

# [ News of the 8th Ward ]

A publication for Ward 8 neighborhoods: Bancroft, Bryant, Central, Field-Regina-Northrop, Kingfield, Powderhorn Park

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## ***City Council Approves Study on Pathways to Cleaner, More Sustainable Energy Options for Minneapolis Consumers***

Dear Neighbors:

Thank you for your engagement around energy and environment issues. I am wholeheartedly invested in ensuring that Minneapolis has all options before us as we head toward the end of our existing utility franchise agreements. That is why I personally requested that the city designate funding to help us design a path for our energy future around utility franchise, including helping us to understand what is involved in municipal utility. This letter tells you more about this action at the city.

On April 12, the City Council approved a proposal to draft an energy vision that details what the City wants from a sustainable, 21st century energy system. The action also calls for a report that explores the various paths the City could take to achieve its energy goals, including examination of potential utility partnerships, changes to how the City uses energy utility franchise fees, and the potential for municipalization of one or both energy utilities.

This action comes as the City prepares to enter into energy franchise negotiations with Xcel Energy and CenterPoint Energy. State law currently limits Minneapolis' authority over utility in franchise agreements; a franchise agreement is not a contract, where the city can freely negotiate with a utility company. Under state law, cities only have the authority to negotiate about how much we can be paid for the use of our right of way through a franchise agreement.

Minneapolis is seeking legislative changes to allow negotiations with Xcel and CenterPoint to explore how Minneapolis could make progress towards its goals for sustainable energy, improved air quality, equity, and green jobs. The City also wishes to explore options to achieve its energy goals outside the existing franchise agreement structure.

The April 12 energy study helps frame the future franchise negotiations with Xcel Energy and CenterPoint Energy, as well as the City's work to get more clean-energy options for consumers. The City currently has utility franchise agreements with Xcel Energy for electricity and CenterPoint Energy for natural gas. These agreements, which were signed in the early 1990s, both expire at the end of 2014. The City is in the early stages of preparing for negotiations for new agreements.

The measure allocates \$250,000 to draft comprehensive "Energy Vision" goals and complete a thorough review of the options and implications of the various pathways to meet the City's energy goals. Specifically, the Council action would:

- Direct City staff to draft an updated set of "Energy Vision" goals for a future energy system. These goals may address the greenhouse gas intensity of the system, use and ownership of renewable energy, energy efficiency outcomes, reliability standards, affordability, and access to energy use information. These draft goals will be presented to the City Council by August 2013.
- Direct City staff to conduct a study that provides an overview of the various paths the City could take to achieve its Energy Vision goals. City staff will provide a progress update to the City Council in

November 2013, and a final report will be presented to the City Council by January 2014. The report will include:

- A review of the current legislative and legal landscape;
- An examination of existing municipal utilities in Minnesota and across the country (utility performance, history, shared models, etc);
- A report on the “municipalization pathway,” to include the process and schedule, preliminary cost estimates to move down that path, how municipalization may help Minneapolis achieve its Energy Vision goals, and identification of any potential barriers.
- A review of alternative pathways, which may include utility partnerships, state legislative or Public Utilities Commission changes, and how energy utility franchise fees may be used for City programs.

For more information, go to the City’s energy utilities franchise agreements web page at [www.minneapolismn.gov/energyfranchise](http://www.minneapolismn.gov/energyfranchise)

## Minneapolis Seeks Changes to State Law

I don’t want to sugar coat this --- we need state law changes in order to fully explore options around clean energy and energy efficiency as part of our utility franchise agreements.

In the early 1970’s, Minnesota adopted a state law that requires that cities moving to municipal utilities to pay utility companies not only the fair value of their assets and energy distribution system, but also for **lost profits!** Although we have many municipal utilities in Minnesota (Rochester is the largest), no municipal utilities have been established in Minnesota since this 1973 state law was approved. Here is a description of two bills Minneapolis is pursuing at the legislature to help move our energy vision, and utility franchise negotiations, forward:

- *Green, Reliable, Affordable Clean Energy Bill* ([HF 1450](#)/ SF 1490; Rep. Ray Dehn and Sen. Kari Dziedzic). This legislation would give cities more power and flexibility when negotiating energy franchise agreements and would require that energy companies provide timely reports on service continuity, meet specific state-established energy goals, and incent consumers to be more energy efficient.
- *Franchise Reform Ending Energy Dependence of Municipalities Bill* ([HF 945/SF 911](#); Rep. Frank Hornstein and Sen. Jeff Hayden). This legislation would require that the State Public Utility Commission use a more fair formula for placing a value on an energy company, which would make it more feasible for communities to consider pursuing a municipal-owned energy utility.

Our bills were not approved this legislative session (2013), but we are already working on strategy for next legislative session and talking to legislators about how to move these bills forward.

Thank you again for your interest in energy issues. Please contact me at (612) 673-2208 or [elizabeth.glidden@minneapolismn.gov](mailto:elizabeth.glidden@minneapolismn.gov) for more information.

