

**Minneapolis Clean Energy Partnership  
BOARD MEETING**

Microsoft Teams

Tuesday, September 19, 2023

10:30 a.m. – 12:00 p.m.

**2023 Q3 Meeting Notes**

**Board members present:** Mayor Jacob Frey (Chair), Council Member Lisa Goodman, Council Member Aisha Chughtai, Interim City Operations Officer Heather Johnston; John Marshall and Bria Shea from Xcel Energy; Todd Berreman and Christe Singleton from CenterPoint Energy.

**Board members absent:** None

**City of Minneapolis Staff:** Luke Hollenkamp, Kim Havey, Bjorn Olson, Patrick Hanlon, Chris Droske, Zach Schultz, Stacy Miller, Ed Eiffler Jaramillo, Paul Shanafelt

**Xcel Energy Staff:** Nick Martin, Chris Clark, Suzanne Murphy, Sara Terrell

**CenterPoint Energy Staff:** Kat Knudson, Emma Ingebretsen

**Guests present:** Marcus Mills (EVAC Member), Jamez Staples (EVAC Member), Lee Samelson (Community Power), Alice Madden (Community Power), Kyle Samejima (Minneapolis Climate Action), Katie Cashman (City Council Candidate), Sean Gosiewski (Resilient Cities & Communities)

**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 2023 Q2 CEP Board Meeting. It was MOVED and SECONDED that the agenda for today's meeting be approved. Motion CARRIED. It was MOVED and SECONDED that the minutes from the June 20, 2023 meeting be approved. Motion CARRIED.

**3. EVAC Co-Chair Update**

Marcus Mills gave the update on behalf of the EVAC co-chairs. A group of EVAC members put together recommendations for the utilities' Energy Conservation & Optimization (ECO) triennial filings including items such as that utilities should max out their spending caps on fuel switching; CenterPoint's proposed budget for fuel switching in 2024 is 10% of the cap, Xcel's is 57%. CenterPoint should match Xcel's higher rebate amounts for heat pumps, building shell improvements, and overall efficient fuel-switching budget.

He reported EVAC would like to see incentives for electric lawn equipment be extended to leaf blowers. Utilities' outreach should include translation to the primary language spoken in the community, for example, Spanish and Somali, and include additional support services to help

people understand the programs. Utilities should not provide incentives for gas appliances that have cost effective and more efficient electric alternatives. CenterPoint is still proposing to incentivize gas water heaters, he noted, though heat pump water heaters are more cost effective to operate and produce lower carbon emissions. He said EVAC is interested in hearing back from the utilities on if and to what extent any of EVAC's recommendations were incorporated into their triennial filings.

Marcus concluded that EVAC is looking forward to upcoming conversations on CenterPoint's NGIA filing, the City's Climate Legacy Initiative, and to give feedback on how EVAC thinks the Partnership could be improved in future years.

#### **4. 2022 Annual Report Presentation**

Luke Hollenkamp set the stage that, with Dan King's departure, he and Kat Knudson will be presenting the annual report. The report has covered seven metrics for a number of years now, and this year the City modified the metrics to reflect the recently adopted Climate Equity Plan.

Metric 1 looks at the city's overall emissions reductions, which is showing a 28% reduction in emissions between the baseline year of 2006 and 2022. 2020 had the largest emissions reductions, largely due to the pandemic and, more recently, those trends have gone back up. Vehicle emissions have gone back up the most. The next goal is coming up in a few years, a 45% reduction by 2025. This is determined not to be on track, because at the current rate of reduction, the City will run out of carbon budget by 2031. He noted that since 2006 we've seen a 58% emissions reduction from electricity and that this is mostly from Xcel's grid mix getting cleaner with more renewables and less coal on the system. On the fossil gas side, we've seen an emissions increase of about 13%. In the remaining three categories, emissions have gone down since 2006.

Metric 2 is net zero municipal operations emissions by 2040, which is ten years prior to the community level goal. We're at 58% reduction since the 2008 baseline year. With the new goal, City staff will be working on a pathway over the next year to get there.

Kat Knudson presented on Metric 3, the overall reduction in residential GHG emissions. Residential emissions show a 24% reduction from baseline. This is considered not on track for the reasons Luke mentioned earlier. We're seeing this decrease during a period of growth for Minneapolis, so we're celebrating victories such as each household using less energy. We're also keeping in mind, and this will come up in commercial and industrial as well, that 2022 was a significantly colder year than 2006 – in other words, we are calculating reductions relative to a baseline year that may have had atypically low natural gas use. She pointed out the Partners are used to looking in terms of energy use and savings rather than emissions, so we'll be adjusting and will possibly segment the data differently next year.

Kat also presented Metric 4, commercial and industrial GHG reduction. These emissions are down 34%, overall, with electric emissions down 62% while gas emissions are up 30%. CenterPoint is digging into this and will be meeting with City staff and sharing information as data privacy policies allow. We know that of that 30% increase, about half of that is due to the colder 2022 winter compared to 2006. We often think about heating degree days on the

residential side and how they impact the residents' energy use, but haven't always thought about the commercial and industrial sector. Numbers like we're seeing here, along with Minneapolis's continued growth makes things like the New Normal Campaign and the multi-family work the partners are doing together even more important, along with the upcoming NGIA work.

Luke covered Metric 5, the community-wide renewable percentage. We're at 41% of the goal of 100% by 2030. Metric 5e is the carbon-free grid mix percentage. The nuclear power plants offer a substantial amount of carbon-free electricity, so when we look at a carbon-free percentage, we're at almost 70%

Metric 6 is renewable electricity for municipal operations, with the City at about 92%, on track to get to the goal of 100% before the end of 2023. Lastly looking at Metric 7, renewable electricity community-wide totals 40% and is made up of local solar and utility subscriptions. "Local" is Xcel's Solar\*Rewards program and community solar gardens with "subscriptions" being WindSource and Renewable\*Connect. The City has its community-wide renewable goal of 100% by 2030 and, to get to that, Xcel's grid mix will help. The City would love to see that get to 60% by 2030. Local solar is currently at 7.4% so is substantially off of the target trajectory.

Council Member Goodman asked if the partners think the federal legislation will offer a boost to renewables, like rooftop solar, and if so, do we have any estimates. Bria Shea expects the legislation will create a bump and could combine with what Xcel is putting in place, such as yesterday's launch of the next tranche for Renewable\*Connect and new mandates from the last legislative session which include a significant amount of distributed generation. She noted the amount is hard to quantify at this time. Following up on the mention of Renewable\*Connect, Council Member Goodman asked if Chris Clark could commit to making Minneapolis a priority in this next tranche to help achieve Metric 6. Chris said Xcel is happy to help the City try to get to this goal and said the process for the subscriptions is governed by the process filed with the PUC, so he doesn't believe this lets Xcel prioritize the City specifically. Xcel looks forward to seeing how much interest is in this next Renewable\*Connect tranche, and underscored Bria's comments about the distributed generation helping the City.

In answer to the Council Member's question to City staff about the process they're following, Chris Droske explained he's working closely with Sara Terrell on this topic, discussing it weekly. The City has followed all protocols to put in a request, is working on allocation adjustments and, at this point, both he and Sara feel confident. He appreciates everyone understanding this subscription is necessary for the City to meet its goal and will continue to work on this or look to Renewable\*Connect Flex (shorter terms) as an alternative if contracts cannot be met for the five- and ten-year terms. Luke added the City has been trying, in recent years, to add solar onto its own facilities and the Inflation Reduction Act offers incentives for nonprofits and government entities to also receive federal benefits, making it more advantageous for the City to continue to work toward adding the solar.

Council Member Chughtai noted how alarming the severe commercial and industrial gas emissions increase was when electricity is showing a 62% decrease. This is a serious problem the City and Partnership need to understand so that programs can be built around addressing this. The Council Member wants to see a firm commitment. Kat confirmed CenterPoint will be

working to get to the bottom of the 30% increase and will do so in connection with Xcel to show how buildings are using energy on both sides of the gas and electric emissions equation. In addition, Kat thanked the Partnership, saying when looking into the 2022 data, the C&I sector in Minneapolis accounted for 44% of CenterPoint's statewide energy efficiency goal, with Minneapolis customers as a whole, including residential and low income, responsible for 32% of CenterPoint's Minnesota CIP goal. She stated she believes the Partnership is a main reason CenterPoint has seen so many Minneapolis customers participating in efficiency programs.

Mayor Frey asked for an explanation of the chart displaying the commercial and industrial emissions. Luke explained that GHG emissions from electricity in this sector are down 62%, largely the result of Xcel's electricity mix getting cleaner. Conversely emissions from gas use are up 30% and, based on what Kat is saying CenterPoint is estimating, about half that might be weather related so there must be other factors in addition. He noted there's been discussion of growth in commercial office space which has likely contributed, so a way we'll likely eventually tackle this one is to create programs that help incentivize as well as set policies that drive emissions reductions. The 30% includes multiple factors, including likely a very small percentage of emissions reductions seen on the electric side by replacing commercial lighting with LEDs which has caused a slight increase of the heating by natural gas needed in those spaces. And while it's a small percent when you add up these small percentages, they stack up.

The Mayor noted that even if each building is doing better reducing their gas use, as new buildings go up this would still add to the total commercial emissions. Kat confirmed this, saying that when CenterPoint looks at the largest users, we're seeing them using more gas while the smaller commercial buildings' use appears to be becoming more efficient. Todd Berreman stressed to Council Member Chughtai that CenterPoint will dig into the emissions number. He noted that while CenterPoint's energy efficiency programs are best-in-class, saving over 2 billion cubic feet on an annual basis, CenterPoint realizes we've been historically looking at energy savings and now it's GHG emission reductions we look at, so we know we need to do more. We're taking emissions very seriously and that's one of the reasons CenterPoint was first to file an Innovation Plan to come up with new ways to go after GHG emissions.

## **5. CenterPoint Energy Innovation Plan**

Emma Ingebretsen (CenterPoint Energy) presented (slides 18-31) on CenterPoint's proposed Innovation Plan. She noted we have ambitious GHG emissions goal at the state, local, and company levels and, as the Board has seen, most work has been done on the electric side with much more needed on the gas side if we're to achieve net zero goals by 2050. CenterPoint has existing programs such as methane leak detection programs and ZEVAC technology to reduce the Company's scope one emissions, as well as the long-standing energy efficiency programs, but we need to go further on the gas side with technological improvements to meet the climate goals. The report shown on the right (slide 19) is the product of a process that was convened by CEE and Great Plains Institute a few years ago looking at how to decarbonize end uses of natural gas and the group provided recommendations with a set focusing on different policy changes; the Natural Gas Innovation Act (NGIA) is one type of those policy changes.

The NGIA legislation was initially proposed by CenterPoint, passing in June 2021 with bipartisan support. The law applies to investor-owned natural gas utilities, opening a new clear regulatory pathway for gas utilities to start investing to help the gas side make progress reducing emissions. CenterPoint's internal process to file our first Innovation Plan started in earnest last summer. In parallel CenterPoint had a public engagement meeting process to ask questions and provide feedback. The Innovation Plan was filed on June 28<sup>th</sup> this year.

She explained that, at a high level, the Innovation Plan is a five-year plan proposing a set of eighteen pilot projects. If the timeline at the Commission pans out, the implementation period would be 2024 through 2029. The menu of these resources consists of green hydrogen, renewable natural gas and demand side things like energy efficiency, strategic electrification and carbon capture. In addition, the Plan has seven research and development projects. CenterPoint wanted to use this first plan to achieve a meaningful level of near-term emissions reductions at a reasonable cost, but not do that at the expense of investing more in long term strategies.

Emma highlighted hybrid heating, specifically a pilot focused on residential air source heat pumps coupled with deep energy retrofits. This pilot would install electric air source heat pumps and maintain a gas connection to provide heating from gas on the coldest days. The deep energy retrofits help weatherize beyond what CenterPoint can currently do through CIP. She noted this pilot's relevance to Minneapolis based on the report recently completed related to 1- to 4-unit electrification strategies and that the learnings from this pilot will help the City make progress on this sector of housing. The pilot starts with a modeling phase, then a field testing phase, before moving to broader implementation. This pilot would also apply to multi-family building units.

Another big focus in the portfolio is industrial and large commercial decarbonization. She noted the portfolio has a number of different approaches around this, including incentivizing customers who install green hydrogen or carbon capture or industrial heat pump systems at their facilities. The Plan also has a pilot to support innovative energy efficiency projects for industrial customers that's currently not able to be incentivized through traditional energy efficiency programs. It also proposes a pilot to help customers with behind-the-meter methane detection at their facilities.

Investing in low carbon alternatives to natural gas is another component of the portfolio, including purchasing pipeline-quality renewable natural gas (RNG) and proposing a second green hydrogen blending pilot which would include on-site dedicated solar to power that electrolyzer. By year five of the Plan, CenterPoint estimates purchasing about 600,000 dekatherms (Dth) in RNG. Based on estimates, altogether these projects could result in near term emissions reductions of the carbon intensity of natural gas, and the hope is that CenterPoint would have major learnings from these pilots to scale projects up in future years.

Emma explained CenterPoint is proposing to develop and own a new networked geothermal system within its existing service territory. Networked geothermal uses the relatively stable ground water temperature or aquifers and heat pumps to create a new thermal energy delivery system instead of natural gas. Ideally this pilot would be in a mixed building type area with both residential and commercial. She noted CenterPoint hasn't selected a site; starting with site selection and feasibility study would be part of the process. This represents an area for CenterPoint to deliver thermal energy to our customers.

Other pilots relevant to Minneapolis include carbon capture rebates for commercial buildings to customers who install micro carbon capture units called Carbinx units. These units are retrofitted onto boilers or hot water heater systems, and the current model can result in a 20% emissions reduction with a future model targeting 50% reduction in emissions. This pilot is building on the current pilot being offered through CenterPoint's CIP program. Another pilot is the urban tree carbon offset one, purchasing carbon offsets generated from the City's planting of urban trees that are registered on the Urban Forestry website. The proceeds of that would support the planting and maintenance of additional trees. Ultimately offsets aren't a huge part of the portfolio but noted they are likely to be part of any long-term emissions reduction plan, so CenterPoint wanted to include it. Plus the company liked the hyper-local focus on planting these urban trees through Green Minneapolis.

Emma highlighted a proposed R&D project, a study looking at pathways to net zero emissions by 2050 specifically for CenterPoint Energy Minnesota. The current corporate goals are focused on 2035 for customer emissions, and this goal is not net zero; this study would look at what it would take specifically for CenterPoint Energy Minnesota to get to net zero emissions by 2050.

In summary, Emma noted CenterPoint has proposed pilots that touch every sector and investigate a broad strategy to find what technologies will help on the gas side. On the benefits side of the proposed portfolio, these pilots would reduce 1.2 million metric tons of carbon dioxide equivalent over the lifetime of the projects. For context that's about 14% of CenterPoint's 2020 emissions. Additionally, there are economic and environmental benefits. The budget for the five-year plan is \$106 million which adds just under \$1.50 a month to a typical residential bill.

The Plan is currently in the review process with the PUC, and CenterPoint expects the process to take about a year, estimating a decision on the Plan might be made in Q2 2024. During this time, CenterPoint is engaging in some level of implementation planning and wants to continue engagement with all interested parties.

Mayor Frey pointed out that the Climate Legacy Initiative will have millions of dollars going out to help the community and believes there's symbiosis in working together with the Plan's pilot projects; Minneapolis is ready to go and is a ready-and-willing partner. He said he believed that if the two entities can partner on as many projects as possible, we'll all get a better outcome. Heather Johnston thanked Emma and appreciated the multi-pronged approach CenterPoint is taking, noting the goals of the City and CenterPoint are aligned and offered that if any help was needed to let the City know.

The Mayor went on to ask if there are specific criteria CenterPoint is looking with the geothermal district energy site. Emma said part of the site selection process will be establishing that criteria and noted that there's more efficiency if the site has a mixed-use load profile, so that's probably one. The Mayor emphasized letting the City know how the two could partner, that the City has tried partnering with developers and others, and it hasn't been entirely successful to date, so if there's an area where the City can be of assistance they'd like to be so. He asked how much the carbon capture units cost and how effective they are. Todd responded that they're fairly inexpensive for the impact they make, within the ballpark of \$25,000 per unit,

varying with installation. We have a pilot going through the CIP programs now and tried to get them in a variety of building types to see what's the best fit for them. Todd confirmed a multi-family building would be a candidate.

Kim Havey mentioned that the City has the Upper Harbor Terminal, and there's a team working to try and get it to LEED-certified Platinum status. The Terminal is mixed-use, starting with apartment buildings and growing into more commercial, and, as it's all brand new with no retrofit issues, it seems this site could be something to consider if the City wanted to try and get it to carbon neutral. He thinks it could be an awesome site for district energy if the project isn't too far along for the Innovation Plan timeline. Heather suggested perhaps Emma could give this presentation to City staff such as the Development staff, so they have a better awareness of these types of things. Emma confirmed CenterPoint would be happy to, adding that for the networked geothermal, CenterPoint will do a big outreach process when trying to find that site selection. Kim also noted that Chris Droske has been working closely with CenterPoint on putting one of the carbon capture units in a City facility, and that the City is still working through some details around permitting and inspections but will plow through that. The City would love to see even more, as this is one solution toward the City enterprise going carbon neutral.

## 6. Partner Updates

**Minneapolis - Climate Equity Plan and Climate Legacy Initiative** – Kim reminded the Board that the Climate Equity Plan is complete after a year and a half of gathering input and feedback and more than a thousand comments coming in in the last sixty days. It was approved by City Council and the Mayor on August 20<sup>th</sup>. Shortly thereafter the City initiated the initial year one implementation plan, and that's matching up with what the City is proposing for new revenue through the Climate Legacy Initiative and what is included in the proposed budget from the Mayor. The Climate Legacy Initiative with franchise fee increases will have a public hearing at the Public Works and Infrastructure Committee on October 12<sup>th</sup>. The City hopes that this will successfully go through the Council process and be approved by end of October, then the City would give the required sixty day notice to Utilities by November 2<sup>nd</sup>.

Kim updated that meetings with the Council Members on the Climate Legacy Initiative, and how the City will be investing the new dollars, have been going well. The City has proposed new staff members due to needing more capacity, but is still proposing in the current budget 85% of the franchise fee increase go out to community in programs and 15% to staff to manage this.

**Minneapolis – Federal grant applications** – The City recently received an \$8 million grant from the Federal Department of Agriculture to focus on tree planting and removal within environmental justice communities. The City does require diseased ash trees come down if they are on private property, so what's been happening if people can't afford that is that they've been assessed on their property taxes. This grant will really help the City focus on lower to moderate income households to remove that burden of \$3,000-\$5,000 to take a tree down and plant new trees. The City is hoping to double the number of trees planted on private properties from 2,500 to 5,000 a year and supporting them staying

alive during the first few years, because trees do have a pretty high mortality rate. The Mayor stated this wasn't an easy lift to get off the ground and offered this can be a collective lesson to all of us; there's nothing wrong with trying and sometimes falling short. In this case the City brought together a team and made the ask and, as a result, got \$8 million. Kim noted that Hennepin County received \$10 million, so the City could potentially have some funding coming from that.

In addition, the City applied for a little over \$20 million of NOAA resilience funding for coastal communities, focusing on our Resilience Hubs; interestingly the State of Minnesota is a coastal community because it borders Lake Superior. This funding would support examining networked geothermal as well as other things planned for the hubs. The City is working with the Department of Commerce on the first piece of the GHG Reduction Funding, a Solar for All application. The MPCA received \$3 million and the Met Council received \$1 million to focus on EPA's Climate Pollution Reduction Grants program, both entities will develop a climate action priority plan this fall, and the City will need to have its recommended projects within this plan. Then the City will make applications to support that when we have the specific budget.

Also, the City has been talking to the Public Housing Authority on a HUD Green Resilient Retrofit grant to provide up to \$80,000 per public housing unit for weatherization improvements and other energy efficiency, due in November 2023. There's a Renewing America's Schools application and the City hopes they can work with Minneapolis Public Schools to get funding moving forward to implement some of the recommendations coming out of the audits being done in partnership with CenterPoint. The Sustainability team is working with Markeeta Keyes and Bjorn Olson on the Recompete Grant application, a multimillion dollar request to enhance the green workforce, which will be submitted in the next few months.

In addition to these opportunities, Kim reported there are a number of grants around infrastructure and EVs that Public Works Department has been focused on, and air quality ones with the Health Department. If the City got their fair share of tax credits per capita, for example, of rooftop solar, the City would need 15,000 rooftop solar installations by 2032. At the end of last year, the City was at 1,700. The State has funding cities can use to match funds, and the City hasn't started looking at that yet. Luke mentioned the grants are often large team efforts and the City may need letters of support with some of its efforts and will continue to include the utilities in projects like the work at Sabathani.

Lastly, Kim noted Minnesota didn't get the World's Fair and, while we came in third, Mark Ritchie received a call from that group that they're interested in doing the first ever World's Sustainability Expo in 2029. He's had a couple conversations with City staff and is meeting with people in the community. Hopefully Minnesota can land that.

**Xcel Energy – Rate Case Reconsideration Hearing** – Bria Shea gave an update after the Commission met last week. In light of the decision on June 1, Xcel asked the PUC to reconsider the return on equity decision, insurance recovery level issue, and other items.



The Commission decided not to take up Xcel's reconsideration, so that will be it for the PUC with the rate case. On additional regulatory items, the extension of the Monticello nuclear plant was approved earlier this summer. That leaves the Prairie Island plant and Xcel plans to ask for an extension of that in the upcoming resource plan in February. Toward that end Xcel was able to memorialize an agreement with the Prairie Island Indian Community which is the closest tribe living near a nuclear facility in the United States. Xcel has worked hard to recognize them as the host community they are and was able to bring to them to the level other local municipalities get in tax payments. Lastly, this Thursday Xcel expects the Commission to approve the Sherco solar project at Becker. In total that'll be 800 MW of solar energy that will be built at that retiring coal plant and will be able to reuse the infrastructure there, getting great carbon-free reductions at a great price for our customers.

**Xcel Energy – Sustainable Aviation Fuel** – John Marshall shared the work the aviation community, specifically Delta Airlines, has been driving on fuel. Delta has very aggressive energy goals and, as we reflect on lead GHG emitters, the utility sector is third, agriculture is second, and transportation is first. Delta will be reducing their emissions via their fuel procurement and usage, and they partnered with Greater MSP in the last year to convene a group working toward legislation. As they're exploring sustainable aviation fuel and making Minnesota a hub for that, Xcel has been brought in to work with them on this, one is biogenic and one is carbon to liquid which utilities see as a future emerging technology. It's very down the road and could be a potential fuel that utilities use in the future in combustion turbines. Xcel is a supporting actor and happy to partner with Delta. The Mayor asked, in the transportation sector, what percentage of emissions is from aviation versus on road transportation. John responded that, as aviation is a new space for Xcel, they don't have that breakdown but there will be more focus in the future.

In addition, John thanked Nick Martin for stepping in to help on the Planning Team after Dan King's recent departure.

**CenterPoint Energy – Carbon Capture** – Todd Berreman gave an update the carbon capture pilot CenterPoint is running through the CIP programs and plans to expand through NGIA. CenterPoint has committed to installing ten units free of charge at ten customer sites for R&D. The energy savings are included because these are also energy recovery units, and if everything works out we'll capture the GHG emissions through the NGIA plan. CenterPoint has made good progress since the last time the Board met. Four units are installed, and these customers have been very public about it, so CenterPoint can share the units are at Guardian Angels in Elk River, Minnehaha Academy, Radisson Blu, and Mystic Lake Casino. In process, one is underway at a biomedical company and, here in Minneapolis, at Minneapolis Public Schools, Bryn Mawr has the unit sitting in place and is in the permitting process right now. And Edison High School will have one installed and use it as part of their curriculum; this is in the permitting process as well. CenterPoint has previously mentioned Minneapolis' Royalston maintenance garage, and the permitting issues just have to be worked through there as well.

**7. Adjourn**

The meeting was adjourned at 12:00 p.m.

DRAFT