

Utility Franchise Negotiation Update

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Background

- The City's 20-year franchise agreements with Xcel Energy (Electricity) and Centerpoint Energy (Natural gas) expire at the end of 2014.
- The City Council approved the Climate Action Plan in June 2013 outlining how the city would reach carbon reduction goals of 15% by 2015 and 30% carbon reduction by 2025.
- Emissions associated with use of energy from our utilities (natural gas and electricity) account for 66% of the City's carbon footprint.
- In the summer of 2013, there was significant community dialogue about Minneapolis' energy future, which led the Council to explore options for reaching our energy and climate goals.

Energy Pathways Study

- In June 2013, City initiated contract with Center for Energy & Environment (CEE) to complete the Energy Pathways Study.
- In February 2014, CEE updated Council on final report which included four pathway options and legislative recommendations – **key recommendation was the formation of a Clean Energy Partnership with utilities, negotiated simultaneously with new franchise agreements.**

Pathways: Recommendations

Near Term: Dual Strategy, blending Pathways

Franchise Agreements

- Focused on use of public rights of way
- Shorter term, with possible renewal
- Broadened to include targeted related issues such as reliability reporting, infrastructure investment

Clean Energy Agreements

- Use agreement to form City-utility **Clean Energy Coordinating Partnership** to jointly plan and prioritize clean energy activities in the City

Negotiated and Signed Together!

Clean Energy Partnership

- A **Clean Energy Partnership would** include utility and city leadership to coordinate efforts and pursue city goals
- Desired outcomes consistent with the vision and goals of the Energy Pathways Study and Climate Action Plan
- Franchise renewal made contingent on performance of the CEP
- Concept shared with PUC



Current Status & Next Steps

- Per Council direction, the City has formed an Executive Team and Negotiation Team to negotiate with utilities.
 - Regular meetings underway to identify City priorities.
 - Monthly updates to Executive Team
- Utility conversations have begun, with a goal of completing negotiations by September, 2014.
- Will return to Council for approval