



Request for City Council Committee Action from the City Coordinators Office

Date: November 18, 2013

To: Honorable Elizabeth Glidden, Chair, Regulatory, Energy & Environment Committee

Subject: Energy Pathways Study Deliverable: Potential 2014 Legislative Energy Related Items and Study Update

Recommendations: Receive and File.

Previous Directives:

- 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.
- 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.
- 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.
- 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.

Department Information

Prepared by: Gayle Prest, Sustainability Director

Approved by: Paul Aasen, City Coordinator

Presenters in Committee: Paul Aasen and Mike Bull (Center for Energy and Environment)

Financial Impact: none

Supporting Information:

Center for Energy and Environment as part of the Energy Pathways Study was tasked to update the Regulatory, Energy and Environment Committee on the status of the project and identify potential legal and statutory issues for possible inclusion in City's 2014 legislative agenda in November 2013.

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.

In June 2013 the City Council approved a contract with Center for Energy and Environment (CEE) for a Future Energy Systems Pathways Study that is to be completed by February 2014. The study will explore options to achieve its energy goals outside the existing franchise agreement structure, including, but not limited to changes to state legislative or State Public Utility Commission rule changes, unique utility partnerships, changes to the way the City uses franchise fees, and municipalization of one or both energy utilities.

On September 9, 2013 CEE presented their draft Energy Vision based on input from the Community Environmental Advisory Commission and others to develop the goals. These goals will help shape the study of alternative options that will be presented by February 2014.

Next steps:

- Staff will continue to participate in relevant Public Utilities Commission dockets including the Value of Solar Tariff, Community Solar Gardens, Externalities Cost Study, and Customer Energy Usage Data.
- Staff will update City's 2014 legislative agenda as necessary and report to Intergovernmental Relations Committee.
- By February 2014, CEE will deliver to the Regulatory, Energy & Environment Committee a report and presentation addressing the current legal landscape, existing models and examples, municipalization review, and alternative pathways to meet the City's Energy Vision.