

Minneapolis Energy Vision Advisory Council

2020 Q3 Meeting Notes

Microsoft Team Virtual Meeting

Wednesday, September 17, 2020

4:00 – 6:00 p.m.

Meeting attendees:

EVAC members present: Margaret Cherne-Hendrick; Rick Dallmeyer; Timothy Denherder-Thomas; Leah Hiniker; Matt Kazinka; Mauricio Leon; Patty O’Keefe; Rebecca Olson; Julie Samuelson; Jamez Staples; Elizabeth Turner; Ansha Zaman

Guests/Staff present: Anna Johnson, Fresh Energy; Lee Samuelson, Community Power; Kim Havey, City of Minneapolis; Bjorn Olson, City of Minneapolis; Luke Hollenkamp, City of Minneapolis; Patrick Hanlon, City of Minneapolis; Emma Schoppe, CenterPoint Energy; Bridget Dockter, Xcel Energy; Shauen Pearce, City of Minneapolis, Al Swintek, CenterPoint Energy, Sara Barrow, Xcel Energy

1. Welcome, Introductions, and Meeting Protocol

Bjorn Olson, Minneapolis, called the meeting to order at 4:00pm. Bjorn began by citing MN Statue 13D.021 allowing for the remote participation of members due to the declared local public health emergency. Bjorn Olson explained City of Minneapolis online virtual meeting protocol and the control mechanisms for the Microsoft Teams platform. Roll was called and microphones successfully tested.

2. Review and Approve Agenda and Minutes

Patty O’Keefe asked for a motion to approve the agenda, as well as the minutes from the 2020 Q1 EVAC Meeting. It was MOVED that the minutes from February 18, 2020 be approved. Motion CARRIED. Motion was MOVED and SECONDED that the agenda for September 17, 2020 be approved. Motion CARRIED.

3. CEP Q3 Board Recap

Patty O’Keefe provided a recap of the Q3 CEP Board Meeting. Xcel’s Electric Vehicle (EV) vision is to increase EVs by 1.5 million in service areas by 2030, making up 20% of vehicles on road (30 times the number today) while saving customers money and cutting carbon.

The 2019 Clean Energy Partnership Annual Report was presented to the Board and will be presented to EVAC today.

Xcel Energy and CenterPoint Energy continue to work on energy disclosure and time of rent policies to meet with City’s implementation needs. Utility data tools will help renters and rental property owners access property energy cost data and are expected to be completed by this year for CenterPoint and Q1 2021 for Xcel. The July Public Utilities Commission (PUC) hearing considered Citizens Utility Board proposal regarding data release policies for 1-4 units Time of Rent disclosure. The PUC left this item open and continue to consider issues raised and partners will continue to engage on this. Other 2019 progress included the Truth in Sale of Housing program and CenterPoint providing \$60,000 to fund the CEE Energy Advisor Service for required energy reports.

Minneapolis issued Requests for Information (RFI) to inform two Requests for Proposals (RFP) to achieve the 2030 goal of 100% renewable energy. The first RFP is for 90% of City energy consumption and additional loads from other cities. The second RFP is for 10% of enterprise consumption focused on local generation and utilizing City owned or leased buildings.

There are ongoing discussions for the Inclusive Financing pilot in the CenterPoint rate case proceedings. A settlement has been reached between the City and CenterPoint, updates on that would be appreciated.

The utilities have developed a coordinated approach to energy evaluations for energy savings for low energy performing benchmarked buildings. This initiative combines Conservation Improvement Program dollars with City’s Green Business Cost Share Program with 24 customers targeted this year.

Kim Havey updated the group on the latest Inclusive Financing progress. CenterPoint and Minneapolis agreed on the basics of a program pilot that meets all the Clean Energy Partnership resolution requirements except for third-party financing. The program allocates \$15 million over 3 years for 3,000 projects with the capacity to expand. Comments and reply briefs from interveners are due on Oct 21st and the administrative law judge will make a decision in November. The partners are hoping for PUC approval March 1st.

Timothy DenHerder-Thomas asked how electric savings vs. natural gas savings calculations are being handled with cost feasibility and how capital scales up if there is more demand.

Kim Havey responded that Minneapolis' position is that electric measures should be included. In the settlement the 1st year electric cost savings will be collected and evaluated but not determine cost-effectiveness. This information will be used in the following years as criteria for electric cost-savings.

Emma Schoppe responded that, like Conservation Improvement Programs, the proposed Inclusive Financing pilot does not have a budget cap. If there is demand CenterPoint would want to serve those customers. CenterPoint has limited access to utility customer data on electric savings but will study the annual data and reporting to inform program implementation in the second year. The partners would also engage with the electric utility to determine implementation for electric savings.

CenterPoint's authority is to manage the natural gas side; Xcel hasn't been involved in this part of the conversation at all.

Timothy Denherder-Thomas expressed concern electric savings will not be considered in the initial cost feasibility test when it's generally considered a best practice for identifying cost-effective upgrades. It will be important in reporting to identify ways to diagnose what measures are not being identified as cost-effective because the electric savings is not being included, otherwise it's a self-fulfilling prophecy of not being a scalable solution.

Emma Schoppe responded that the first year analysis would look at the potential for electric savings measures to achieve pilot goals but only gas savings would be used to qualify customer eligibility in year 1.

Kim Havey agreed that all savings are important and will continue to be a priority.

Patty read the statements from EVAC members regarding business owners and rebuilding from uprising and pandemic and appeals to center racial equity in the Partnership's work. The Mayor asked EVAC for input on the environmental justice components of rebuilding. Matt Kazinka gave an update from Lake Street corridor and rebuild.

4. 2019 CEP Annual Report

Luke Hollenkamp began the annual report update. The report scorecard indicates whether measures are on-track or off-track. The key metrics discussed today are Metric 1: Community-

wide Greenhouse Gas (GHG) Reductions; Metric 5: Community-wide Renewable Energy; and Metric 7: Local and Directly Purchased Renewable Energy.

Metric 1: 30% Community-wide GHG emission reductions by 2025

Metric 1 is off-track and unclear if the trajectory will hit 2025 goal. GHG emission scenarios for electricity and natural gas use are anticipated to increase under multiple scenarios. Total GHG emissions need to be below one million tons to achieve 80% reductions from the five million-ton baseline. Electricity is projected to decrease GHG emissions while natural gas emissions are projected to increase to two million metric tons by 2050.

Emma Schoppe updated the group on the Company's 2019 progress to deploy innovative natural gas decarbonization strategies to help the City achieve its 2050 goal. CenterPoint continues to deliver nation-leading conservation improvement programs and demonstrate progress to improved access to energy efficiency, inclusive financing, and testing carbon capture technologies. The 2018 Green Tariff filing of renewable gas options was followed by engagement with industry, government, and environmental stakeholders in 2019. In 2020, the Company submitted to the PUC an interconnection filing to allow Renewable Natural Gas producers in Minnesota to connect to CenterPoint's system. The Minnesota G21 Group continues the Rocky Mountain Institute's e-Lab Accelerator to assess strategies to decarbonize natural gas across a variety of strategies. Centerpoint also announced company-wide carbon policy to reduce emissions as well as those of its customers and engaged legislators in the 2020 Natural Gas Innovation Act to achieve shared climate goals.

Metric 5: Community-wide renewable energy

2019 data revealed current renewable energy use is approximately 24% and is not on track to achieve Partnership goals. Emission calculations are explained in detail in the report appendices, but is based on the overall grid mix including local actions within Minneapolis and excluding local action outside Minneapolis. Xcel currently looking into potential data reporting errors and the Board will be notified with any clarifications.

Bridget noted there were some problems with the community energy report compiling for renewable connect and solar rewards. Finals numbers may impact this final number. Updated information will be sent in an amended annual report.

Metric 7: 10% Locally and directly purchased renewable energy by 2025

Metric 7 was previously marked as off track but has upgraded to unknown. Current programs are Windsource, Renewable Connect, Solar*Rewards Rooftop, and Solar*Rewards Community programs. The current 5.7% is close to being on track to 10% by 2025, but increases in

Renewable*Connect and Solar gardens were driven by City and other large subscribers. Ongoing progress outside of municipal purchasing is uncertain. The Solar*Rewards Rooftop is anticipated to increase.

Timothy Denherder Thomas appreciated the updates and contrast of GHG from sources and wedge analysis of natural gas emissions. Is CenterPoint thinking about business model evolution from natural gas delivery to heating and cooling services? With more energy alternatives becoming available but gas delivery infrastructure maintaining fixed costs imposed on ratepayers, in particular low-income ratepayers, there's an economic/equity impact that needs to be addressed.

Emma Schoppe responded that in order to meet the City's goals all options are on the table. Meeting the goals with non-pipeline solutions requires work in regulatory and legislative space. The G21 work group is having this conversation and getting help from experts of what it might look like moving forward with an economic cost-benefit analysis.

Margaret Cherne-Hendricks thanked the group for the presentation. Is the low carbon gas wedge reflecting renewable natural gas only or other low carbon gases? How has that calculation been made and with what assumption? How will these affect customer cost and do the reductions in this graph get us to the City's goals?

Emma Schoppe clarified that the wedge diagram is hypothetical without data to support it yet. The wedge diagram is not a realistic portrayal of how to achieve it, it's big picture ideas toward mapping it out. In addition to renewable natural gas, hydrogen, and new technologies are being considered. The effect of these measures on customer cost is not known at this time but is being explored with the G21 group.

Luke Hollenkamp noted that both he and Margaret serve on G21 as well as Nick Martin (Xcel Energy) and Nick Mark (CenterPoint Energy). That group will be modeling decarbonizing natural gas uses and assessing feasibility and cost-effectiveness.

Margaret Cherne-Hendricks also noted the G21 includes residential, commercial, and industrial sectors. Scalability and consumer cost and carbon mitigation potential will be addressed.

Patty O'Keefe stated that these are big conversations about new technologies and business models. Is there an idea of a timeline of research and planning vs. implementation?

Emma Schoppe responded that they are all happening simultaneously. The last year and a half, CenterPoint has focused legislative and regulatory activities that would enable the Company to take bolder action to decarbonize the natural gas system. The Company is also proposing

nearer-term solutions that help Minnesota's economic recovery in response to the PUC's request.

Patty O'Keefe commented that community-wide GHG reductions not being on track is a big problem and why the partnership exists. Xcel's IRP proposal includes an 800MW gas plant which makes a large percentage of the energy portfolio. What more can be done to transition away from fossil fuels to reach these goals?

Bridget Docket responded that Bria Shea is involved in the resource plan, but that plan is a comprehensive plan for currently available technologies. As renewables are added and with Rebuild and Recovery plan accelerating renewable adoption, grid composition will shift. Whether natural gas is needed when the time comes is yet to be seen but will be an available option.

Luke Hollenkamp also noted the annual report has a pie chart of contributors with transportation being a notable (24%) component of our emissions. As part of Xcel's EV vision, we need to make sure that happens fast and that the electricity is carbon-free or as low as possible to substantially help towards achieving goals.

Elizabeth Turner observed the successful metrics are the ones that are municipal operations with the most levers and control. Residential, commercial, and industrial lack of progress is disheartening and not at the scale needed to make a big impact. All the multi-story buildings that have been built recently that have chosen the standard non-efficient levels. Incentives and rebates are not enough for developers who want to sell right away. The City is working on an advanced energy standard, but this is an important point. The majority of the conversation is on renewables, but emission goals are easier to achieve with energy efficiency, especially with low-income populations along with improving health and wellness. Luke agreed, but it will take a lot of resources and aggressive policies to get us there.

Mauricio Leon asked if the trajectory show normalization per capita or weather fluctuations.

Luke Hollenkamp responded that the data is not normalized for anything; capita, square footage, or weather. These numbers vary significantly by year. The Partnership is not quite as interested in square footage or per capita because the goals are to reduce emissions regardless of built space or population. CenterPoint residential customers have increased but usage per customer has decreased. Both customers and usage for commercial/industrial natural gas has increased. Xcel has seen increase in all sectors but decrease in consumption in all sectors.

Elizabeth Turner noted that Metric 3 is yellow because it's not weather-normalized. Normalizing that would help understand those trends.

Leah Hiniker asked if there were any assumptions or considerations as we move to an electrified fleet.

Luke Hollenkamp responded that Minneapolis is interested and this scenario will be modeled by G21, particularly for electrification of residences.

Bridget Dockter also responded that these discussions have been happening at the Department of Commerce for some time. The crux of the conversations is how the savings are being accounted for.

Minneapolis and the utilities will be working on a new work plan this next year. Comments to inform this new set of partnership priorities would be very appreciated. Additional comments can be routed through Patty and Becky.

5. COVID-19 and Minneapolis Rebuilding

Kim Havey reiterated one of the main purposes of EVAC is to provide recommendations to the Clean Energy Partnership. Last year there was a series of meetings regarding leveraging franchise fees with utility resources to maximize our climate goals. Those recommendations were for a 2-year timeframe, but in light of the pandemic and George Floyd uprising there is a need to respond to these issues and help rebuild and recover. The partners are asking for input on how to best support recovery in the City as well as achieve climate action goals in ways that leverage utility recovery proposals and existing program structure like Green Business Cost Share Program to maximize resources for residents and businesses. What particular utility rebuilding rebates and other resources should be prioritized by the City's recovery efforts to support Minneapolis Forward and invest franchise fee funding to increase community health, wealth, resilience, and racial equity?

Looking ahead to 2021, priorities include continuing to cover commercial energy audits; continued support and outreach for the truth in sale of housing (TISH) program, Time of Rent disclosure, Inclusive Financing, Green Zones workplans, and a Sustainable Building Policy.

First drafts of Time of Rent disclosure have been completed. The City will support energy pre-bates and include with cost-effective projects and inclusive financing. Home Energy Squad visits doubled from 2018 to over 1,000 in 2019. Of those homes, 14% were low income and 80 utilized 0% energy efficiency loans for air sealing and attic insulation.

Centering environmental justice is also a top priority and includes the Climate Action Plan update and supporting potential development of resilience hubs with Little Earth and North and South side communities. The Little Earth community has an opportunity to weatherize 212 units as well as incorporate a non-wires storage plus solar feasibility study with overall goals of electrification, decreasing natural gas, and exploring other creative technologies to scale to decarbonize our systems in an affordable way.

Shauen Pierce, gave an overview of Minneapolis Forward. Shauen thanked everyone and gave context of Minneapolis Forward and the Community Now coalition. As many business partners began to envision what a post-Covid “normal” would be, this conversation left out people of color. Minneapolis Forward is leveraging this moment to emerge as more resilient, innovative, and inclusive city with an intentional focus on racial justice and economic inclusion instead of the status quo. In the wake of the George Floyd uprising, the Minneapolis Community Now Coalition was created as a core strategy team and a larger group of partners. The Core Team is comprised of Lake St. Council, West Broadway Coalition, the Minneapolis Chamber, business owners, financial institutions, and local diverse representatives. Each member has acknowledged that no entity was designed to deal with this level of crisis and rebuilding and this collaborating is key. The scope of work is implementation of 8 areas with an immediate focus on real estate retention (building and business owners of more than 1,000 impacted buildings), cultural corridors already hit hard by Covid, losses to workers, and overall economic impact. The group is focused on thinking creatively about resources and programs within Minneapolis and how to re-tool them to address these issues.

Patrick Hanlon gave an update on the City programs and bringing forward proposals under Minneapolis Forward to support the rebuild. Existing programs are flexible and able to be re-tooled in addition to the existing prioritization of North and South Minneapolis, affordable housing, and intentionally under-invested areas. Questions the coalition is facing that EVAC can help with are:

- How can we re-frame the Green Business Cost Share program under the Minneapolis Forward umbrella to address what communities are asking for?
- How do we rebuild stronger and more resilient, efficient, and renewable?
- How can we leverage all these touch points to make our resources stronger?
- How do we get tools into partners’ hands?

A lot of the conversations in the coalition is community workforce development and ownership. Entry-level solar jobs are twice the median income of these areas. The City budget is not finalized but this effort has the Mayor’s support.

Leah Hiniker noted insurance claims will only pay for as-is replacements and aren’t flexible to bring buildings up to code. This is a huge hurdle to ensure rebuilding is resilient. Is there anything we can do or is there funding available to get things up to code?

Patrick Hanlon agreed that building back stronger and more efficient means these incentives must be funding the highest efficiency option.

Shauen Pearce noted that in addition to low insurance coverage, costs of building is higher due to supply and demand. Current insurance underwriting is not intended for this crisis. The commercial property development fund is available to ensure BIPOC ownership. Partnership

efforts will be crucial to secure State legislative support, funding, coverage, damage assessment, etc. There is \$2 million and ongoing fundraising to absorb demolition costs.

Mauricio Leon asked if there are resources for residential damages incurred. Is there an equity consideration in determining whether rich corporations receive rebuilding funds similar to small and BIPOC businesses?

Shauen Pearce responded that 17 teams assessed properties throughout the City and estimated that a couple dozen residential properties impacted with property owners contacted within 48 hours. Minneapolis Forward prioritizes BIPOC business owners first, but every business is important. Big business is how services are provided to our City and provide a tax base that enhances service-delivery capacity. Big businesses need different types of support and TCF and Wells Fargo are investing in the community while assessing their rebuilding strategy.

Jamez Staples thanked the group for their work and emphasized that economic workforce development is essential for equity with the growing clean energy sector.

Shauen Pearce noted one of the challenges is for business owners to understand this transition and asked how we capture the average person facing these difficulties and explain this.

Timothy Denherder Thomas appreciated the framing and the response to these crises of COVID and racism and encouraged the group to think big in this time of transformation. The last 9 months have revealed things that have not been working for a long time and asked the group how energy contributes to empowerment, injustice, oppression, and marginalization. What does repairing inequitable distribution of resources look like in energy? A lot of people haven't thought about energy as a landscape of injustice because people haven't had the ability to build wealth and autonomy in their lives. Pecking at the edges is no longer enough. The primary approach has been for homeowners with capital; this needs to change and starts with access to energy efficiency with renters and low-income multifamily and includes ownership and control of local renewable energy.

Shauen Pearce emphasized that these efforts are focused on less talk and more action. This movement is not going to bring everyone along but we can meet people where they're at and include people in understanding those concepts. Energy efficiency isn't as high a priority as food and housing security, so how do we meet the people who don't have time to study this?

Patty O'Keefe noted that an important part is engagement but EVAC has been working with communities for a long time. Part of this is conversations with partners and leaders of institutions to start leading on these issues.

Matt Kazinka gave an update on the Lake Street Council's efforts. Rebuilding and recovery grant applications were released in July with over 400 businesses applying for assistance. Of these, 82% identified as BIPOC or immigrant with damages totaling over \$36 million. 55% of businesses did not have insurance while many more have insufficient coverage. Half had not re-opened. Over one-third of grant applicants planning to buy energy-using equipment. While

rebates and financial programs are important, it will also be crucial to provide assistance to business owners to help them through the process of accessing these resources

6. Partner Updates

Due to time constraints, partner updates sent in an e-mail.

Rebecca Olson asked for a motion to adjourn the meeting. It was **MOVED** that the meeting adjourn. Motion **CARRIED**.

Meeting Adjourned

DRAFT