2022 Q4 Meeting Notes

Board members present: Mayor Jacob Frey (Chair), Council Member Lisa Goodman, Council Member Aisha Chughtai, City Coordinator Heather Johnston; John Marshall and Chris Clark (designee for Bria Shea) from Xcel Energy; Todd Berreman and Christe Singleton from CenterPoint Energy.

Board members absent: Bria Shea

City of Minneapolis Staff: Luke Hollenkamp, Bjorn Olson, Patrick Hanlon, Chris Droske, Kelly Muellman, Zach Schultz.

Xcel Energy Staff: Dan King, Suzanne Murphy.

CenterPoint Energy Staff: Kat Knudson, Al Swintek.

Guests present: Jack Hurbanis (EcoFaith network of the ELCA Minneapolis Area Synod), Patty O’Keefe (EVAC Co-Chair), Lee Samelson (Community Power), Karlee Weinmann (Minneapolis Resident)

1. Welcome and Introductions
Mayor Jacob Frey (Chair) called the meeting to order.

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 2022 Q3 CEP Board Meeting. It was MOVED and SECONDED that the agenda for December 13, 2022 meeting be approved. Motion CARRIED. It was MOVED and SECONDED that the minutes from September 23, 2022 be approved. Motion CARRIED.

3. EVAC Co-Chair Update
EVAC Co-Chair Patty O’Keefe reported on Energy Vision Advisory Committee (EVAC) activity. At the Q4 meeting EVAC report outs were given from three Work Plan subgroups. From the Theme 1 on residential electrification, the conversation focused on 1-4 unit buildings with space heating being the most difficult to replace, with the group digging into what it would take and the impacts to electrify this end use. They discussed reducing demand across the board and specifically advancing load control to manage peak demand, plus also ground source and district energy as part of the solution. The Theme 2 group focused on interconnection, looking into some of the delays to see if those can be ironed out. That group also looked at larger commercial rooftops and trying to structure programs that aren’t so reliant on individual action, creating more accessible community-wide programs. And the gas decarbonization group (Theme
3) had lots of conversation around the 25% energy savings goal with agreement it’s a step in the right direction but a small one, so the conversation was about the scale of this and what it needs to be. There was some discussion around whether we could increase that goal so we wanted to communicate there is concern from EVAC that the goal is not high enough. There was agreement that carrots alone wouldn’t be enough; we’re going to need some policy change to accompany incentives and including installers and those with technical expertise and discuss how this can be done in a way that’s equitable.

EVAC gave feedback on the City’s Time of Rent energy disclosure web tool in development. We’re really excited about this tool and how it can help people make decisions based on energy costs. And EVAC gave feedback and shared concerns on Xcel’s Carbon-free Future MN Coalition around what the goals are and how they align with the city’s goals and those of the Clean Energy Partnership. EVAC shared concerns that this created an advocacy arm against progressive climate goals at the State.

Patty O’Keefe was asked about what EVAC was envisioning around what’s needed beyond carrots for decarbonization. She shared EVAC didn’t dive into specifics around policy but confirmed people in that group are talking about policy changes for property owners.

In answer to a question about load control, referring to the overall load of the electric grid, Luke Hollenkamp explained that as the city electrifies end uses there will be more demand on the electric grid. At some point in the future, we’ll use more electricity in the winter, and we’ll have to think about how we then manage that, possibly using new demand control options (similar to Xcel Energy’s Saver Switch program used now in the summer). Patty added EVAC has also been talking about energy efficiency and conservation.

4. Inclusive Financing Update


Kat shared that the Public Utilities Commission unanimously denied the Inclusive Financing/Tariff On-bill Pilot Program with the PUC stating they’d prefer energy efficiency solutions for low- and moderate-income customers be a part of the Conservation Improvement Program’s next triennial plan. CenterPoint is now having conversations with the Department of Commerce about how to structure the stakeholder engagement for development of new opportunities within CIP. Tentatively planning on getting meetings scheduled for January.

Luke presented slides 4 – 6 of the meeting presentation. He noted that we’re thinking about ways we can make our energy efficiency programs more inclusive as well as to increase the scale to meet climate goals. We’re looking at solutions that can make it easier and more affordable for homeowners to afford air sealing and insulation, a slam-dunk measure. He shared the many existing programs currently related to air sealing and insulation, including rebates from CenterPoint Energy, an instant rebate so homeowners don’t have to wait for a rebate check, an on-bill payment program, and Home Energy Squad. He added that the city has a buy-down program; however, that has a minimum credit score requirement, so we’re looking at how this can be made more inclusive and are also considering bonus rebates. We’re looking at what we
can do to help that missing middle – those middle-income people who don’t qualify for low-income assistance programs but also don’t have the time and money of the high income earners.

Luke explained we want to take the existing pieces of the puzzle, figure out what can be added in, and put these pieces together into a comprehensive, soup-to-nuts program. And, in answer to a question, Luke talked about the information gained from TISH Energy Reports and the utilities’ Home Energy Squad helping us learn about where this work is needed. CM Goodman asked what the spend could be for the goals we need to reach, who’s paying and where it is coming from. Kat shared that, as a baseline, Minneapolis had 400 air sealing and insulation rebates occur in 2021 and Luke added that to hit our climate goals, we need to be an order of magnitude higher. Luke confirmed that there currently aren’t cash subsidies and explained the 0% financing is the city paying a loan’s interest with residents still paying the principal. Mayor Frey supported CM Goodman’s question, suggesting it would be helpful to get an idea of what everybody is doing and how it’s working.

Mayor Frey said that on Inclusive Financing, which took a lot of work and effort from the Partnership over several years, we ultimately were far away from convincing the PUC. Luke said it was a gut punch, and we’re still trying to digest it. The Mayor said that the glass half-full view is we went as a partnership to the State, locking arms internally on something that was difficult, then advocating externally. This is one of, if not the, very first times we’ve done this on something serious, which is to be proud of; the next step is to actually win. He offered there were external factors that came into play beyond this partnership, with Luke adding that CenterPoint and the City were trying to thread a needle with the proposal, reminding it won’t be this way on every issue. Christe Singleton shared that CenterPoint will continue to look at how we engage all parties on such a threading-the-needle topic, and that’s part of what we want to do regulatorily, see where our misses were with the Public Utilities Commission or other stakeholders, and find what lessons can we learn.

CM Goodman offered we should be lobbying the governor to put better-aligned people on the PUC, that it isn’t just Inclusive Financing, we aren’t doing great at the rate case either. It’s an inherently political environment where the governor gets to pick who’s on the PUC, and we should be collectively as advocates lobbying to have better people; we have the trifecta at the Legislature and if the governor is serious about climate change, he could put some advocates on the PUC.

Mayor Frey concluded that the thing we have to take a lot of pride in is that we worked together, putting in a ton of hours over a long period of time. The opportunity was one where the partnership truly felt like a partnership once we all got on the same page, and he appreciated the willingness from all staff to go in lock-step and see what we could get done.

Patty O’Keefe added that in her opinion, if we were to approach Inclusive Financing again, the closer a proposal can stay to a true Pay-As-You-Save program, the better the likelihood it could get passed.
5. 2022-2023 Work Plan Updates

Luke Hollenkamp, Dan King, and Kat Knudson gave updates on the Work Plan. Luke presented slide 8 of the meeting presentation, giving a high level overview of Theme 1. Working with consultants, we’ve created an electrification guide website. The City has worked with others such as St. Louis Park, Edina, and Eden Prairie who benefit from this as well. He shared CenterPoint and Xcel have given input. The plan is to launch the website sometime around the new year.

Luke mentioned that the working group has met around electrification for the Climate Equity Plan and so far has developed an understanding of housing stock, how many homes have gas versus electric components, the importance of weatherization, and the challenges of the current technologies. The group will meet to talk about the sequence of upgrades that needs to be done, then will examine the need for money to accelerate the work.

Dan King shared that the data from Minneapolis housing stock was valuable for Xcel and the utilities; while a lot of people think we have that data we don’t, and it’s great work.

Dan presented on slide 9 covering Theme 2, starting with the Resilient Minneapolis project. The RFP to engineer and construct the microgrids on the sites is open, and Xcel is excited to move into the construction and implementation phase. He mentioned an offshoot of this project was a great meeting that happened since the last Partnership meeting, that involved the City, CenterPoint, and others, including Evergreen Energy to try to discuss and solve for the geothermal ambitions at Sabathani. There were break-out groups covering the technical and financial challenges, and it was very substantive work.

Dan talked about the in-boundary solar work group, which has met twice, and had focused on data sharing around interconnection timelines, specifically the Minneapolis timeline, from application to interconnection. He mentioned the timeline has been broken out by what Xcel has responsibility over and what’s with installers, as Xcel doesn’t control the whole timeline. In addition, as Patty noted, there’s been interest in how to utilize commercial rooftops in the city. There’s been some discussion of more municipal operations focused ideas and that they’re queuing up a process for next year to discuss with the City these goals, and he stated that EVAC will be involved in those discussions too.

CM Goodman asked Xcel to talk about the interconnect issue not being exclusively in Xcel’s control and shared that this has not been her personal experience. Her solar installer said they could put her solar on her home tomorrow, that the problem is with Xcel and not the installers. Dan said he didn’t mean to imply installers were delaying the process and explained he meant from the point of application is submitted to the system getting installed there are portions that depend on paperwork getting submitted. CM Goodman stressed that’s where the delay is and it’s mainly with Xcel, that it can take a year, and getting Xcel to move faster is what this goal is about. From her experience the delay is all with Xcel and she asked for them to talk about why this takes so long. Dan clarified that on larger installations there is a timeline for the design and structure of the installation. CM Goodman is worried the current timeline is discouraging to people who want to install solar. John Marshall addressed that Xcel’s goal is to expedite the
interconnections as fast as possible. Rest assured the hiccups could be around engineers making sure the system is preserved, and he said that as every situation is different, Xcel is happy to look at the one CM Goodman is mentioning, to resolve any issues.

Mayor Frey offered that perhaps EVAC can look into this more, and Patty confirmed that as part of the Theme 2 working group, interconnection will be discussed. The mayor mentioned that the city is adding solar to their buildings, and they are bumping against grid capacity constraints. Chris Droske shared the city’s goal of generating 10% of the enterprise’s electricity needs from on-site renewable. They’re experiencing challenges with three of their dozen sites: Emergency Operations and Training Facility, they’re now at a facility-study level; Traffic Maintenance, the City has done a lot to make investments for this facility, including bids for the re-roof to be built, and they’ve now learned there is zero allowable solar load in that area so until infrastructure is upgraded, they are at a standstill; Maintenance Facility, on the border of hosting capacity map’s thresholds. He stressed he’ll be hard pressed to hit this 10% on-site generation goal with these constraints.

Kat presented on slide 10 for Theme 3, sharing that the working group made up of members from the City, CenterPoint, and Xcel have been meeting regularly. CenterPoint staff have been working with the two main vendors involved, Frontier and Michaels Energy. Frontier does the NGEA audits and Michaels will be handling the building controls tune-up. We’ve filed the courtesy notification with the Department and have been working through the internal steps – how will the rebates be processed and tracked to ensure they receive triple rebates, how far back do we want to go to “grandfather in” benchmarked buildings that already received NGEA audits, what contract amendments do we need with the vendor partners. She said they expect to learn a lot from the first 2-3 buildings to go through the campaign and will refine.

For the update on the work with the large commercial customer, Kat shared it’s the VA Hospital and the team has been meeting with them with for several weeks now and was having a meeting with their implementation team today. They’ll discuss, among other things, energy conservation opportunities, including some utilizing NGIA, and carbon capture technology. They are planning to start implementing some of these opportunities as early as Q1.

Kat stated that the last part of this Theme is where we are partnering with Hennepin County on opportunities to decarbonize their downtown district energy center. CenterPoint, the City, and Hennepin County are meeting monthly. CenterPoint has committed funding for this project which will be paid to Hennepin County when the study is complete, anticipated in Q2. Hennepin County has selected the vendor, FVB, and the work has begun on extensive data requests from the Hennepin County Decarbonization Master Plan, which provides a road map to the County’s 2050 net zero goal. They’ll be providing interim updates as early as January. Luke added that their largest customer is HCMC so decarbonizing this is a huge opportunity and it could show a path for the downtown district system to decarbonize. Kat said that their contact at the County stressed the importance of redundancy to protect the Trauma 1 hospital so that is something top of mind. EVAC has a presence on that team, county employee Leah Hiniker.

6. Partner Updates
Xcel Energy Carbon-free Future MN Coalition and the IRP Stakeholder Groups –
John Marshall gave an update on the Coalition, saying Xcel wants to ensure the broader stakeholders fully understand how to get to 2030 goals. Xcel filed the IRP in 2019 and it was finally approved in February with Xcel starting this group right after in March. This coalition comes down to two goals: to educate stakeholders for 2030 and then to educate stakeholders on how they can engage in this process in the future if they so choose. When they began this education with Carbon-free Future MN it has been eye-opening how little people know, and it’s very wonky. The outreach began in greater Minnesota, and they continue to do outreach. Never once is this coalition being bundled together to do anything other than educating them how and if they’d like to be engaged, and hopefully encouraging people to be more involved.

CM Goodman said she thinks citizen engagement is important and gave Xcel a lot of credit for doing it, but she noted that the coalition website says “resist premature mandates” and she thinks this indicated the Coalition is for more than just citizen engagement. She asked them to address why they have this language on their site and if they are at odds with proposed state legislation moving to a 100% renewable electricity by 2040 goal. John responded that the last thing they want to do is confuse folks, and they’ve reached out and have been more than happy to meet with anybody on their plan. He said they are taking a look at the language on the site; they are trying to educate on the clean energy transition, on the IRP, how the modeling works, how system reliability comes in, how are they chasing carbon reduction, and reliability. It was been much larger of a struggle to bring people from the questioning-renewables side, and he said they think it is working.

Chris Clark addressed the 2040 legislation specifically, stating he served on the governor’s advisory task force for climate subcabinet and that they spent a lot of time talking about how to engage people. Xcel has found that people pick up bits and pieces about the transition, and he referenced their Partners in Energy program. He said there are also people happy to put out information that mischaracterizes the reliability risk about the transition and the value of renewables. We have opportunity in IIJA and IRA money to invest and make the transition happen faster. We’re happy for the 2040 discussion, and just want there to be conversation about how all the parts need to move at a faster pace, including willingness to experiment with new programs that might not be cost effective today. The electric system getting to 85% carbon-free they know how to do. Getting to 100% will require new technologies; when they have the 2040 discussion, it’s important to think about how we can all reduce energy use in other areas such as transportation and agriculture where collaborative discussions will be needed.

Xcel Energy Rate Case – Chris provided an overview of their rate case filing. They filed a three-year rate case and asked for a second-year interim increase to reflect the cost change. The Commission considered the testimony and some additional information that came in from the MISO process, the capacity auction, and the need for a second interim increase has been alleviated. The case is still proceeding and interim rates are still in place. All of it will wrap up at the end of June.
**CenterPoint Energy 2024-2026 Triennial Plan** – Todd Berreman gave an update that the internal teams were divided up into the groups, such as residential and commercial. Stakeholder meetings were held in mid-October and early November in our River building with non-profits, government, and other policy makers, plus a few of our commercial and industrial partners. Thanks to the EVAC members who were able to participate. CenterPoint will next have internal meetings to review the themes that emerged from these and review changes to the triennial that might address some of those themes. We’ll reach out again, likely in February 2023. The Filing is due on June 1 but we’re planning on having it be finalized in March/April, approximately.

**CenterPoint Energy Innovation Plan** – Todd Berreman also gave an update on the innovation plan. Since the last meeting, CenterPoint has worked with its technical consultant to screen the submissions received and has arrived at a draft shortlist of 25 potential pilots. This shortlist was presented to interested stakeholders at a great meeting in September facilitated by Great Plains Institute. The meeting included an open discussion for stakeholders to provide feedback. As for the triennial planning process, thanks to the EVAC members who were able to participate.

Next, CenterPoint and its technical consultant will be completing a very detailed analysis on the shortlist of pilots, including estimates of GHG reduction potential and cost-effectiveness considerations following the PUC-approved NGIA frameworks. This analysis, along with feedback from stakeholders, will inform the final selection of pilots that will be included in the Innovation Plan. And the results will be pulled together in late January and an analysis will be presented at the next stakeholder meeting in February.

**CenterPoint Energy Hydrogen Pilot Project** – Kat gave an update on the green hydrogen pilot. As of two weeks ago, CenterPoint’s green hydrogen pilot project is the very first green hydrogen facility to be registered with a renewable energy tracking system in North America - allowing us to receive the nation’s first Renewable Thermal Certificates issued for green hydrogen. She stressed that while this is still a pilot, CenterPoint is really proud of this step. CenterPoint is working with M-RETs Renewable Tracking System, and while it’s possible to transfer or sell these RTCs, they will be retired on behalf of the customers.

She said this registration is made possible by the fact that no carbon emissions are directly associated with either the production or use of green hydrogen. The green hydrogen at our facility is produced using 100% renewable electricity from Xcel’s Windsource program and water from the Minneapolis municipal water supply. In fact, part of the decision to site our project in Minneapolis was because of the purity of the municipal water. And one of the largest vendors CenterPoint worked with on this pilot is a local company, Standby Systems, located in North Minneapolis. Mayor Frey encouraged everyone to attend a tour, if they have the opportunity, that the pilot is very impressive.
Minneapolis Climate Equity Plan – Luke Hollenkamp updated that the City is mid-way through the process, getting ready to wrap up the working groups. The technical work groups will recommend actions, specifically that can be done in two to five years, then the steering committee will take those actions and put together into a comprehensive work plan. Then the plan will be presented to Council in April of next year. He thanked the utilities and EVAC members for their involvement.

Kelly Muellman gave a City update and thanked Xcel for being a partner in a recent grant they applied for. They found out on Friday they were awarded a $100,000 grant to hire a coordinator for the resilience hubs.

Xcel Energy Low-Income Community Solar Garden at Eastside Maintenance Facility – Dan King provided an update on this long-standing partnership activity, going back to 2014. He said they’ve just received an extension request and are navigating what the path forward will be. Xcel’s understanding is that if there’s a path forward, the City is supportive, but if it doesn’t work out, there are other avenues to add solar to the site.

CM Goodman noted this is the end of the first year of this constitution of the Partnership and she wanted to thank CM Chughtai and the Mayor for their work but especially the City staff who have worked really hard to make this and EVAC productive. She said she thinks it’s great that the partners have put leadership people in the room. She thinks this Partnership has been very productive and thanks everyone for giving 110%. Mayor Frey concluded that with this constitution of the Board in this year, the Partnership has already outpaced the progress the group has previously seen and stated that the group is calling issues respectfully and looking for answers. He ended with saying he really appreciated everyone’s work.

7. Adjourn

The meeting was adjourned at 11:30 am.