

## **Mayor Reinert and City Councilors,**

We need to act now to start transitioning Comfort Systems to a more sustainable model for their own longevity and the benefit of their customers. The Energy Plan Commission recommends that the Duluth City Council and the Duluth Administration:

1. Create a position or task force focused on developing a plan for Duluth Comfort Systems to meet the City's goal of zero greenhouse gas (GHG) emissions by 2050.
2. Provide secure funding to support energy transition planning for Comfort Systems.

## **Background**

- The City of Duluth has a stated goal of reducing GHG emissions 50% by 2030 and reaching carbon neutrality by 2050.
- GHG emissions from methane gas consumption within the City of Duluth has been reduced by 12.8% (2013 to 2020). This compares to GHG emissions from electricity consumption within the City of Duluth which has been reduced by 63.2% over the same time frame. (Source - Regional Indicators Initiative)
- Community wide GHG emissions from methane gas as a percent of the total community emissions has increased from 27.7% in 2013 to 41.6% in 2020. In contrast, community wide GHG emissions from electricity as a percentage of the total emissions have decreased from 50.1% in 2013 to 30.9% in 2020. (Source - Regional Indicators Initiative)
- These emissions can be reduced significantly by energy conservation measures.
- The remaining thermal energy can be totally produced by clean energy sources that are currently available and beneficial to both the utility and its customers.
- With city-wide updates to utility infrastructure come additional opportunities for resiliency planning such as burying electricity lines to reduce potential power outages.
- As customers of Comfort Systems convert to electric alternatives for their thermal energy needs, the cost of natural gas will rise for those left on the system. Since electrification often requires substantial upfront costs, this increase in cost will be born by customers who are least able to afford these increases.
- Planning for the decarbonization of Comfort Systems should include a study of their current operations, a revision of their business model and a transition to clean energy sources which will include replacement of existing natural gas equipment.
- This transition may also include changes in City policy. This could include, for example, a policy of working with developers and builders of new or substantially renovated buildings to encourage electrification.
- A number of Cities around the country have established similar long-term funding for their sustainability needs through taxes, mill rate increases, etc.

Comfort Systems will be critical to providing a new business model for Duluth's changing energy needs.

Sincerely, the Duluth Energy Plan Commission