



## **Request for City Council Committee Action from the City Coordinators Office**

**Date:** July 7, 2014

**To:** Honorable Cam Gordon, Chair, Health Environment & Community Engagement Committee

**Subject:** **Utility Agreement Negotiations Update**

**Recommendations:** Receive and File.

### **Previous Directives:**

- February 24, 2014: Received and filed the final Energy Pathways Study; directed staff to pursue Clean Energy Agreements and to pursue all necessary franchise agreements consistent with the Energy Pathway Study's recommendations; and directed staff to recommend changes to the City's 2014 Legislative Agenda consistent with the Energy Pathways Study's recommendations.
- November 18, 2013: the Regulatory Energy and Environment Committee received and filed the recommendations for state legislative issues in 2014 and beyond related to energy systems pathways.
- September 9, 2013: the Regulatory Energy and Environment Committee received and filed the draft Energy Vision which was based on literature review of existing City policies and input from Community Energy Advisory Commission and others.
- August 16, 2013 2013R-353: Adoption of framework for reaching city energy goals including directing City Coordinator and City Attorney's Offices to begin franchise negotiations and to provide an update no later than June 30, 2014.
- June 14, 2013: the City Council directed the City Coordinator to enter into agreement with the Center for Energy and Environment for Energy System Pathways Study at a cost not to exceed \$250,000.
- April 12, 2013: the City Council approved the development of an Energy Systems Pathways Study at a cost not to exceed \$250,000 and to be completed by February 2014.
- October 5, 2012: the City Council approved the formation of a utility franchise working group to assist the city in preparing for negotiations regarding its electric and natural gas franchise agreements with public utility companies. The working group includes representation from city staff, the City Council and the Mayor's Office.

## Department Information

Prepared by: Gayle Prest, Sustainability Director  
Approved by: Jay Stroebel, Acting City Coordinator \_\_\_\_\_  
Presenters in Committee: Jay Stroebel

**Financial Impact:** none

### **Background:**

The City of Minneapolis 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 preparing for negotiations to establish new agreements.

At the August 16, 2013 City Council meeting Resolution 2013R-353 was adopted that directed the City Coordinator's Office and City Attorney's Office to begin negotiations with Xcel and Center Point for the electrical and natural gas franchise agreements, and work to complete franchise negotiations with all due speed, with an update to the City Council on the frameworks for franchise agreements by June 30, 2014.

In February 2014, as part of the Energy Pathways Study findings presentation to the Health Environment and Community Engagement Committee, staff was directed to pursue; directed staff to pursue Clean Energy Agreements and to pursue all necessary franchise agreements consistent with the Energy Pathway Study's recommendations.

The Energy Pathways Study recommended:

- 1) Renew the City's traditional utility franchise agreements with minor enhancements. Traditionally and by law, franchise agreements have been limited to the subject of payment by utilities for the use of City's rights- of- way for utility infrastructure. Because of statutory limitations in the use of franchise agreements, we recommend that the scope of existing agreements be extended to cover some reporting, reliability and right-of-way goals cover right of way issues, annual reporting by the utilities on reliability of service, energy usage data that supports policy objectives, and planned distribution investments to the extent that these issues are not pre-empted by the Minnesota Public Utilities Commission. The City could also pursue a franchise agreement with other public service corporations. However, these agreements should be of a shorter term, and renewal should be made contingent on satisfactory progress being made through additional agreements with the utilities.
- 2) Pursue additional, broader "Clean Energy" Agreements" with utilities that leverage statewide policies, City regulatory and relationship assets, and utility expertise and funding to cover the range of the City's energy goals and increase the penetration rate of efficiency and renewable energy, reliability, and equity of energy services in Minneapolis. These agreements would include the formation of a coordinating entity to set program and policy goals for achievement within the City, and help provide planning, leadership, coordination, promotion, and accountability for meeting these goals.
- 3) Engage in state energy policy decisions that can improve the City's ability to meet its goals. Policy decisions made at the Public Utilities Commission and Minnesota Legislature may have a dramatic impact on the local climate and energy outcomes. The City should continue to dedicate attention and resources to legislative issues and participation in regulatory proceedings. Examples include legislation that clarifies the purpose and role of city-utility energy partnerships, solar rate reform, utility resource planning and data privacy and access.