

# Energy Plan Commission

Meeting Minutes - September 21, 2022

Regular Meeting (Room 330)

**Attendance:** Commissioners: Gary Olson, Cassandra Theisen, Robert Reichert, Tari Rayala, Scott Wishart. **Absent:** Alison Hoxie (excused), Brian Hinderliter (excused)

**City Staff:** Mindy Granley, Sustainability Officer; Mike LeBeau, Construction Project Supervisor; Alex Jackson, Energy Coordinator; Parker Angelos, AmeriCorps VISTA Energy & Sustainability Assistant. **Absent:** Jennifer Ondrik, Administrative Specialist (excused); Jim Filby Williams, Director – Property, Parks, & Libraries (excused)

## Call to Order:

The meeting started at 4:03pm.

## Approval of July 20<sup>th</sup> 2022 Meeting Minutes.

Approved by Commissioner Olson and seconded by Commissioner Reichert.

## Approval of 21 September Meeting Agenda.

Approved by Commissioner Olson and seconded by Commissioner Rayala.

## Old Business:

**Geo Grid Concept:** Commissioner Olson

- New concept under demonstration in MA
- Request for City to research geo grid opportunities
- Natural Gas Innovation Act: Statute 216B.2427, established methods to allow natural gas utilities to meet MN GHG reduction goals via innovative resources and plans (biogas, renewable gas, district energy – geogrids could fall under this); could this help with securing grant for demonstration
- Phase 2 of CAWP, Accelerate Climate Action, community decarbonization; funding, convert to distributed energy
- NY State Energy Research and Development Authority and ASHRAE, 17 part training for all stakeholders on this concept (website modules); community heat pump webinar cities
  - Each are 1-1.5 hours (very comprehensive)
- Example: Eversource in Framingham, MA (suburb of Boston), demonstration project, have started digging up the ground (geothermal pilot project)

## EV in Multi-Family Homes Ordinance Update: Sustainability Officer Mindy Granley

- Can we establish requirement of EV charging stations at new multi-family buildings?
- Wrote a letter to MPCA commissioner and members of Governor's climate subcommittee alongside other communities; approved by Mayor
  - Letter signed on by:
    - City of Bloomington
    - City of Duluth
    - City of Eden Prairie
    - City of Edina
    - City of Maplewood
    - City of Minneapolis
    - City of New Brighton
    - City of Rochester
    - City of Roseville
    - City of Saint Paul
    - Hennepin County
    - Ramsey County
- All have willingness and desire to require EV charging stations
- Requirements to require EV charging in new multi-family buildings went above and beyond code
  - Response to letter from MN Department of Labor and Industry: They were moved by request, standing by objection and in agreement that request is above and beyond state code, but due to level of interest they will add it to MN State Building Code Review
- Struggle between local control and state building code
- Comments:
  - Commissioner spoke with MN Power rep and was told that electric utility companies have a requirement to make a plan for EV charging in multi-family buildings (John Sullivan); MNDOT has requirement under NEVY Act
  - Commissioner question: Is city requirement for new construction? Some cities have it on the books that existing multi-family homes cannot be denied a request to install EV charging capabilities
  - City staff question: Is there a distinction to be made about a general requirement vs. requirement for City-funded projects? Can City-funded projects require this?
- **Motion:** Commissioner Rayala moved, Commissioner Olson seconded to have City look into this requirement, supporting initiative to require EV charging in city funded projects.

## New Business:

### Residential Rates for Electricity Changing October 1<sup>st</sup> 2022: AmeriCorps VISTA Energy & Sustainability Assistant Parker Angelos

- November 30<sup>th</sup>, 2012 Commission approved MN Power petition to use TOD rate
- August 20<sup>th</sup>, 2018 Commission granted MN Power request to end TOD pilot program
  - Pilot program from 2014-2018
- Entire transition will take until 2027

- Sine 1970s on inverted block rate, now on flat rate structure (intermediary phase), by 2027 default TOD rate
  - Oct. 1<sup>st</sup> 2021 first phase started for those using 1,000kWh or less per month got 30% discount on first 600kWh used
  - Oct. 1<sup>st</sup> 2022: low-income qualified residents receive discount upon filling out income self-declaration form
- Self-declaration form for low-income customers making less than or equal to 60% of MN AMI (~\$20,000)
- Outreach plan to connect Duluth community to low-income self-declaration process
- Comments
  - Commissioner: Has PUC approved this rate change? Answer: Yes. Have they approved 18% rate increase? Answer: Separate plan (currently being considered)
  - Commissioner: Starting with customers already on TOD pilot and making sure that they switch over to rate, and then will be targeting other groups starting next year (staggered marketing)
  - Commissioner: Is the switch to TOD mandated? Answer: No (not until 2027)
  - Solar will most likely follow this pattern as well – you get more credit dependent upon different
  - 3-8pm is peak rate, 11pm-6am super off-peak rate, 6am-3pm and 8pm-11pm off-peak rate
  - Commissioner: Suggested reaching out to HRA to connect w/ Section 8 housing groups (also says outreach program fantastic)
  - Commissioner: Great work, definitely needs to get out to the community. Connection between their mission as a commission; working on city-owned and city-funded projects – how does working on residential rates tie into this?
    - City Staff; answer: There is a clause within the EPC Charter for promoting best practices within community to reduce GHG
- **Motion:** Commissioner Rayala moved, Commissioner Reichert seconded to support outreach plan to connect citizens with usage-qualified, low-income self-declaration form

### Energy Transition and City Utilities

- Comfort Systems: Jim Benning (Director; Public Works & Utilities) and Jenae Pitoscia (Project Coordinator; Public Works & Utilities)
  - 31,000 customers within the utility, 28,000 gas customers
    - Vast majority do use natural gas as their primary heating source
  - Rebate Programs (Presentation; available in printout or digital form)
    - Energy Savings: 1% of average weather-normalized retail sales at the generator, less sales to CIP exempt customers
    - Low-Income Spending: Required 0.2% on low-income
    - AHEAP: assist residential customers analyze energy use and energy patterns
    - C&I Programs: for commercial and industrial customers, based on amount of dekatherms able to save determines their grant (encourages putting money toward bigger saving areas)

- Affordable Housing Energy Program (assisting developers and contractors build affordable housing)
  - Energy Awareness Expo (specific to low-income residents, assistance in reducing energy usage)
  - High Efficiency Furnace and Boiler Program, \$200 rebate program for updates on aged heating units
  - Home Energy Survey: determine areas of other energy updates completed by residents
  - Home Energy Analysis: a less advanced energy audit
  - Home Energy Loan Program: low-interest loan for insulation, replacement of furnace or boiler, etc.
  - Furnace and Boiler Tune Up Program (new): assists w/ education on how people can ensure units are functioning properly; inspection of furnace to ensure proper heating functionality
  - SMART Thermostat Program (new): promote SMART thermostat
  - In Progress: Low Income Fuel Switching Program, would promote low-income property owners to switch to natural gas from fuel oil (up-front costs can be large, covers service of main gas line to their gas line)
- Comments:
  - Commissioner: How do you get the word out? Answer: Published on website, events out in community, home show is a big one, Salvation Army Energy Expo, advertising on streaming services
  - Commissioner: Are rebates a credit or a check? Answer: Coming back on a sundry account, from which they can request a check or add it to their utility bill or use it as a credit; How long do those take to receive? Answer: Determined by billing cycles; rebates seen on next billing cycle
  - Commissioner: Has Comfort Systems looked at any other potential sources of energy, e.g., geo, and any link between Comfort Systems and Natural Gas Innovation Act? Answer: Not a service they provide, rely on other services like MN Power for rebate/initiatives, Comfort Systems won't get in the way of that; will not actively provide money towards those initiatives as job is to provide safe and consistent energy, will not use natural gas funds for other energy sources
  - Commissioner: What if there was funding for new energy sources from other areas? Answer: If money came to the City it would most likely go to Mindy and they would be better served to utilize that; all in favor of us diversifying but doesn't think Water and Gas utility is place to do that – currently has zero people to put to that but if money came in to hire someone then PWU could focus on it; If geothermal department created then PWU could pursue
  - Commissioner: How could the city create such a program (geothermal department)? Answer: A study. Could you start it? Answer: Yes, with support from the Commission. Is there an estimate of heating prices this year compared to last year? Answer: Double seems like a good estimate. We've prepaid for a lot of gas (in storage) so it's not as volatile as other systems, but influences from Russian war in Ukraine impact prices
    - We need to work very hard to get rid of natural gas. Response: Comfort Systems operates a natural gas utility that provides needed energy to 28,000 customers

today. That doesn't mean that we aren't open to other options; however, this will take time though. It won't happen overnight

- Commissioner: But we need to start working in that direction. I read all new multi-family builds will need to reach net zero emissions by 2036, so those buildings won't be using natural gas anyway. I think designers and developers and builders need to seriously consider the source of energy for their buildings.
  - City Staff: Xcel Energy employs someone to do energy modelling and consulting
  - Commissioner: That's not happening here—I'd like to see PWU and MN Power to start to put together a designer to work through those alternatives; gas price increases will most likely continue with what is happening in Europe
  - Answer: I don't disagree with you, that's probably a different department. If someone asks if they can have natural gas, I say yes. It's probably more with Planning and Economic Development/Construction Services; certain standards have to be met. Great idea, but it has to be directed to a different department.
- Commissioner: There are programs that Jenae offers for modelling and looking at other opportunities/ways that customers can take advantage if they're interested (no full-time consultant), it's down to the customer and what they want to afford; architects and engineers are better than ever at providing these opportunities; a matter of whether the customer wants to pay for those alternatives (marketing these opportunities is a big focus)
- Commissioner: Another opportunity that is being considered around the country is requiring buildings to provide wiring for electric heating rather than gas
- City Staff: IRA increasing tax deduction for 179D, 25-50% reduction above code, could be a strong motivator
- City Staff: How many new gas hookups this year? Answer: 160 for this year; existing homes are where the opportunities are and not new home construction
- Commissioner: How many low-income customers? Answer: Cannot target specific low-income customers
- Duluth Energy Systems: Justin Reid (General Manager; Ever-Green Energy)
  - 90 years of service to Duluth
  - City ownership 1979
  - Ever-Green Energy hired to operate, maintain, and manage in 2012
  - Working with City to implement CAWP
  - Two boilers coal/natural gas, two coal only
  - Hot water and steam heating to 164 buildings
  - Service area: 4<sup>th</sup> St. to NW and 11<sup>th</sup> Ave. to NE
  - Energy transformation replacing 16 blocks of steam pipe, closed loop and helped transition many customers from steam to hot water, upgraded customer building and plant equipment
  - Coal usage reduced by 92.4% since 2010
  - GHG reduced by 20%
  - Potential to decarbonize, esp. via IRA: biofuels, waste heat recovery, geothermal/heat pumps, electrification, interested in geo-grids
- Comments:

- Commissioner: How are you transition from steam to hot water? Answer: Transitioning customers as they come; sometimes too expensive; targeting some customers that are easier to convert (buildings next to hot water, buildings on the end of the steam line; as road upgrades; looking to switch hospitals)
- Commissioner: Are there any new customers coming online? Answer: In new construction, and Old Central High School and Zietgiest are hot water contacts
- Commissioner: Downtown buildings still on steam, is cost the problem? Answer: Cost prohibitive in some buildings, some historical buildings are not able to switch to hot water; currently DES is at around 70% steam and 30% hot water; Essentia has new boiler plant but St. Luke's does not (hospitals will never be able to switch to fully hot water as they need steam for operations)
- Commissioner: How will rising natural gas cost affect pricing? Answer: DES getting a good rate but cost will be passed onto to customers
- Commissioner: When will five year plan be done? Answer: Presenting to City Council on October 26<sup>th</sup>

#### Public Comment:

- Lora Wedge
  - City utility can transform into other services instead of being a stranded asset ;encourage us to take advantage of wonderful utility that can transform into district energy
- Beth Tamline
  - MN Power is asking people if they are low-income; so can this information be shared?
- Linda Harris
  - Can the city require all new construction of both commercial and residential to use renewable energy sources for heating if the city puts funds into a project?
    - Benning: given the right ordinance they can do anything; city can adopt rules that are more compressive that the current regulation
    - Granley: IRA money to redo state building code; Better Buildings Minnesota: group seeking to give cities more control over building codes, but IRA will most likely incentivize state to revise code

#### New Business cont.:

##### Energy Coordinator Updates: Alex Jackson

- City Hall HVAC Project; Lead and asbestos to deal with
  - 2 of 3 contractors are chosen, go out to bid for general construction services for third time
  - Funded through ARP Recovery Funds, will add ventilation and conditioning to spaces
- VRF equipment here
- Air handlers are coming later next month
- Removal of asbestos in next couple weeks to accelerate
- New boiler system and heating in Woodland Community Center
- Study of Fire Hall 10 for heating next summer

## Sustainability Officer Updates: Mindy Granley

- Intro to team
- City investments:
  - Fleet vehicle gap funding, \$200k set aside for hybrid/electric vehicle purchases (but supply chain barriers); hybrid kit for a Fire Department Ladder Truck
  - \$400k towards Energy Fund for City building projects/planning (\$150k for support for Strategic Facilities Planning/Energy Analyst)
  - Forestry: \$150k grant from MN DNR, acceleration of EAB and tree replacement work
- C-LEAP grant work
- Utility Conservation Program Planning Grant (energy equity for renters toolkit)
  - American Council for an Energy Efficient Economy grant
  - Should be published by the end of September
- Duluth Stormwater Resiliency Plan
  - \$100k grant from MPCA to create a stormwater resiliency plan
- RAISE grant fund, \$24.9M for rebuilding West Superior St.
  - New streets, sidewalks, protected bike lanes
  - Green infrastructure for stormwater treatment (harder to do along linear structure)
- Great Lakes Commission GLSNRP, \$121k
- Miller Park project
- FEMA funds (DR-4531)
  - Water Plan resiliency improvements, \$7.8M
  - Shoreline stabilization
  - Future: solar power integration, energy storage, etc.
- DOE RACER Grant
- ICLEI Action Fund grant, money through Google, \$1M, focus on electrification in EJ neighborhoods
  - Residential, commercial transportation
- MPCA Diesel Emissions Reduction:
- Upcoming: EECBG Grant (Infrastructure Act), IRA programs and grants, DOE Community Geothermal Heating and Cooling District
- Comments:
  - Commissioner: Solar project question on ownership. Answer: City would take ownership

## Future Meeting Topics

- Commissioner Olson: Discrepancy between 80% or 100% by 2050? Commission's charge is 80%.
- Commissioner Theisen: Who decides to make that update?
  - Commissioner Olson: City Council resolution, so Council would most likely have to amend that resolution
- Scorekeeping effort and regular reflection encouraged
  - ClearPath will track emissions, but projecting into the future to see what actions will bring down emissions hasn't been used

- City of Rochester willing to present remotely about their geothermal grid – Commissioners agree

**Adjournment:**

There was a motion to adjourn the meeting at 6:01pm by Commissioner Reichert and Commissioner Wishart.