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Via Electronic Filing

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State of Minnesota Public Utilities Commission

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Initial Comments on behalf of the “Energy Access Commenters” North American Water Office, Minnesota Interfaith Power & Light, MN Renewable Now, the EcoFaith Network of the Minneapolis Area Lutheran Synod, Cooperative Energy Futures, Native Sun, Solar United Neighbors, Solar Bear, MN350, Institute for Local Self-Reliance, HOMELine, Clean Up the River Environment, Minneapolis Climate Action, Vote Solar, SoularScenes, and InquilinXs UnidXs por Justicia.

In the Matter of a Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed On Bill Pilot Program (Docket No. G-008/M-21-377)

The below-signed organizations are writing to comment on Docket #21-377. Our organizations are [energy justice, faith-based, and clean energy groups that seek to advance energy efficiency and clean energy in ways that are deeply accessible to all Minnesota residents, regardless of property ownership, income, or access to capital. We strongly encourage the Commission to adopt the proposal with the critically important changes that have been outlined below. By adopting these changes, the Commission can ensure that the program best meets the need of consumers and serves its intended purpose.

About the Signers:

North American Water Office focuses on electric utility wastes and the disproportionate adverse health and economic impacts of electric utility wastes on Indigenous Peoples, People of Color, and those who live at subsistence levels. Our mission is to phase in modern renewable energy and energy efficiency systems and technologies, to phase out destructive electrical generation technologies and obsolete, abusive energy management practices, and to empower those who are disproportionately affected to

utilize mitigation and remediation strategies. NAWO programs connect energy development with environmental protection, local economic development, public health and social justice.

Minnesota Interfaith Power & Light works with faith communities to support both systemic and practical solutions to addressing climate justice. We view the mechanism of Tariffed On-Bill Financing as enacted successfully across the country as a way to reduce carbon emissions and provide access to energy equity. In our work, we have witnessed some of the barriers that people face in getting access to energy efficiency programs and funding. This proposal is a strong step towards addressing those barriers.

MN Renewable Now is a renewable energy nonprofit located in the North Minneapolis Green Zone which works with Minneapolis residents to connect them with renewable energy and energy efficiency options thereby making them more affordable and accessible. Tariffed On-Bill Financing would address some of the environmental injustices our communities face. Over 80% of the rentals in North Minneapolis are single family homes that are owned and managed by absentee landlords, and have some of the highest energy burdens in the state. Tariffed On-Bill financing would address the high costs associated with making much needed energy efficiency improvements for these households and by providing property owners of color an opportunity to participate. We hope in the future this can expand to include solar, which was part of the feasibility study, thereby addressing racial equity through renewable energy.

The EcoFaith Network of the Minneapolis Area Synod of the Evangelical Church in America (ELCA) represents a network of Lutheran leaders across the greater metro area of Minneapolis, who care deeply about environmental stewardship and climate justice. We see Tariffed On-Bill Financing as a key solution to scale up energy efficiency for climate impact and significantly expand access to energy efficiency options, creating both greater equity and sustainability.

Cooperative Energy Futures (CEF) is a member-owned clean energy cooperative of around 950 member households across Minnesota. CEF works to empower communities across Minnesota to build energy democracy through solutions that are clean, local, and ours. Our members already benefit from financial innovations that allow us to finance and develop clean energy projects cooperatively when they could not do so alone. We see Tariffed On-Bill Financing as an analogous tool that can expand access for households who rent or who lack the capital to participate in the utility bill cost savings provided by energy efficiency and other in-home energy upgrades.

Native Sun is a native-led non-profit that promotes renewable energy, energy efficiency, and a just energy transition through education, workforce training, and demonstration. Our purpose is to help Native nations and people lead the way to a just energy and climate future, realize the economic and environmental benefits of the transition to clean energy, understand and engage in the work of transitioning to a just climate future, engage in civic and democratic life in ways that advance a just energy transition, and make progress toward a future of energy sovereignty. Tariffed On-Bill Financing is an exciting mechanism to plausibly make efficiency widely attainable and sustain the demand needed to sustain a workforce.

Solar United Neighbors (SUN) is a national 501(c)3 nonprofit with a Minnesota chapter, born out of the inconvenient but transformable truth that right now accessing solar for most is complicated and expensive. We have remained committed to the idea that people should have a say in their energy

system and, if they pay into it, they should benefit from it. We view Tariffed On-Bill Financing and access to energy efficiency as closely in line with our mission.

Solar Bear is a solar installer building renewable energy projects for the future generations of Turtle Island and Mother Earth. We give people the power to make their own energy decisions—because no one owns the sun. We incorporate environmental and social justice practices into our day-to-day operations. We utilize social impact bonds to make a difference in the communities that we serve, and challenge the prison-industrial complex.

MN350 is a member-based organization that is committed to transitioning from an extractive economy based on fossil fuels and consumption to a sustainable, life-affirming economy with energy from the wind and sun. We work with the imagination and dedication of thousands of volunteers and work in a coalition with organizations statewide to guarantee that benefits flow first to marginalized communities that are historically excluded from economic gain. We support Tariffed On-Bill Financing as modeled across the country because it can help to reduce carbon pollution while also promoting energy justice, access, and equity.

Institute for Local Self-Reliance supports inclusive financing as a tool to more equitably leverage non-utility capital to accelerate the adoption of distributed energy resources including solar generation, storage, demand response, and efficiency, and more broadly share the economic benefits of the clean energy transition.

HOME Line provides free and low-cost legal, organizing, education, and advocacy services so that tenants throughout Minnesota can solve their own rental housing problems. HOME Line's major programs include: tenant hotline services, tenant organizing, and policy advocacy. We work to improve public and private policies relating to rental housing by involving affected tenants in the process.

Clean Up the River Environment (CURE) is a rural grassroots organization representing rural Centerpoint Customers and electric cooperative member-owners. CURE is committed to working for clean electricity, energy efficiency, climate justice, and economic justice – and sees Tariffed On-Bill Financing as a program option that would more broadly and equitably increase access to energy efficiency options.

Minneapolis Climate Action is a nonprofit dedicated to equitable, innovative climate solutions that focus on environmental justice and equitable access to renewable energy and energy efficiency benefits. Inclusive financing provides a much-needed mechanism to make financial and climate-positive energy savings available to all, regardless of financial status.

Vote Solar is a solar and climate justice advocacy organization fighting for a 100% clean energy transition that puts the interests, health, and well-being of people at its center. We believe that tariffed on-bill financing can help address the “missing middle” of low and moderate-income Minnesotans who are left behind by current options for home energy upgrades. A successful program can reduce carbon emissions and energy burdens while making homes safer and more comfortable. We hope to eventually see on-bill financing options that provide wrap-around services for residents, from weatherization and energy efficiency to rooftop solar and demand response technologies.

Soular Scenes is a hybrid organization founded to deliver access and training through regenerative practices in our community. As the home of Soular Scenes since 2010, North Minneapolis has a strong community network that actively eliminates the challenges of low employment rates, violence, and health issues, providing access to educational opportunities at every level. These interwoven community strengths support SoularScenes focus on green initiatives, STEM education, and employment training placing professional artists and emerging entrepreneurs center stage alongside the pressing environmental justice and social justice matter as they arise. We believe technology alone cannot save us. Rather, technology coupled with the concentrated wisdom of community members must drive efforts to reduce/replace power consumption. Equitable access to resources and financing beyond the trickle-down of philanthropic agendas of power companies and nonprofits. We believe inclusive financing is key to truly deliver resources and energy benefits into the hands of All community members.

The Just Solar Coalition embraces a vision of one hundred percent access to the benefits of clean energy. We support a transition to a green economy that not only includes everyone but also helps to close the employment gap, improves the natural world, and creates a new story about the community's role in the energy system. We are a diverse coalition of solar developers, community organizers, environmental groups, faith leaders, thought leaders, rural developers, financiers, workforce developers, and more. We see the climate crisis, racism, and economic injustice as inextricably intertwined – and we believe that the solutions to these challenges must be systemic, too. We share a common vision of ensuring a just transition for both workers and consumers into the new green energy economy. Inclusive Financing is helping to address nationally the removing racialized barriers to access cost-saving solutions to climate and doing so at the scale that matters.

InquilinXs UnidXs por Jusiticia is a base-building tenants rights organization working to transform the Minneapolis housing system. IX's work consists of tenants organizing around a shared landlord or a shared issue. Following the leadership of tenants, we educate about political and legal rights, organize actions, reclaim the narrative about renters, work to create pro-tenant policies, and develop long-term solutions where tenants have a greater say over their homes. Most importantly, we transform ourselves by struggling together and believing that another world is possible.

Why We Support the Mechanism of Inclusive Financing as Modeled on the Pay-As-You-Save program across the country:

There are many reasons why we support a Tariffed On-Bill Financing pilot program that would be available to every Minnesotan served by Centerpoint, prioritizing the leakiness of the building over the income/wealth status of occupants. The proposed mechanism is aligned with the successful Inclusive Financing programs that have been implemented in other parts of the country, where they have resulted in substantially increased accessibility to and equitable distribution of energy efficiency opportunities. A number of features make this model particularly powerful:

1. Inclusive Financing is a tool uniquely suited to filling an important gap in current energy efficiency program offerings that currently leave out most. Many customers who are not at either end of the wealth spectrum, and especially renters, do not qualify for or struggle to meet requirements to take advantage of the current energy efficiency programs in place. Yet nearly all customers (except a small number who are exempt via affordability programs) pay for existing

Conservation Improvement Programs on their energy bills whether they can access them or not. Inclusive Financing would open up access to energy efficiency to a large portion of customers (eg. renters, households with incomes above income-eligible program thresholds but who would still struggle to pay for the upfront cost of home energy upgrades, those unable to qualify for or unwilling to take out personal loans) who currently pay for statewide energy efficiency programs but who functionally have few ways to benefit. We are especially appreciative that this mechanism does not require a credit check or personal loan.

2. Strong consumer protections are built into the Pay-As-You-Save model of Inclusive Financing, which have been cited by the NAACP, the Southern Environmental Law Center, the Southeast Energy Efficiency Alliance, and each Public Service Commission that the model has come before. Program operators are accountable to ensure that only households who will experience a net savings inclusive of monthly charges will participate, using the 80-20 rule (customers receive at least 20% of the savings from the energy upgrade directly on their bill and only up to 80% of the savings over 80% of the lifespan can go to pay back the improvement as a monthly on-bill charge). Post-installation billing analyses are done to ensure net savings are realized, and if they are not charges end - the work is warrantied for the duration. Across all of the national programs, there have been no recorded disconnections as a result of this program.
3. Inclusive Financing strongly complements existing programs, such as the Weatherization Assistance Program, Low-Income Conservation Improvement Programs (CIP), and other Rebate-focused CIP offered by utilities. By expanding outreach capacity for income-qualified programs as required in this filing, more customers will become aware of the energy efficiency programs that are available to them and be able to make the best choice for them. Minnesota Interfaith Power & Light, one of the signers of this letter, conducted surveys of Minneapolis residents in the summer of 2021 that found that many people were interested in making energy efficiency improvements to their homes but were not aware of the programs that were available to them.
4. The economic impacts of inaction on Minnesota households are rapidly rising. Natural gas prices have always been volatile, with big price spikes that get passed directly onto customers. With natural gas prices rising alarmingly this past winter and on into the future we know the need for clear mechanisms that allow households to reduce their exposure to high gas costs only grows with the passage of time.
5. Finally, Inclusive Financing has already garnered strong community support in many local communities as well as communities across the country. On the previous docket regarding this program (#19-524), over 100 comments were submitted calling for the mechanism of Inclusive Financing, joint signers here, and thousands of petition-signers collected in years prior.

We strongly believe that with key changes to the proposal so that implementation matches best practices used across the country, this program will expand access to energy efficiency and reduce emissions, prevent the need for unnecessary gas grid infrastructure, and minimize the energy burden on Minnesota consumers.

Key Improvements To Centerpoint's Proposal Needed To Ensure Program Follows National Best Practices & Cost Effectiveness

While we support the proposed Tariffed On-Bill Financing pilot as a whole, there are some specific ways in which we believe Centerpoint's proposal must be improved to ensure that it adheres to the fundamentals of inclusive financing.

1. The proposed \$100 for the energy audit should be removed altogether or clearly identified where the cost parallels national programs but be rolled into participant charges. No other inclusive financing program separates out the energy audit costs and puts them up front, which adds a fundamental barrier to participants getting the first basic piece of information regarding their cost-effective energy opportunities. If Centerpoint can prove where this charge matches with costs of other national programs, then it may be included but only as a rolled-in participant cost. This cost could still be offset by another funding source, such as a supportive local government.
2. The program should be run as a pilot for only 12 to 18 months before re-evaluation and moving to scale if successful. Having a three-year pilot that includes annual investment ceilings (~\$5 million/year) is likely to lead to extended periods of time each year when there is consumer demand that the program is unable to meet, which creates false starts and stops and mixed messages for outreach workers, contractors, and participants. This is a chronic problem with existing federally funded programs, state, and ratepayer funded programs and should be avoided. We believe that the Commission should follow the model of other states and programs and have a shorter pilot period with the option to expand after evaluation. The overall funding cap (\$15 million) should be continuously available unless used in full before the end of a shorter 12-18 month pilot period, allowing utility, implementer, and community capacity to ramp up consistently.
3. Finally, and most fundamentally, we believe that the Commission should require Centerpoint to evaluate third-party capital on the record as part of its reporting filings for this program and work with what we understand are interested capital providers that can offer significantly lower rates as is the case in other Inclusive Financing models. We understand that a key barrier to accepting lower cost of capital is the Commission's current requirements for CenterPoint's Debt-to-Equity ratio, and would strongly encourage the Commission to consider waiving these requirements for this program to enable CenterPoint to accept low-cost 3rd party capital without requiring ratepayer-funded returns on new CenterPoint equity. All utilities have access to low-cost capital, and rural electric utilities so far have used this to customers' benefits by opening access to that capital at the same low-cost. Investor-owned utilities should be allowed to follow suit.

Conclusion:

We ask that the Commission approve the joint CenterPoint Energy and City of Minneapolis petition to allow the *mechanism* of a Tariffed On-Bill pilot program for residential energy upgrades to move forward as a key next step for increasing accessibility and equitable distribution of energy efficiency services

across CenterPoint Energy territory in Minnesota. We also ask that the Commission direct the following *programmatic* amendments to the petition:

- Require that CenterPoint Energy collect only 2.5% rate of return from participants, evaluate 3rd party capital options in its reporting filings, and consider waiving CenterPoint Energy debt-to-equity ratio requirements for this program.
- Revising the pilot period to 12-18 months, and ensuring the full \$15 million investment cap is available continuously to avoid stops and starts in program implementation
- Removing the \$100 energy audit cost and ensuring there is no upfront cost barrier with the exception of optional co-pays paid by landlords

We appreciate the opportunity to share our feedback on this exciting mechanism and Centerpoint's proposal that has addressable issues. We hope that the Commission will move forward with this proposal with the programmatic changes that we have outlined.

Signed,

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