

# CLEAN ENERGY PARTNERSHIP AND FRANCHISE AGREEMENT PROPOSAL

---

Health, Environment and Community  
Engagement Committee

Jay Stroebel

10/6/14

# Overview

1. Background
2. Overview of Clean Energy Partnership negotiated with utilities
3. Overview of Franchise Agreements negotiated with utilities
4. Next steps

# Background

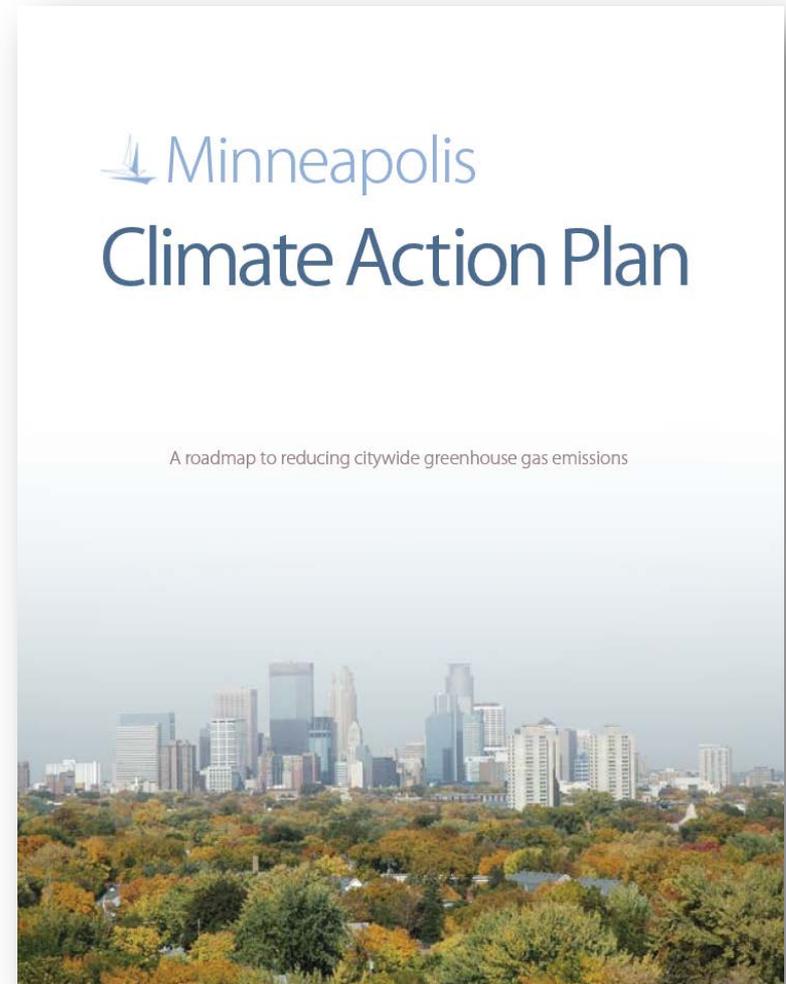
- The City last updated utility franchise agreements with Xcel Energy and CenterPoint Energy 20 years ago
- Franchise agreements did not deal with energy and climate issues – dealt almost exclusively with right of way issues
- Since that time, the City has focused much more on these issues and gained significant momentum

# Background

## Climate Action Plan

Adopted 2013

- Plan for reaching the City's adopted 15% and 30% greenhouse gas emissions reduction goals
- Includes goals and strategies for buildings, transportation, waste and energy systems

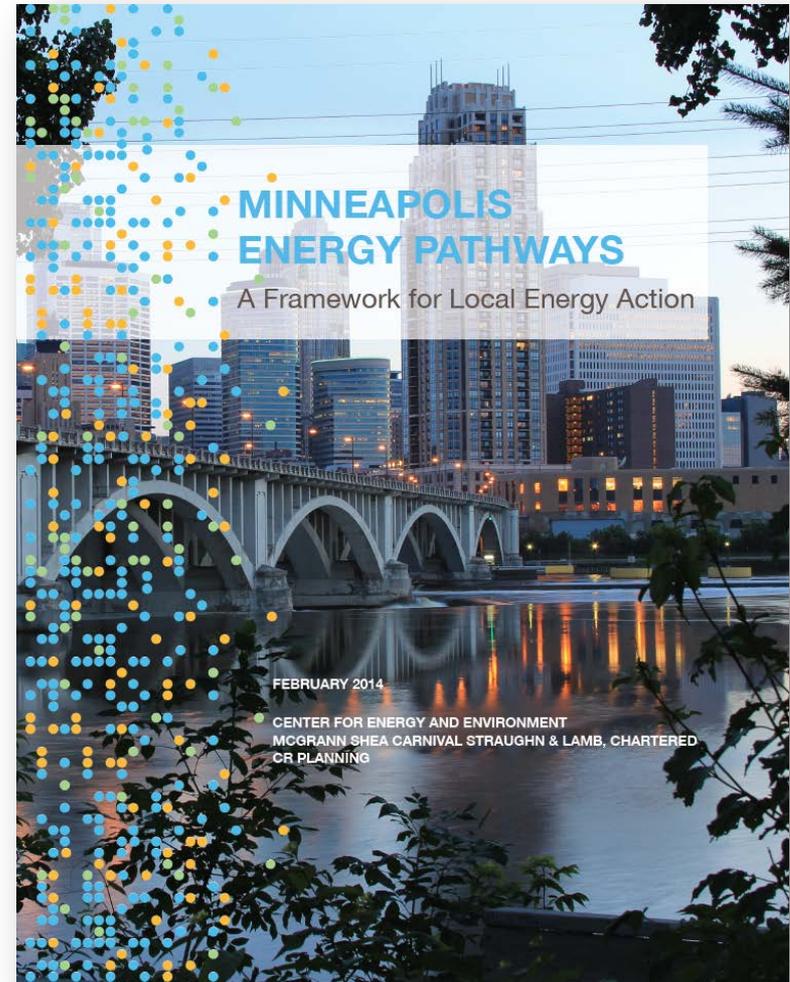


# Background

## Energy Pathways Report

Completed Feb, 2014

- Explored multiple options for achieving the **Energy Vision** in the context of utility negotiations
- The **status quo will not allow the City to meet its energy goals**, the City will need additional influence or control over energy services within the City



# Pathways: Recommendations

Near Term: Dual Strategy, blending Pathways 1 and 2

## 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

- City agrees not to municipalize during term of the agreement, in exchange for utility commitments in meeting City energy goals
- 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!*

# PROPOSAL

---

Clean Energy Partnership & Franchise Agreements

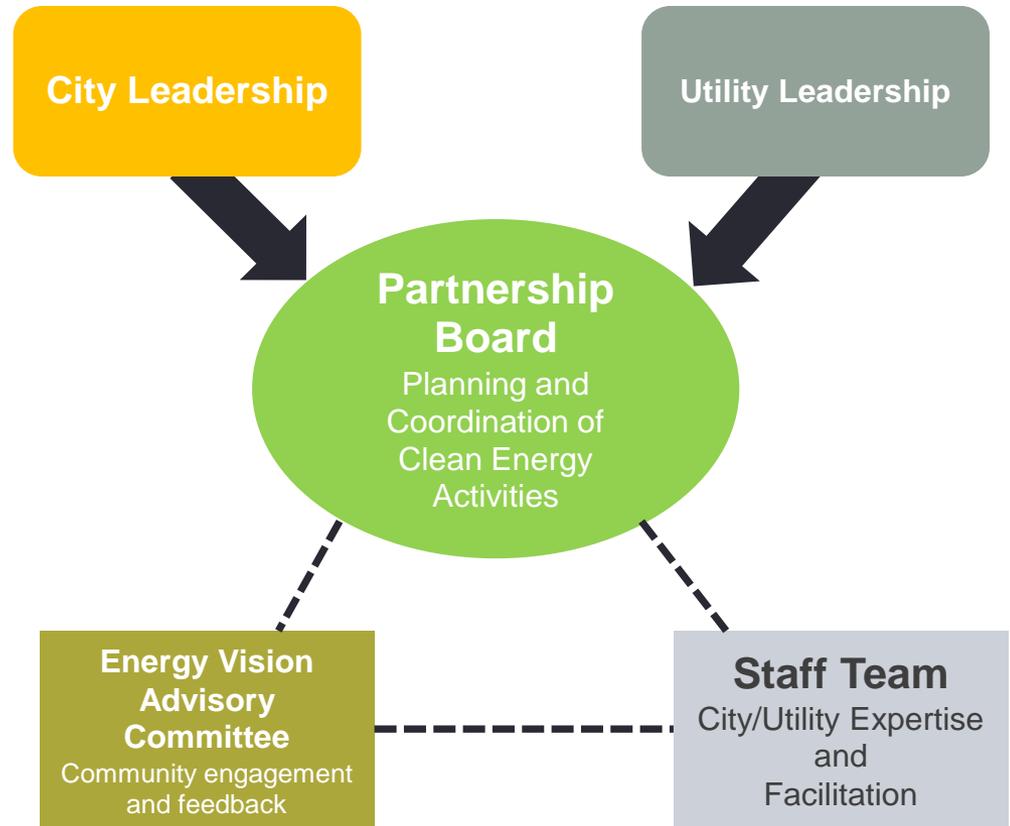
# Clean Energy Partnership (CEP)

- Establishes first in the nation **City-Utility Clean Energy Partnership**
- Transformative agreement committing utilities to assist in achieving the City's Climate Action Plan goals and the Energy Vision
- Combines collective resources of partners, including utilities' expertise, and the City's regulatory and relationship assets

# CEP Details

## Partnership Board:

- Two City Council members
- Mayor
- City Coordinator
- Two high-level representatives from each utility



# CEP Details

## **Community engagement:**

- Energy Vision Advisory Committee (EVAC)
- Expect representatives from critical communities in the City, including business, neighborhoods, environmental justice, and other technical experts
- Membership approved by the Partnership Board
- The intention is to have EVAC meeting early in 2015 to begin work

# CEP Details

## **Community engagement:**

EVAC's charge is to:

- Review 2-year work plan, and provide feedback and recommendations
- Review annual performance reports and provide feedback
- Research/provide feedback on special initiatives as requested by the Board
- Outreach and promotion of Board initiatives through member networks

# CEP Details

## **Potential 2015-2016 Priorities:**

- Establish a multi-family energy efficiency program
- Successful implementation of first Community Solar Gardens in Minneapolis/Minnesota
- New renewable energy options for City facilities
- Study of undergrounding and alternative transmission line designs
- LED streetlights
- Streamlined whole-house energy efficiency program
- Enhanced information on reliability in Minneapolis
- Green Zones concept

# CEP Details

## **Logistics recommendations:**

- CEP Board meets quarterly
- EVAC meets quarterly
- Staff teams (utility and city) work between meetings to develop work plan and identify program decisions for board to act on

# CEP Details

## **Accountability and reporting:**

- Board will present to the City Council and utilities annually on progress made on two-year work plan and overall goals
- Board may determine significant performance measures to track annually

# Franchise Agreements

- Both utilities have agreed to a **shorter term**
  - 10 year maximum term
  - 5 year minimum term, with a termination notice 12 months prior
  - Termination of either franchise requires 9 votes of the City Council
- Continuation of the franchises is contingent on good faith efforts to **honor commitments of the Clean Energy Partnership**
  - Agreements allow for two 5-year extensions, based upon mutual agreement

# Franchise Agreements

- City maintains control over use of its right of way
- Same fee structures as previous agreements avoids changes to customer costs and promotes revenue stability
- Improve ability to manage lane use
- Ensures Xcel Energy will work cooperatively with the Park Board to address issues such as tree trimming and removal

# Franchise Agreements

- Annual meeting with both utilities will allow right of way issues to be raised and addressed
- Both utilities agreed to provide information regarding infrastructure investments and capital improvements, as well as customer usage and program participation data as allowed by the Minnesota Public Utilities Commission

# Proposal Summary

To a great extent, the City **has achieved the recommendations** of the Energy Pathways Study through our negotiations with utilities:

1. Shorter franchise term, contingent on progress made towards City's energy goals and vision
2. Establishment of a Clean Energy Partnership that allows City and utilities to jointly plan, market and track new initiatives to meet our goals

# Next Steps

- New franchise ordinances and CEP Agreement to:
  - Public hearing at HECE on October 6<sup>th</sup> (TODAY)
  - Committee of the Whole on October 15<sup>th</sup>
  - Full City Council on October 17<sup>th</sup>
- Utilities will initiate a process to bring ordinances to the Minnesota Public Utilities Commission

# Next Steps

- City and utility staff will work to develop ideas for the Clean Energy Partnership two-year work plan and a proposed meeting schedule
- Work plan and EVAC membership to be approved by the CEP Board in early 2015
- City will continue to advance our energy and climate goals through state regulatory processes at the Minnesota Public Utilities Commission and through our legislative agenda

# Thank you to negotiating teams

## CenterPoint Energy

- Brenda Bjorklund
- Jeff Daugherty
- Nick Mark
- Doug Peterson
- Al Swintek
- Joe Vortherms

## Xcel Energy

- Laura McCarten
- Pat Cline
- Jennifer Thulien-Smith
- Bridget McLaughlin

## City

- Peter Ginder
- Stephanie Zawistowski
- Kevin Carpenter
  
- Gayle Prest
- Brendon Slotterback
- Brette Hjelle
- Robin Garwood
  
- Mike Bull (CEE)
- Sheldon Strom (CEE)