



August 29, 2013

To: Pathways Team

From: Brian Ross, CR Planning, Inc.

Re: Summary Stakeholder Interviews

In order to complement the CEAC's stakeholder review of the Minneapolis Energy Vision, the consultant team completed the six stakeholder interviews with selected groups or organizations. As with the CEAC process, the interviewees were asked to comment on the draft vision work that was completed in Task A.1. The six stakeholder organizations or groups of organizations represent a diverse set of interests that bring different perspectives as to what should be in Minneapolis' Energy Vision. The six organizations and constituencies are noted below.

Organization	Representing
1. Minneapolis Regional Chamber of Commerce	Businesses, typically larger businesses
2. Metropolitan Community Development Consortium	Affordable housing developers, Small/minority startups
3. Labor unions (IBEW 292 and Building and Trades Commission)	Electric contractors, building trades
4. Energy Cents Coalition	Low income ratepayers
5. Neighborhood and Community Relations	Neighborhood organizations
6. Minnesota Department of Commerce, Division of Energy Resources	State utility planners, policy implementers

The interviews were usually with one person representing each organization or group of organizations. Two interviews had two people who offered alternative viewpoints for the targeted stakeholder group.

Interview process

Each interview started with the consultant team briefly describing the Pathways project and in particular the goal of creating a long-range energy vision for Minneapolis. The description included distinguishing the project from the municipalization debate, as some of the interviews overlapped in time with the public hearing on the proposed ballot initiative to investigate creating a municipal utility.

Each interview followed the same format, although respondents were allowed to depart from the format or to ask questions. The consultants occasionally asked clarifying followup questions as needed. The format started with five general questions related to the energy vision, then included four targeted questions in which the interviewee was asked to respond to specific language in the draft energy vision. The interviewees were asked to identify their organization's priorities for what they wanted to see changed in the city's energy system and services, what should remain the same, and what desired future conditions should be given highest priority. The interviewer's script with questions is attached to this memo.

Summary Stakeholder Interviews

Interview Summary Results

All interviewees participated fully in the process, and all interviewees believed that Minneapolis' energy planning and decisions would have an important impact on their constituencies. All interviewees had questions regarding the purpose of the Pathways study and the possible actions that might result from the study. Some of the interviewees had little prior knowledge of the Pathways project or the reasons for initiating the study, other than an impression that it had something to do with the public hearing on the municipalization ballot initiative. Other interviewees were quite engaged in energy issues and at least familiar with the Pathways study goals.

Four clear themes came out of the interviews in regard to the interviewees' perspectives:

1. clean energy,
2. system reliability,
3. basic access to energy services, and
4. cost competitiveness of energy services.

Interviewees' perspectives differed as to how the current system achieved these goals, and prioritized differently among these themes. But all interviewees discussed these four themes.

Priorities

The interviewees identified a divergent set of priorities for what they believed most important about Minneapolis' future energy system conditions. The top priorities included (in no specific order):

1. System reliability
2. Competitive or affordable rates
3. Clean energy, specifically lower carbon and an increase in use of renewable energy

Of these three priorities, the "clean energy" priority was most consistently discussed as a top priority. Some interviewees prioritized the other two outcomes higher than clean energy, but even then also mentioned clean energy as a priority.

Additional priorities described by interviewees included: job creation, better access to services for low income households, economic development, and more energy efficiency.

Several interviewees identified a priority outcome not directly addressed in the Energy Vision: an energy system that is integrated regionally in planning, investment, and management.

What Should Change, What Should Remain

Interviewees were generally consistent in responding to the questions about what aspects of the energy system should change and what should stay the same. In regard to needed or desired changes, almost all interviewees identified a "cleaner" energy system was a desired change, both from the standpoint of greater end use efficiency and cleaner generation. Some respondents also said that the existing energy system does not ensure basic access to energy services, a needed change to guarantee basic access. Similarly, some respondents identified specific kinds of distribution system changes to "harden" the system or enable more clean energy investment.

In regard to what should remain, interviewees noted that the existing system was generally reliable and cost competitive (although all interviewees also noted that these could still be improved upon). Several made statements about the "lights need to come on when you flip the switch." This latter characterization appears to indicate that interviewees believed that system changes could result in a decline in basic availability of energy to residents and businesses.

Summary Stakeholder Interviews

Responses to Draft Vision Language

With only a few exceptions, interviewees were supportive of the desired conditions listed in the draft energy vision. The most consistently supported conditions were related to “clean” energy; every interviewee noted this condition as important or highly important. Similarly, interviewees also noted “reliability” and “affordability” conditions as priorities.

Some exceptions to the favorable review of draft vision language included:

- The desired condition “local” energy was perceived by some to give a preference to the municipalization pathway or a preference for local construction of power plants.
- The condition “consumer choice” was perceived by some interviewees as advocating for retail deregulation of utilities. Moreover, even when “consumer choice” was not perceived as a problem, the condition still drew some comments as being an unimportant goal regarding the city’s energy system.
- Some of the social equity conditions, such as those relating to health considerations associated with local energy infrastructure, were regarded as unimportant for an energy vision by some, but highly prioritized by others.

Additional Recommendations/Concerns

Several stakeholders discussed the importance of approaching energy system planning from a regional perspective, contrasting the regional perspective from the “Minneapolis only” perspective. The perception held by these interviewees was that Minneapolis was segregating itself from the traditional utility system and potentially disregarding the benefits of regional planning. Moreover, almost all the interviewees mentioned the importance of extending the benefits that Minneapolis was seeking to the larger region or statewide.

In a related issue, several interviewees raised the question of whether Minneapolis was achieving its energy goals at the expense of non-Minneapolis ratepayers. Examples of concerns included:

- that increasing “local” renewable generation simply displaced cheaper non-local renewables,
- infrastructure improvements in Minneapolis that were not available to other places but which were put into utility ratebase, and
- Minneapolis separating from the regional system would shift costs onto remaining utility customers.

Most of the interviewees also noted that while they agreed with the desired outcomes in the energy vision, a number of the outcomes were potentially in conflict, most notably the potential impact on affordability or competitive rates. “You can’t put a solar panel on every building and also minimize rates,” was a common statement. Other potential conflicts noted by interviewees (irrespective of whether the conflict is necessary or real) included:

- Reducing cross subsidies and ensuring access to basic services to all households
- Protecting economic competitiveness and protecting the environment
- Decentralizing the system and maintaining equal access
- Increasing local generation and maintaining affordability
- Increasing renewable energy or energy efficiency jobs translates into a loss of jobs in traditional generation or other existing industry or trade

Summary Stakeholder Interviews

Interview Format and Script

Introduce project

- Minneapolis needs to make long term decisions about the nature of its energy system
- The media attention is on the municipalization question, but this project is designed to first take a step back from that debate. Before discussing which way forward is preferable, we are first identifying where we want to end up.
- We are in the process of developing a description of where we want to end up, the “desired future conditions.” After identifying the desired future conditions for the energy system, then all of the different pathways will be evaluated on whether the city can achieve its desired future.
- Today we will be talking about the future of Minneapolis’ “energy system.” What we mean by this is the energy system from fuel source to end use for electric, natural gas, and thermal energy (like steam). We are not including the gasoline or diesel fuel segment of energy use.

Initial Questions

We’d like to hear your perspective on what is important for Minneapolis’ energy system, from the perspective of where the energy system should be in the year 2040.

1. How has your organization been involved in questions about energy policy or regulation?
2. The City’s energy vision addresses a number of issues that are connected to
 - a. Energy supply (where energy comes from, how it is generated)
 - b. Energy infrastructure in the city (pipes, wires, poles, local generation)
 - c. Energy use (how consumers use or generate energy)

Of these three areas, is there one area that is more important than the others to your constituency?

3. How the City’s energy system operates affects a lot of non-energy issues.
 - a. Economic viability of businesses
 - b. Economic viability of residents
 - c. Health of local residents
 - d. Health of the local environment
 - e. Quality of life
 - f. Economic growth
 - g. Regional, National, Global environment

What are the non-energy issues that come to mind as most important to you when you think about the state of Minneapolis’ energy system in 2040? What are the biggest worries and the biggest opportunities?

4. By 2040 should the Minneapolis energy system be substantially different from what it is today? How?
5. In 2040 what, if anything, should be the same in Minneapolis’ energy system as it is today?
6. In the discussion of Minneapolis’ energy future and the different pathways that can be taken by the city, what do you think is the biggest opportunity? The biggest risk?

Summary Stakeholder Interviews

Questions for Testing Vision Language/Concepts

7. (Hand out copy of energy supply desired conditions) Regarding the energy supply component of the energy vision, we have some identified a number of future conditions that existing City policies and plans support. Obviously there is a lot of definitional debate associated with each of these, but what is your initial reaction to these conditions – is there one or more of these desired conditions that you definitely support? Is the one or more that you definitely give you pause or concern?
8. (Hand out copy of energy infrastructure desired conditions) Here are a similar set of conditions for the energy distribution/infrastructure component of the energy system. What is your initial reaction to these conditions – is there one or more of these desired conditions that you definitely support? Is the one or more that you definitely give you pause or concern?
9. (Hand out copy of energy end use desired conditions) Here are the conditions for the energy end use component. What is your initial reaction to these conditions – is there one or more of these desired conditions that you definitely support? Is the one or more that you definitely give you pause or concern?
10. (Hand out copy of related/cross-cutting desired conditions) Finally, here are desired conditions that speak to how energy system decisions should affect specific non-energy issues. What is your initial reaction to these conditions – is there one or more of these desired conditions that you definitely support? Is the one or more that you definitely give you pause or concern?