

**Minneapolis Clean Energy Partnership
BOARD MEETING**

Microsoft Teams

Friday, November 19, 2021

1:00 – 3:00 p.m.

2021 Q4 Meeting Notes

Board members present: Mayor Jacob Frey (Chair), Council Member Cam Gordon, Council Member Jeremy Schroeder, Council Member Steve Fletcher; Amber Lee (Vice Chair), Christe Singleton, and Todd Berreman (alternate) from CenterPoint Energy; Bria Shea and John Marshall from Xcel Energy.

Board members excused: n/a

Planning Team present: Luke Hollenkamp, Bridget Dockter, Emma Schoppe, Sara Barrow, Peter Ebnet, Robin Garwood, Karlee Weinmann, Kim Havey, Patrick Hanlon, Nick Martin, Al Swintek, Bjorn Olson, Dan King

Guests/Staff present: Rebecca Olson, Patty O’Keefe, Julia Evelyn, Jennifer Burks, Ross Corson, Marcus Mills, John Kuskie, Lee Samuelson.

1. Welcome and Introductions

Mayor Jacob Frey (Chair) called the meeting to order.

Julia Evelyn read the City Clerk protocol for member access and connectivity, introduction to online meetings, and called roll.

2. Review and Approve Agenda and Minutes

Mayor Frey (Chair) asked for a motion to approve the agenda, as well as the minutes from the 2021 Q3 CEP Board Meeting. It was **MOVED** and **SECONDED** that the agenda for November 19, 2021 be approved. Motion **CARRIED**. It was **MOVED** and **SECONDED** that the minutes from September 22, 2021 be approved. Motion **CARRIED**.

3. Board Membership Transitions

Mayor Frey recognized that the City will have three new board members at the next meeting and thanked CM Gordon, CM Schroeder, and CM Fletcher for their excellent work and contributions to the Clean Energy Partnership and climate work for the city as a whole. Mayor Frey invited the outgoing board members to provide remarks.

CM Schroeder expressed pride in the work that has been done and hope for continued work on items such as inclusive financing, getting it across the finish line so that more people can participate in the green economy.

CM Fletcher expressed gratitude for the group’s focus on everything we can do and our accomplishments, though he feels it is not enough, and he hopes for work to continue.

CM Gordon reflected on the time before the Clean Energy Partnership and the movement for municipalization, which he was a part of and supported. He suspected that if municipalization had been successful we might have made more progress toward cleaning our energy system. He remarked that the CEP was also a good outcome of that effort to promote communication between the City and utilities. The City also lacked a community advisory group for the energy system prior to the CEP. He is grateful for the work of all on the Partnership and will be keeping an eye on the progress of the CEP.

John Marshall, on behalf of Xcel Energy, expressed gratitude and well wishes for the outgoing Board members and their staff.

4. EVAC Co-Chair Update

Patty O’Keefe reported on Energy Vision Advisory Committee (EVAC) activity. Most EVAC work now is happening through two working groups: 1) community engagement and 2) input on upcoming workplan. Regarding the workplan, EVAC members agree it is important to prioritize financial access, workforce development, and equity across all priorities. Some initial ideas around infrastructure for planning and coordination. Regarding community voices, working on an engagement plan around the workplan. Planning to appoint liaisons to stakeholder groups for the Energy Conservation & Optimization (ECO) Act and Natural Gas Innovation Act (NGIA) implementation. December represents the end of EVAC’s term, so there will be a new cohort of appointees.

5. EVAC Applications

Luke Hollenkamp provided a summary of the EVAC application status. Of 15 current EVAC members, 11 re-applied. Four new applicants in addition to the returning members provide a full membership slate ([presentation](#) slide 6). Staff recommends this slate for appointment for the 2022-2023 term. Mayor Frey (Chair) asked for a motion to approve the slate. It was MOVED and SECONDED that the slate of candidates be approved. Motion CARRIED.

6. Minneapolis Climate Action Plan – Updates

Kim Havey and Luke Hollenkamp provided an update ([presentation](#) slides 7-10) on plans for an update to the City’s 2013 Climate Action Plan, which will be updated to become a Climate Action and Equity Plan, focusing on a just transition. The plan update will kick off in early 2022 and is planned to be completed during 2022 for approval in Q1 2023. The City is committed to a robust engagement and technical review process and has funding in the Mayor’s proposed budget to see through those commitments. A high level overview of “Fair Share Science-Based Targets” was provided. The Community Environmental Advisory Commission (CEAC) voted to recommend that the City adopt a steep-decline “S curve” and update the climate action plan around that steep decline “S curve”. The steep-decline “S curve” shows a trajectory toward net zero emissions in 2050, requires significantly fewer emissions in total from now until 2050 than the City’s previous reduction goals, and shows the need for much greater climate action in the 2020’s compared to business-as-usual.

Mr. Marshall: Comment that Xcel Energy has plans in place to be 85% carbon-free by the end of this decade and for zero carbon by 2050 doing everything possible to accelerate that while

keeping in mind cost and reliability. Xcel is now pivoting to look at other sectors for electrification (i.e., transportation and buildings), any comments on that.

Mr. Hollenkamp: Recognized that Xcel has also done work in aligning their goals with science based targets. Noted that the high level strategy is to decarbonize the electric sector and then electrify as much as possible. Noted that the goal is net zero and could include carbon offsets, direct air capture, etc.

7. Work Plan Development Update

Ms. Schoppe, Mr. Hollenkamp, Mr. King, and Ms. Dockter provided an update with an accompanying [presentation](#) (slides 11-20).

Mr. Hollenkamp provided some introductory comments noting that electricity is primarily the sector that has reduced emissions since 2006 and that electricity and natural gas together account for most of the city's emissions while transportation also has a significant amount.

Ms. Schoppe summarized items from the 2019-2021 Work Plan that have continuing activities.

Mr. Hollenkamp summarized the City's priorities for the next work plan, which are:

- 30% Local Distributed Solar by 2030
- Beneficial Electrification of Natural Gas End Uses
- Deep Energy Efficiency with Community Benefits

Ms. Schoppe, Mr. Hollenkamp, and Mr. King summarized concepts that have been proposed for discussion.

8. 2019-2021 Work Plan Update

a. EE.5: Energy Disclosure/Time of Rent

Ms. Schoppe provided an update and [presentation](#) (slide 22) on this Partnership Activity.

Since our last meeting the partners reached consensus on a process to help implement the City's time of rent energy disclosure. The utilities filed a joint petition with a letter of support from the City proposing a confidence interval methodology to modify data for 1-4 unit rental properties in a manner that protects customer privacy and anonymity when released.

9. Partner Updates

Low Income program spending increases and program modifications

Mr. Berreman provided an update on Center Point Energy's plans and strategies to achieve the increase dedicated minimum low income spending. The ECO Act will allow spending on pre-weatherization activities (e.g., electrical wiring, asbestos, radon abatement) that will greatly assist in increasing participation. Another strategy is to use geography to automatically determine eligibility. One such geographical designation for

automatic low-income qualification is the Green Zones in the City of Minneapolis. The Company will develop more programs and strategies to achieve the minimum spend and the development process is underway.

Mr. King provided an update on Xcel Energy's recent low income filing. This filing was a compliance filing that will not dramatically change the landscape, but it is intended to include some increased marketing to lay the groundwork for bigger changes coming next year upon additional guidance for how the ECO Act will be implemented. Supply chain issues are leading to higher prices for equipment and difficulty obtaining equipment in some cases.

Energy Affordability Engagement at the PUC (Kim Havey)

Mr. Havey provided updates on the City's active involvement and engagement in rate cases filed by CenterPoint Energy and Xcel Energy and invited Council Members to comment.

CM Schroeder: We have talked about a lot of great programs that the utilities are working on and the importance of reliability. On top of that both companies are seeking a rate increase. Both companies are doing pretty well financially during the pandemic when a lot of industries are hurting, going off of quarterly earnings statements. The City is concerned about energy affordability as the data show that 10% of customers are falling behind on energy payments. Increased prices are troubling at a time when people are not equipped to weather that. Want to make sure that we are taking this in context with how all the issues we talk about at the Partnership impact residents.

CM Gordon: The City support investments in infrastructure and programs to address climate change and are willing to support rate increases that do that, but we don't support rate increases that result in new investment in fossil fuel dependent assets. Need to do better to keep rate increases to a minimum and go through a full review.

CM Fletcher: Would like to emphasize how much this is a public health and equity issue. Would like to ask both utilities to consider new ways to communicate and mitigate price spikes like the gas one in February 2021, by working with companies and organizations in reducing their usage. It is very frustrating to see prices go up in response to fluctuations in fossil fuel prices, when the City wants any necessary rate and price increases to support renewables and sustainability.

Mr. Marshall: Thank you for raising this issue. We are in full agreement about energy affordability for all customer classes. We hear you loud and clear and there is no disagreement. We are always looking for ways to reduce costs, for example winding down biomass plants. We are also looking at ways to address the regressive nature of community solar gardens.

CM Schroeder: Would like to be blunt that the rate increase looks to be money for shareholders and not geared toward sustainability and better affordability. I hear what

you are saying and that is a great thing, but I worry that we are too invested in the way things have been done to look for other ways for profits from an energy company to be used in new ways toward climate action. Would like to see forward thinking and not reliance on the status quo. I'm all for reliability, but we need to question if we are looking at a clean energy transition how we are going to get there. Reliability is something we absolutely have to have if you're a hospital, but everywhere else I think if we are looking at different energy sources and if those have trade-offs, we need to look at that.

Mr. Marshall: I wasn't prepared to talk about our rate filing, but I'm more than happy to go into that in depth with all of you. Let me know if that's needed.

Ms. Shea: The majority of the rate increase is certainly going toward funding the clean energy transition, which means we need to invest in the core components of our grid – an aging distribution system and a transmission system that isn't equipped to handle significant increases in renewables. The lion's share of the request is to invest in core components of the grid, it is not for fossil generation and it is not for shareholder profit. These investments are long overdue and it has been several years since we have had a rate case. This is what we believe we need to do to move the energy transition forward and keep the lights on.

CM Gordon: I appreciate that and it might be worthwhile to have more information. If we thought these increases might help get us a smart grid in place that might be useful to hear. For rate increases and franchise fee increases, that we should consider as the City to invest in more green energy initiatives, you need to think about how that will help drive down the cost of energy, especially for lower income customers. Make the case that even if your energy rate increases, the additional money will help you save energy and drive down your overall costs in the short- or long-term.

Mayor Frey: A good way of doing this would be to provide additional information when next we meet. Would be happy to invite back outgoing Council members if we have this item on the agenda. There also is a linkage with a further franchise fee increase and I know that will be a conversation coming into early or mid-next year.

CM Schroeder: A lot more transparency and more information would be helpful. My comment was based upon the 8% increase from CenterPoint Energy for their shareholders at a time when we're coming off a pretty intense recession.

Integrated Distribution Plan (IDP) Update (Xcel Energy – Bria Shea)

This plan lays out the short and long term plan for our distribution system. This is a key priority and the Commission has wanted to know more about that planning process for more distributed resources. If you are interested in how we plan our distribution system annually and how we budget for that, this is a great primer. One of the things in this filing that we plan to roll out starting next year is smart meters. These meters will have

two way communication and will enable new functionality for the grid of the future. We are also seeking certification on two points (which is the first step toward getting cost recovery) 1) distributed intelligence – small computer in the smart meters to process data in real time to benefit customers and the system. 2) Resilient Minneapolis – \$9 million dollar investment at 3 community hubs, which came out of discussions for a non-wires project. Solar plus storage will be used for grid benefits and would allow community hubs to continue to have service in an outage. This is pending before the Commission and will play out between now and likely sometime in June.

Integrated Resource Plan (IRP) Update (Xcel Energy – Bria Shea)

This is the 15-year plan that identifies the resources that we will use to meet our customers' needs. This proceeding started in 2019 and is a lengthy proceeding. We are in final stages and we expect it will be complete in January. We filed a plan in June that we haven't yet discussed in this venue, some key points: a 10 year extension of Monticello nuclear plant, proposed increased renewables such that more than 50% of all electricity will be renewable by 2030, continued early retirement for all coal plants in MN, removed plans to build a combined cycle (CC) plan at Sherco and associated gas lines. This alternate plan increases savings of \$600M to customers, accelerated additions of renewables and carbon reduction technologies, adds less gas, maintains reliability, and maintains black start plans. We removed a new combined cycle (CC) plant, but then proposed two new combustion turbine (CT) plants. A CT plant operates about 5% of the time, while a CC plant would operate about 80% of the time, so the carbon emissions would be much lower, but they are needed for certain situations. CT plants will also be hydrogen-ready and will not require new gas lines.

CM Schroeder: Wanted to make sure to highlight that nuclear is carbon-free, but it comes with its own challenges.

10. Adjourn

CM Schroeder: Closing remark highlighting that the City passed a Sustainable Building Policy and celebrating the work on that.

CM Gordon: Noted that this policy applies to building that the city owns, but that it could be expanded (for example to buildings that receive city funding) or otherwise adopted as a stretch building code.

The meeting was adjourned at 2:50pm.