

May 16, 2022

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G008/M-21-377

Dear Mr. Seuffert:

Attached are the Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed on Bill Pilot Program

The Department recommends that the Minnesota Public Utilities Commission (Commission) **deny the petition**. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ SUSAN L. PEIRCE
Rate Analyst Coordinator

SLP/ja
Attachment



Before the Minnesota Public Utilities Commission

Reply Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G008/M-21-377

I. BACKGROUND INFORMATION

On March 1, 2021, the Minnesota Public Commission (Commission) issued its ORDER ACCEPTING AND ADOPTING AGREEMENT SETTING RATES, AND INITIATING DEVELOPMENT OF CONSERVATION PROGRAMS FOR RENTERS. [March 1 Order] In the Order, the Commission directed CenterPoint Energy (CPE or the Company) and the City of Minneapolis (City) to file a Pilot Program to provide Tariff on Bill Financing (TOBF) for the provision of energy efficiency measures to low-income rental customers.

On September 1, 2021, CPE and the City of Minneapolis filed a TOBF Pilot Program.

On September 17, 2021, the Commission issued a *Notice of Comment Period* seeking comment on the proposed TOBF Pilot, and requesting comment on:

1. Should the Commission allow deferred accounting for costs to be incurred to develop and operate the 3-year TOBF pilot program as requested by CenterPoint/City? If deferred accounting is approved, who should bear the cost burden?
2. Should the Commission approve the tariff language, agreements, and other exhibits to implement the pilot offered in the proposal?
3. Is the CenterPoint/City TOBF pilot proposal a program that (1) is likely to facilitate substantial energy savings, (2) is efficient at delivering energy savings, (3) is operationally sound, and (4) is consistent with Minnesota law?
4. What other factors could be relevant to the Commission's inquiry?

On February 4, 2022, parties filed initial comments on the TOBF Pilot.

II. DEPARTMENT ANALYSIS

The comments of parties to this proceeding indicate a general consensus that as filed, the TOBF Pilot should be rejected. A number of parties recommended modifications to the proposal that in their view would render the Pilot acceptable. In the Department's view, the question is whether proposed modifications are sufficient to warrant pursuing the Pilot, or if targeted customer participant groups and ratepayers would be better served by expanding and/or modifying existing CIP programs, or adding new CIP programs to encourage energy efficiency improvements. As will be discussed in comments below, the Department concludes that modifications to the Pilot are insufficient to warrant its approval.

As detailed in our initial comments, the Department continues to have legal concerns with the proposed Pilot; concerns that were shared by the Office of the Attorney General – Residential Utilities Division and the Legal Services Advocacy Project. The legal concerns alone are sufficient to reject the TOBF Pilot.

The comments of other parties raise concerns over who precisely is being targeted for participation by TOBF Pilot. The filing states focus on low-income renters and households in Minneapolis Green Zones and other areas of concentrated poverty. As noted in initial comments, CPE has expanded eligibility to its low-income programs to automatically include rental properties with 1-4 units within Minneapolis Green Zones. The low-income programs now available to those properties weatherization and other require a 50/50 sharing between the landlord and the CIP program. So while the properties may be eligible for low- to no-cost CIP programs for energy efficiency upgrades, the landlord (who may or may not be low-income themselves) would have to contribute.

CEO comments focus on the assistance that could be provided to moderate income households who may lack the means for attaining financing, and paying upfront costs while waiting for a program rebate. Two questions come to mind for the Department regarding this target group: 1) are there cheaper, more cost-effective ways of assisting those households through new or expanded CIP programs, and 2) how much of the cost should ratepayers be asked to shoulder for customers who may be able to afford the necessary energy upgrades given more targeted CIP programs and on-bill financing options. In its December 2021 Compliance Filing in Docket No. E999/CI-20-375¹, CenterPoint reported approximately 800,000 residential customers, of which approximately 21,000 or 2.6 percent of residential customers receive assistance through the LIHEAP program. As ECC has noted over the years, using LIHEAP assistance as the proxy for low-income customers understates the total number of low-income households. Consequently, the TOBF Pilot will ask non-participating ratepayers, including some low-income customers to provide financial assistance to Minneapolis ratepayers, some of whom may not be low-income.

The remaining modifications proposed by parties to justify approval of the Pilot largely focus on the cost of the Pilot, including initial costs, co-payments, the rate of return, and administrative and program delivery costs. Eliminating or modifying the payments made by program participants does not eliminate the costs, it simply will shift the burden for paying those costs to ratepayers.

The Department continues to conclude that the TOBF Pilot and the request for deferred accounting should be rejected, and CPE directed to file additional targeted CIP programs to meet the needs of its customers.

¹ *In the Matter of an Inquiry into Actions by Electric and Natural Gas Utilities in Light of the COVID-18 Pandemic Emergency, CenterPoint Energy December 2021 Monthly Report, Docket No. E999/CI-20-375, January 20, 2022.*

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Reply Comments

Docket No. G008/M-21-377

Dated this 16th day of May 2022

/s/Sharon Ferguson

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