to report out. She does not know the specifics of the contracted developer's financial situation, which is between the grant recipient and the developer. She offered to look into the reporting for the RDF grant, but added that the reporting is done by the grant recipient, not the subcontractor.
- RE.3: How does Xcel Energy decide who gets the additional grant proceeds? Bridget said that the PUC made that decision. Xcel Energy filed a petition, it was supported by the City, and the PUC approved the additional solar garden in the green zone. They are now working out contract amendments with this specific site. They need to be finalized with Minnesota Renewable Energy Society and filed again with the PUC, which will determine whether or not to formally fund the garden. Once final approval is given phased-out payments to the grant recipient will be determined based on different timelines of garden progression.

EVAC members with additional questions on the work plan items were directed to contact Planning Team members. It is the intention at future EVAC meetings for the Planning Team to give interim updates on work plan priorities so there will be more opportunities at future meetings to ask questions.

6. Metrics Refinement

Luke explained that when the Partnership was formed it established a long list of very granular metrics. The Planning Team is often asked broadly how the Partnership is going and what difference or impact it makes. To answer that question the Planning Team has suggested that they look at the Annual Report, which contains a lot of ways at looking at results: data tables, bar charts, graphs, maps, and reports. The presentation of data in so many different ways is confusing, and the existing metrics do not provide a framework for clearly measuring and illustrating any impact of the Partnership—past, present and future. The Planning Team decided to simplify and align the metrics of the CEP with the City's climate and energy goals, and make status or progress easier to understand at a glance. Referencing a chart used by the Department of Homeland Security as an example, Luke explained that by color-coding the metrics it is readily apparent whether progress being made is good, bad or somewhere in the middle. This simplified methodology will also allow the Planning Team to show historic trends and weather normalize when necessary to build toward forecasting.

The City's Energy Vision 2014 is a foundational document of the Partnership that contains an aspirational vision, but it does not have quantifiable goals or metrics. A request is being made

that EVAC convene a group to discuss and propose to the Planning Team and the Board “two key, quantifiable metrics for equity and workforce that can be reasonably updated annually and that are jointly pertinent to the Partners”. At its first meeting the group can decide such things as whether or not to consider contractor data, separate into two groups to work on equity and workforce separately, and involve experts outside of EVAC to join the discussion. Several EVAC members volunteered: Mauricio Leon (leader), Robert Blake, Margaret Cherne-Hendrick, Timothy DenHerder-Thomas, Julie Samuelson, Patty O’Keefe, Ansha Zamen and Jamez Staples. An email will be sent to EVAC members giving them an opportunity to sign up for this work group, with a Doodle poll to establish the first meeting date.

7. Utility Conservation Improvement Programs 101

Electric and natural gas utilities are businesses that are highly regulated by two different organizations in the State of Minnesota. The Minnesota Department of Commerce (DOC) regulates the energy efficiency or Conservation Improvement Programs (CIP), overseeing the day-to-operations and requiring filing of triennial plans. The Minnesota Public Utilities Commission (MPUC) has the authority to approve or disapprove rates and cost-recovery. Filings are done in two parts: how did we do, and how can monies spent be recovered.

In the 1980s MPUC required investor-owned utilities to engage in energy conservation pilot programs. In 1991 spending requirements were added to that, and in 2007 energy savings requirements were added through the Next Generation Act, which became the big game changer for energy efficiency in Minnesota. Unlike many other states, Minnesota has a long history of consistent energy efficiency legislation and programs, and that has helped keep customers engaged.

Some benefits of CIP are that participant customers can save money on energy bills and receive rebates, all customers save money by avoiding the need for additional generation plants, communities make progress towards climate and energy goals, and utilities have a financial incentive to run strong programs thus achieving high levels of energy savings for low cost.

Xcel Energy has a minimum spending requirement set at 2.0% of electric company’s state revenue due to its nuclear plants, while CenterPoint Energy’s minimum spending requirement is 0.5%. There are annual energy savings goals of 1% for gas retail sales and 1.5% of electric retail sales. CIP programs are administered by gas and electric companies and paid for by all ratepayers unless they have filed for exemption through the DOC. Some large customers are eligible to file for exemption if they can prove they are doing energy efficiency measures on their own. In 2018 Xcel Energy spent \$107 million statewide on electric and \$15.5 million on the gas side. In 2017 CenterPoint Energy spent \$31 million. This is more than twice as much as the minimum spending requirements call for.

CIP triennial plans are submitted to the DOC which evaluates them to ensure that statutory requirements are met, programs are cost-effectiveness, energy savings are measurable and verifiable, and that they serve customers across all market segments. There is a public comment process related to the CIP filings for interested parties that wish to submit input relating to either of the proceedings. The utilities are regularly evaluated on making improvements to these programs, and program modifications (including pilots) can be submitted to the DOC at any

point. The utilities welcome stakeholder input, and if any EVAC members have specific interests they should reach out to Xcel Energy and CenterPoint Energy and they will be connected to the appropriate subject matter expert. The next triennial filing is due in 2020 due to a one-year extension request by the DOC. Annual CIP status reports are submitted to the DOC and MPUC; Xcel Energy files its report in April and CenterPoint Energy in May.

Emma presented a slide [\[PPT 31\]](#) showing each Partners' individual and combined efforts contributing to the City's climate goals. Partnership activities are shown in highlighted colors. CIP programs and the City's franchise fee programs are also included. The intent is to show how all of the Partners are leveraging each other's resources, avoiding duplication of efforts and working together to give customers more options in terms of saving energy or having renewable energy options. For example, Home Energy Squad visits are a joint utility offering and the City leverages resources in terms of buying down the costs of that program to customers. That program recently received national recognition through an American Council for an Energy-Efficient Economy (ACEEE) award.

In 2017 the utilities invested \$18 million in Minneapolis energy conservation, which saved customers an estimated \$12 million in first year energy bill reductions. This equated to an estimated 98,000 metric tons of carbon dioxide which is roughly equivalent to energy used in over 11,000 homes for one year (as determined by EPA.gov GHG Equivalencies Calculator). ACEEE ranked cities based on six categories: utility programs, transportation, building energy codes, combined heat and power, state initiatives and appliance standards. Using this scorecard, in 2017 Minnesota ranked ninth in the nation. The 2019 scorecard will be released soon.

8. EVAC Franchise Fee Input Follow-Up

Kim followed-up on comments and provided information on how the Planning Team proposes to move forward on recommendations for franchise fee funding. The City is currently in the midst of the Mayor's budget process, budget requests have been submitted and are in the evaluation process, and there are a couple of avenues that align well with the Partnership's franchise fee work. Mayor Frey's office, along with a majority of the City Council members, is interested in creating a two-year budget cycle. The current one-year budget cycle spans a calendar year, and all of the money allocated to a specific program must be spent by the end of the year. Due to a bidding or procurement processes, contracting can take up to three months at the beginning of the year. If the proposed two-year budget cycle is approved, the longer funding cycles would give the City a longer time to try more experimental projects and is something that could be considered by EVAC.

In response to a poll asking for input about the franchise fee funding, the comments and suggestions indicated that EVAC members want to be more involved in decision-making and deciding what the franchise fee funding is investing in, and to be more involved in understanding the efforts that we have with existing programs and potential new programs and opportunities. The Planning Team agrees with that and wants to be more engaged with EVAC, so they are laying out a process to optimize EVAC's input. A task force working specifically on franchise fee funding will be created with the hope of aligning the franchise fee funding with a two-year budget cycle which will coincide with the two-year terms of EVAC members. A two-year budget cycle would provide program stability, align with potential City two-year budgeting cycle, and

lower administrative time and costs. It would allow for focus on budgeting ratios and minimums, and identify year-end fallback opportunities to reallocate unused funds.

Looking at the rest of 2019, the City proposes three optional meetings. One will be held early in Q3 and focus on the “big picture,” where we are now, what programs are going on, big buckets in residential and commercial sectors, and innovation projects looking toward the future. Later in Q3 a meeting will be held to do a deep dive into residential programming, and in early Q4 another meeting will be held to discuss commercial programming. At the Q4 EVAC meeting the task force may bring forward recommendations to the full EVAC membership, and they may also be presented as part of its budgeting process to the CEP Board. At the end of the year the true-up with the adopted City budget would be done by City staff, putting programs in place for 2020-2021. (True-up means expected allocations are modified according to the approved budget for the following year.)

EVAC Co-Chairs will send an email to EVAC members seeking volunteers to serve on the franchise fee task force.

9. Partner Updates

a. Xcel Energy Time of Use Pilot [\[PPT 40-57\]](#)

Sara Barrow, Community Relations Manager for Xcel Energy-Minneapolis, began by referencing an email sent out by former EVAC member Trevor Drake who was in the stakeholder sessions who helped develop this program with Xcel Energy. Sara invited anyone with questions about the process to talk to Trevor directly.

Nikki Caicedo, Program Manager for the Minnesota Time of Use (TOU) Pilot, provided some background on the development of the pilot. It was initiated in response to a rate case filed in 2017 which led to Alternative Rate Design Docket for residential customers. It was proposed in April 2017, and eight stakeholder workshops were held with key community members and groups that made suggestions and helped design the pilot. With the help of nationally-renowned time-based rate design experts the pilot was developed and ultimately approved by MN PUC in 2017.

The objectives of the pilot are to provide rates that accurately reflect the costs of energy, reduce peak demand-related system costs to mitigate need for future investments in the system, indemnify low-income customers, give customers adequate tools to access and understand their usage data, identify and explore effective customer engagement strategies, and shift customer energy use to overnight periods when wind generation is highest. The pilot is for residential customers only.

From Xcel Energy’s perspective one benefit of a time of use program is that if people shift their energy usage away from key times it helps Xcel Energy increase renewable energy (wind power) usage which is available overnight and not currently being used. It also helps Xcel Energy shut down peak power plants that serve demand during peak periods. From a consumer perspective, it gives them more control over their energy bills beyond conservation, the opportunity to use more renewable energy sources, better insight into their energy use and an opportunity to save on energy bills.

Nikki explained that the time of use rate has a peak period of 3 pm to 8 pm. Rates during that time period are about 22¢ per kWh (more in the summer, less in the winter). Mid-peak periods are from 6 am to 3 pm and 8 pm to 12 am, and rates drop to 9¢-10¢ per kWh. In the off-peak period of midnight to 6 am it is 04¢-05¢ per kWh. Peak period rates apply on weekdays only; there is no peak period on weekends and holidays.

Without any behavioral change on the part of consumers, a low energy user (144 kWh per month) who makes no behavioral change could expect a 2.2% bill decrease, or approximately 50¢ per month. A consumer who is a typical energy user, which matches the majority of the profiles in Minneapolis year-round, would see a small decrease of about 5¢ per month based on current energy usage. A high energy user (more than 1200 kWh per month) would likely see an increase of about \$1.65 per month.

The pilot will be implemented in two areas: Hiawatha-Midtown and Eden Prairie. Those areas were selected to provide a diversity of housing and income levels. There will be 17,500 participants, 10,000 in a treatment group who are placed on the rate and 7,500 in a control group. Xcel Energy is currently in the research phase, conducting focus groups, organizing community listening sessions, and meeting with community leaders to develop a robust community engagement strategy. Beginning in July participants will be notified that they are enrolled into the pilot, receiving welcome kits that will tell them which group they are in and giving them their first opportunity to opt out of the pilot. From October 2019 through February 2020 Xcel Energy will begin to install advanced meters. The rate takes effect in April 2020 for the 10,000 customers in the treatment group. A community relations campaign will continue throughout the two years of the pilot, April 2020 to April 2022.

Customers can opt out at any point during that time period. Bill protections are built into the pilot for low-income customers (defined as those receiving energy assistance), and they will get a monthly full true-up of their bill. In the second year of the pilot any difference in the bill that is above 10% of what they would have paid on the standard rate will be given back as a credit. For customers not on energy assistance, in the first year they will receive an annual bill credit for the amount that is above 10% of what they would have paid on the standard rate. For those receiving a monthly true-up, that is not available in the second year of the pilot. By that time they will have a year of data to work with and if they wish can opt out at that point.

Regarding customer engagement strategies, Xcel Energy has a robust plan for direct communications channels via mail, email, phone calls, etc. All of the materials will be available in multiple languages, including English, Spanish and Somali. Xcel Energy is also working with community members to build a community engagement strategy that has a two-pronged approach. One is to find resources in the communities to do paid direct outreach to get resources and materials in the hands of participants. The second is to work with organizations that have sustainability messaging (i.e., running laundry overnight) that align with the time of use pilot, and finding opportunities to run broader sustainability campaigns to create a sense of behavioral normalcy. Xcel Energy has met

with all of the Council Members from the affected wards, members of the CEP, the neighborhood community relations office, and several neighborhood associations in this area.

Several EVAC members had questions or expressed concerns, including the following:

- Q: Does the rate structure apply to solar?
A: Solar customers are excluded. Net meter customers are also excluded, i.e. anyone who has a medical rate (on life support), electric space heating, EV charging service tariff, limited fuel service, and dual fuel customers.
- Q: Can you talk more about the compensation and resources available for community-based organizations who are doing outreach?
A: There is money in the budget for outreach. Currently about one-fourth of the marketing budget is allocated specifically toward working with community engagement. That pool of funds will be used to create paid partnerships. Xcel Energy recognizes that many neighborhood organizations are resources and are operating in the community, so it will be important to develop strong engagement partnerships with them to help get the message out in a way that actually resonates with them. Getting neighborhood organizations to engage with Xcel Energy is a work in progress.
- Q: What is the current rate for electricity? On your charts it appears that mid-peak rates are close to the current rate, but on-peak rates are double. If the mid-peak section of the chart is considered break-even, and you have a lot more time on-peak than off-peak, how does it stay even?
A: The 2019 rates were just approved and they actually went down. They are sitting between 10.5¢ and 11.2¢. To answer the second part of the question, Sara said that an analysis was done on that actual neighborhood. Nikki added that the peak period is only 20 hours per week, the mid-peak period is about 11% less than the standard rate, and the off-peak period is about 54% less than the standard rate. Because the peak period makes up such a small overall portion, even though it is more expensive, the pilot was designed to be bill neutral in the absence of behavioral change.
- Q: It makes sense that looking at it for the average customer it is basic bill neutrality. How much analysis has been done on the distribution of customers and their time of energy use, thinking particularly about working families with children whose energy use is primarily during on-peak periods?
A: They may be a higher energy user, and the analysis speaks to that. Nikki said that people do have the option to opt out at any time. Xcel Energy will be careful in its messaging that if a customer knows it has an inflexible schedule time of use pricing is not for them and they should opt out. They will work with community resources to ensure that that message is made clear in these neighborhoods. Also, a lot of the energy use that happens during that time can be a relatively small portion of the overall energy bill. What impacts the bill more are the larger appliances: window AC, washer, dryer, dishwasher. Many of the people in the pilot area who are low-income do not have a lot of high-energy appliances to use during the on-peak period that would drive that increase. Knowing that most people will fall into the category of low- to mid-peak energy user, they should not see that large of a difference even if they are only using most of their energy during on-peak times. If a person has to run

every appliance in their home during that on-peak period and we get the message out that if that is their lifestyle, they should opt out of the pilot. Sara added that if it is a multi-family unit with one meter they will not be in the pilot. Based on other conversations, Xcel Energy is committed to working specifically with the people who are chosen (5,000 in Minneapolis) using the community organizations, people that they know and are familiar with, and paying them to actually do outreach to those customers in their language.

- It was recommended that Xcel Energy provide a breakdown of a customer's daily use in the various rate periods. Xcel Energy's current metering structure does not allow it to see a customer's usage by time distribution; they can only see the overall usage. The new advanced meters that will be installed at no direct cost to the participants allow for recording of usage in five-minute increments.
- Q: How easy or complicated will the opt-out process be?
A: Currently the process is designed so you can call or email Xcel Energy to opt out. That will be made clear, in multiple languages—not hidden in the fine print—when the welcome kits are sent out to participants.
- Q: Are you only committing to pay community organizations to do outreach around the time you are installing the advanced meters, or throughout the pilot?
A: We would like to work with our community partners throughout the duration of the pilot. It is important to have continuing education, not just one-time education.

Prior to the meeting, an email had been sent by EVAC member Timothy DenHerder-Thomas that included proposed draft recommendations related to Xcel Energy's Time of Use Pilot. He lives near the pilot area in Minneapolis and had heard from a number of community-based organizations about their concerns. While he understands there is an opt-out option, the concern is that most people do not understand, follow or interact very effectively with communications that come to them around their energy bills. Without understanding how much is being invested in community-based engagement, how thorough and clear the message will be, and what the protections are for those individuals and those households that do not know that they shouldn't participate, there can be negative impacts for some individuals in a very low-income and highly-burdened community.

Based on Timothy's conversations with groups in the Midtown area, five recommendations have been developed for discussion purposes. It would be helpful and appropriate for EVAC members in carrying out its charge of shepherding the energy vision in Minneapolis to develop recommendations for what they think should be done to create protections for stakeholders in Minneapolis. He asked that EVAC have an opportunity to discuss the pilot and propose a refined draft of the pilot. Sara replied that the program is already set, and there are protections built in, but it is important to get that message out in the best possible way. In terms of modifying the program, that cannot be done. Nikki said that Xcel Energy would appreciate any and all input into effective community engagement strategies. Bridget added that some of those protections will be part of the communications and community engagement process for those particular customers. Nikki offered to write up more descriptive bill protection language to share with EVAC members.

Given time limitations, it was suggested that EVAC members submit additional questions by email to Bridget Dockter. The Planning Team will determine if another meeting should be scheduled with EVAC members who are interested in further discussion on this topic.

- b. Xcel Energy Certified Renewable Percentage
- c. CenterPoint Energy's Energy Tracker
- d. CenterPoint Energy's Renewable Natural Gas Proposal

There was not time during the meeting for presentations on agenda items 9.b through 9.d. EVAC members were referred to handouts in their packets on these and other items. They were invited to approach Planning Team members following the meeting with any further questions.

The meeting was adjourned at 6:05 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:

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