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August 8th, 2022

Will Seuffert
Executive Secretary, Minnesota Public Utilities Commission
121 7th Place E., Suite 350 St. Paul, MN 55101

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)

Community Power respectfully submits the following Supplemental Comments into the record, with appreciation for the additional conversation.

All Minnesotans need efficiency programs that fit their lived economic reality. Having accessible programs like this is fundamental; it is so both because of our longstanding mandate on climate, and because the rebates, grants, and other incentives for them are *publicly* funded through tax dollars and utility bills. Inclusive financing offers a much-needed, additional mechanism to reach underserved Minnesota energy users, while conveying tangible benefits to participants, ratepayers, and all communities. This Centerpoint inclusive financing pilot is a critically important part of testing collective policy assumptions about what people actually need to access cost-saving, comfort-building, climate-mitigating efficiency programs.

We support the pilot being launched as it has been revised in the most recent filing by the Petitioners on May 16th, 2022. In our supplemental comments, we also offer specific ways in which we believe the Commission can and should direct Centerpoint to align the pilot with best practices of Tariffed-On-Bill (TOB) tools nationwide and the public interest.

RESPONSE TO TABLE AND EXHIBITS

The discussion and overview (p. 1-9) as well as the Exhibits A-Q capture in broad strokes our concerns, with the exception of a few places that we outline below in “Core Remaining Issues.” We do recommend, however, that the Commission and others only pull from *original* Initial and Reply Comments for accuracy and specificity of content about who said what. The summary laid out in the Table (p. 9-14) does capture many of the general themes raised, but it has in certain places misattributed or missed commenters. In particular, there is an absence of public commenters’ listed as “commenters” for certain themes, despite many commenters outlining clear perspectives. It is important that those voices are given weight, too. We would also have liked to see all formal commenters’ summarized in this table organized by theme to make clear the areas of overlap, and nuances within certain issues like cost, capital, and interaction with CIP. That said, we find the main content of the modifications to be outside the Table. Therefore, that is the primary place we hope to focus collective attention, comments, and conclusions.

ORIGINAL AND NEWLY PROPOSED PROGRAM DESIGN ELEMENTS THAT ARE ESSENTIAL FOR OUR SUPPORT

We continue to whole-heartedly support the underlying mechanism of this pilot with the essential differentiating features, all of which remain unchanged and unique to this tool, as follows:

- a tariffed-charge attached to the utility meter
- monthly cost recovery through a set charge calculated at no more than 80% of the estimated savings spread out over no more than 80% of the upgrade's life (& no more than 12 years)
- home-specific modeling to calculate savings based on real energy use of home
- not a personal loan that follows the person, nor a lien tied to the deed title
- no personal eligibility paperwork to gather or hoops to jump through; no required credit checks, SSN or documentation disclosure, or income threshold tests

The following program modification is critical to both the success of the program in reaching new participants, and is essential for our support:

- **Removal of the $100 upfront fee for participants for the initial audit**[1] - a program effective at serving hard-to-reach customers cannot have a cost-barrier to information

USEFUL PILOT MODIFICATIONS OR REITERATIONS THAT ARE NOT REQUIRED FOR OUR SUPPORT

We are supportive of or could easily be supportive of (depending on what is meant) the following modifications proposed by Centerpoint, and none are required for our support. We have also added below some important considerations to weigh in adopting each modification:

- **Establishment of pathways to other geography/income-eligible, ratepayer & tax-payer funded programs (e.g. LI-CIP & WAP)**[2] **to support anyone interested** - we see this as already proposed to in the original proposal, and that was re-emphasized as a priority in the Reply. It is best developed in this next phase once a TOB program operator has been selected and brought into the conversation. Methods developed for hand-offs to income-eligible programs should be shared for use by existing market-rate CIP programs. Testimony on the record makes clear that existing market-rate programs need their hand-offs strengthened so that people are not left in limbo. Any evaluation of the effectiveness of pathways should be benchmarked against the efficacy of existing programs to do so. As we and other commenters have shared, we believe strongly that "income-eligible" households should be well-informed about all options, but *never* actively excluded from participation in a program nor the decision-making about what, for them, is fastest, least burdensome, or otherwise of deepest benefit.[3]

  To be clear: income disclosure or proof of income is never required or asked for from participants of the TOB pilot itself as part of reducing barriers and time burden. Therefore, any process established for the TOB program operator to just *connect* people to income-eligible programs must never require the program operator to add collection of this income information, and neither should it be required to be collected for an evaluation of the TOB pilot. Collection of income information will already be required at the stage of applying for existing income-eligible programs, and does not need duplication.

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[1] Centerpoint Reply Comments, #21-377, 5/16/22 at p. 3, 7, 19
[2] Ibid. p. 3, 6, 17, and 18
[3] This is already policy in practice with market rate CIP programs, including Centerpoint's EZ-Pay Loan program, which saw that 1 out of its total 24 participants was "low-income."

- **Removal of the $475 program operator charge from participants cost-recovery calculation**[4] - We are supportive of the move to make this an O&M cost that is not subject to any return on investment from the pilot's capital provider. This also enables more projects to proceed because this charge is removed from the cost-recovery charge calculation using the 80/20 rule. In most PAYS programs, this program operator charge does actually stay with the participant through TOB cost recovery, so we believe this is not an essential change but is a helpful one.

- **Removal of the utility disconnection authority - shared by the TOB Pilot - that allowed the utility to disconnect the customer for nonpayment of their utility bill, including any going to the TOB charge**[5] **-** We have supported and requested this modification alongside others in our Reply Comments. This stance is almost entirely about *perceived* risk (for Commission stakeholders and perhaps some participants trying something new to Minnesota) rather than actual risk for the duration of the pilot program. As outlined previously, a TOB program using the PAYS framework *reduces* risk of disconnection because it lowers regular utility costs and stabilizes home comfort. This in turn lowers risks of both system-wide shortages and the associated price spikes that are borne at the household level on a per therm basis. Important considerations for pilot evaluation and any future permanent program include: 1) how people prioritize their household budget once the threat of disconnection is lifted, and 2) how prospective third-party capital sources interpret risk - and therefore rates of return required - under a program-specific utility disconnect freeze like this.

- **Reduction of initial start up costs by using existing utility systems -** We strongly support this creative solution-finding that allows for lower start up costs, to staff inside the Company who sought a better option, and are grateful to all stakeholders who asked Centerpoint to dig deeper for this. We do want to raise two potential concerns:

  First, it seems strange that one-time start-up costs would shrink *linearly* with overall program investment, as Centerpoint has proposed they would in their Reply: the program participant goal shrunk to ⅙-⅓ of the original size, and the start-up costs shrank to ⅙-⅓ of the original amount. Typically, start-up costs are relatively fixed with some fluctuation, not scaled 1:1 with the size of the total investment. This dynamic is part of what makes participant goals so critical: the fewer participants you serve with a fixed start up cost, the more cost per participant rises.

  Second, in the event the lowered start up costs proposed in Centerpoint's Reply are *temporary* workarounds that will only delay (but not replace) investments needed for a future full-scale program, we would question the judiciousness of the lowered start up costs. We would also question a lowered start up cost if A) the systems would not be robust enough to support even a pilot program effectively by creating unnecessary bottlenecks and frustrations for participants and the program operator or B) that is inclusive of the program operator start up costs as well as the utility's start up costs.[6] If any of the three of those are true, we would advise that the public interest is much better served by investing now in the systems that

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[4] Centerpoint Reply Comments, p. 3, 7, 19
[5] Ibid. p. 3 and 8
[6] From our conversations, we understand program operator start-up costs to range anywhere from $175k to $400k, depending on how roles are split between program operator and utility, as well as the volume of additional functions a utility requires. Software customization alone (data collection app/program tracking system, contractor and utility dashboards/reporting, etc run around $150k.

make this a truly one-time committed investment, rather than pay an extra cost for an ill-matched workaround.

- **Definition and identification of potential participants in consultation with community organizations**[7]. We support this pre-analysis to aid effective outreach efforts. As we've noted in previous comments, this makes sense at this upcoming stage of program development when a program operator has been selected and can participate. We want to caution against this turning into either of the following:

  1) a targeted outreach that makes TOB an "off-menu" item (e.g. you wouldn't know the program exists unless you were hand-selected for it), in which broad channels of communication (radio spots, tabling, websites, Facebook) will be off limits or underutilized in favor of approaching only pre-selected people. Data analysis should only complement not replace a wider information/education campaign, including tools like the well-designed and well-received promotion video created in Evergy service territory included below as **<u>Exhibit III.</u>** This video resulted in hundreds of sign-ups within the first weeks of airing.

  2) a drawn out process over many months and/or stretched over so many stakeholders that "analysis paralysis" sets in, delaying getting out into the community and telling people about this option. Word of mouth backed up by a mechanism people can really access is one of the most powerful combinations. This data is largely already available (both on the community-side and technical side), and should be used more to ground and launch the program operator and community partners into the work of materials development, communications/outreach plans, and real-time work in the community.

- **Exploration of methods to reduce capital costs through leveraging third-party resources.**[8] We strongly support continued exploration of capital sources, but find the reporting to date on the exploration promised to be incomplete and vague. We agree with others on the record that Centerpoint should instead be demonstrating that lower cost of capital doesn't exist not by simply *saying* it doesn't but by *detailing* what has been done, who has been approached, the terms of the offers (with whatever trade secret protections are needed), and the listed barriers surfaced by either the third party or the Company.

<u>COUNTERPRODUCTIVE MODIFICATIONS WE DO NOT SUPPORT, BUT WOULD NOT BLOCK OUR SUPPORT FOR A PILOT</u>

There is one core modifications that Centerpoint made that we find actively adverse, but will ultimately not block our support for the pilot because of the nature of the change:

- **Reduced TOB participant goals[9].** Reducing the pilot goals to 250-500 total across three years shrinks this program to ⅙-⅓ of its original scope is counter to both the effectiveness of the pilot, its impact, and what we have suggested as modifications. Not only does this modification reduce the intended number households who would benefit (which even before modification was already a relatively unambitious number compared to other TOB pilots and the scale of need), but it also, as mentioned above, works against the cost-effectiveness of the pilot in the name of reducing cost to ratepayers. Comparing this new budget of $2.6-$5.2

[7] Ibid p. 3, 5, and 17
[8] Ibid p. 3, and 7
[9] Ibid p. 2, 3, 4, 8, 17

million to the $15-$26 million to frame the cost reduction achieved with this modification is a misleading comparison.[10] As we point out in our Reply Comment, that original budget assumes an absurd "100% failure" scenario, in which all money comes from ratepayers and is never returned by participants.[11] We highlighted a more accurate range of comparison of ratepayer costs between: $5.2 - $5.6 total for a lower number of participants and upgrades or $7.5-$8.1 for a higher range. The upper range of both of those two estimates is exceedingly conservative as it uses Centerpoint's overinflated 4% default rate.[12]

Shrinking the program stretches start-up costs and marketing/outreach/ education costs over many fewer participants, creates bottlenecks for the outreach workers, and reduces contractors' ability to leverage volume-pricing, which in certain PAYS territories have reduced the cost of upgrade packages by up to 50%.[13] These modified participant numbers, however, are notably not caps but goals, which is why this modification does not block our support. If it is cost reduction that Centerpoint or others are seeking, the start-up cost reduction that Centerpoint has pursued could be a good start. However, a much clearer and more impactful lever that we and others on the record have repeatedly outlined, is addressing the source of capital.

UNADDRESSED ISSUES THAT WE RECOMMEND COMMISSION ACTION ON BUT THAT WOULD NOT BLOCK OUR SUPPORT

The source and cost of the proposed capital is an issue we and multiple others have voiced concern about, and also already discussed and outlined clear, workable solutions. Centerpoint's chosen cost of capital is the driver of *actual* cost to ratepayers (exceeding both start-up costs and program delivery), and the primary cost unmoored from *actual* risk.

Our existing recommendations on cost of capital are ones that we still maintain and strongly recommend, alongside one additional option that is aligned with real risk, are as follows:

- **remove the debt-to-equity ratio to allow low-cost third-party capital -** we know from stakeholder meetings with Centerpoint that this was a central issue cited by capital sources the Company approached
- **use of internal lower-cost capital from Centerpoint** - as the CEOs and CSP have mentioned in their comments Centerpoint has access to its parent company's long-term cost of debt, which is lower than its proposed rate of return and can and should be used as an option (see footnote for quote CEO comments)[14]

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[10] Centerpoint Reply Comment, #21-377, 5/16/22, at p. 5 *"CenterPoint Energy estimates the amount to be spent on the modified TOB Pilot program, including initial outlays for purchase of upgrades and program-related costs, at approximately $2.6-$5.2 million instead of the previously estimated $15-$26 million."*

[11] Community Power Reply Comment, section titled "Utility Cost Estimates," p. 6-7

[12] Ibid. (A short reiteration of why using Centerpoint's 4% default rate is not an appropriate assumption in a TOB program: First, field experience shows a <0.1% uncollectibles rate, so an overcautious assumption might be 2-10x that at 0.2%-1% - not 4%. Second, the structure of the cost recovery charge is such that any missed payments are not actually lost until CenterPoint chooses to write them off. There is already a provision in the pilot to extend the cost recovery period by the number of missed payments, so that the only way that Centerpoint suffers a true loss that must be covered by ratepayers is if a property becomes permanently uninhabitable and is condemned or destroyed).

[13] This is particularly important in the current, and likely future, contexts of supply chain uncertainty.

[14] Quote from CEOs comment p. 35 - "140 See Brett A. Jerasa Direct Test. 25:8–26:15, Doc. No. 202111-179373-03, In the Matter of the Application of CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Rates for Natural Gas Utility Service in Minnesota, Docket no. G-008/GR- 21-435 (Nov. 1, 2021) (explaining that CenterPoint Energy Minnesota Gas typically issues 30- year debt at an average rate of 4.06% compared to its parent CenterPoint Energy, Inc., which issues debt in 3-, 5-, 10-, and 30-year increments at a lower average rate of 3.16%)."

- *(additional option):* **approve Centerpoint to earn only the 2.5% rate of return from participants in tandem with approving deferred accounting to account for the lowered risk** of cost recovery afforded both by being awarded use of deferred accounting and by the significantly reduced size of total exposure due to reduced size of the pilot (⅙-⅓ the size of the original proposal)

RATE OF RETURN - RISK & PRECEDENT: Given the track record of Inclusive Financing programs nationally with an average of <0.1% uncollectibles and accountability to cash flow positivity for participants, there is exceedingly risk - other than perception of risk - for the capital provider. What risk there is is largely borne by the contractors and the program operator who model, test, and guarantee both their work and the savings estimates. They are on the hook to investigate and rectify any mistakes in installation or modeling.

There is some nuance needed in Centerpoint's reference to Ameren as an investor-owned utility precedent. The quote from Jeff Berg used to justify collection of the utility's full rate of return is taken somewhat out of context.[15] While that is what Ameren said that they want, the next bullet point in stipulation where the quotes is sourced from says that the other signatories to the stipulation do not agree to this and plan to continue to negotiate and dispute in future rate cases. The agreements with regard to PAYS® in that paragraph of the stipulation should not be construed as an agreement nor a determination by the Public Service Commission of a fair and reasonable capital structure for ratemaking purposes in Ameren Missouri's subsequent general rate cases. The signatories acknowledge that Staff and Office of Public Counsel disagreed with the Company's recommended capital structure in File No. ER-2019-0335, and that all elements of a proper ratemaking capital structure for Ameren Missouri will continue to be subject to dispute in subsequent rate cases.

Another investor owned utility, Spire Gas, has launched and received approval for a $10 million/year TOB program right out of the gate with a 3% to participants rate of return plus deferred accounting for program costs without mention or enabling of a full rate of return. All this was on a $10 million/year pilot. The details are included in **Exhibit I** below, and are also referenced earlier in the record.[16]

The Commission in Minnesota has a choice of how to best draw out good action from utilities in service of the public interest.

DEFERRED ACCOUNTING - RISKS & PRECEDENT: The low actual risk to capital providers of tariffed-on-bill programs when combined with deferred accounting is lowered even further. Deferred accounting has clear precedent to be used for pilot programs to encourage rather the stifle innovation. Pilot precedent aside, the TOB program in our view meets the other standards for its use including most notably being backed by a clear public policy mandate, most recently voiced in the 2020 Commission order from the COVID docket:

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[15] Centerpoint Reply Comment, May 16th, 2022 p. 13, footnote 12
[16] See footnote 99 in CEOs Initial Comments, p. 2

"At the May 7, 2020, Commission meeting the Commission also discussed identifying utility investments that could assist in Minnesota's economic recovery from the pandemic. To gather such information, the Commission will request that its Executive Secretary issue a Notice requesting information from the regulated utilities to identify investments and utility projects that could assist Minnesota's economic recovery from COVID-19."

The list explicitly includes investments that:

"Increase access to conservation and clean energy resources for all Minnesotans" [17]

We understand the ways deferred encourages attentiveness from utilities on priorities they otherwise may not prioritize: so we support deferred accounting insofar as it lowers risk and enables lower cost of capital *and* pushes the utility to act in good faith to not just to try the pilot, but to implement the program with excellence.

COMPARISON TO EXISTING OPTIONS - RISK & PRECEDENT: It is important to note in this discussion about to risk and the methodical, just and reasonable ways to engage with it to highlight who bears the risk of continuing to operate as we do now: relying solely loan/credit/income-based energy programs in a world with a growing and racialized wealth divide. In our happening-right-now scenario, disproportionate risk is borne by all ratepayers - both those underserved by programs and those served but shouldering the rising costs of a system that has not yet solved for huge inefficiencies at the household level nor those households' real barriers to programs. The costs - per therm price spike increases, threat of disconnection, uncomfortable/unsafe temperatures in homes - are generational and very, very high.

To be level-set, we do not and have never supported the utility's current rate of extraction from communities across all its investments (pipelines, substations, etc) - we do not find that it is just or reasonable or aligned well with the public interest. Similarly, we would not wish to see it applied to a TOB program. That said, we would *still absolutely accept* a program with Centerpoint's full rate of return (2.5% from participants, and 4.92%/remaining from ratepayers) as an irrefutably, net positive outcome compared to what is happening now. The TOB pilot as is would substantially contribute to mitigation of the actual everyday risks borne by communities.

Here is are a few reasons why:

- The proposed rate of return structure is no different, or is even slightly better for ratepayers, than how we de facto reward utilities for resource investments: distribution systems, power plants, substations, or even - efficiency and safety measures on the utility's side of the system. If we know that the home efficiency investments made through a TOB pilot are *avoiding* the need for other resource/system investments (electric or gas), then ratepayers are receiving resource investments for only the 4.92% rate of return. The rest of the utility's required rate of return is subsidized by program participants who cover 2.5%.
- We, at Community Power, nor anyone we've spoken with do not see - nor does record here suggest the existence of - a plausible and well-tested tool for deepened access aside from this tool. It is not a cure-all but a tool uniquely adapted for those who are underserved by current programs. If we understand it to be in the public interest for underserved customers

[17] PUC Order In the Matter of the Petition of the Minnesota Rate Regulated Electric and Gas Utilities for Authorization to Track Expenses Resulting from the Effects of the COVID-19 and Record and Defer Such Expenses into a Regulatory Asset, May 7 2020, p. 3

to have access to publicly-funded efficiency incentives/programs, then it would be reasonable for the Commission to build it into business as usual with rates of return that trigger action and investment.

- If deferred accounting is not allowed as it has been in other pilots, the risk to the utility - at least perceived risk not actual risk, given the track record of TOB - could fairly viewed as higher than without deferred accounting. Centerpoint accurately and importantly characterized TOB investments as additional to and larger in scale per project than the CIP rebate and grant incentives per project. TOB investments are precisely that - large bridging of gaps - and that is what makes this program essential. Centerpoint has just misinterpreted the evidence from existing TOB programs of who bears risk and how much. Once the actual risk to capital is verified through a pilot, risk and rate of return can be right-sized.

We have reiterated these recommendations in greater detail in decision option #2 below. All of these will deepen the pilot's service of the public interest and tie the rate of return more appropriately to actual risk.

OTHER RELATED ISSUES

PROGRAM EVALUATION PROCESS: In our Initial Comments and in our Reply Comments, as well as in multiple group and individual comments on the record, we recommended a midpoint evaluation around 12-18 months that doesn't interrupt or stop participation for the remainder of the program. Centerpoint has indeed added "earlier attention to analyzing results from the initial participants," planning to "be focused on evaluating the results from that initial group of participants while continuing to enroll participants if early TOB Pilot experience (i.e. energy savings and financial performance) is meeting program objectives" and the "[a]nnual reports will track TOB Pilot progress and aid in proposing modifications to the Pilot if necessary." While the high-level description of evaluation seems to reflect our recommendations, the implementation details underneath seem both confusing and in contradiction to our recommendations.

Thus, we have two primary concerns about the way in which evaluation is now proposed:

- Centerpoint has proposed a cliff for the marketing/outreach work in which there is no planned activity for the second half of the program, which would suggest that Centerpoint has not accounted for capacity to actually continue educating and enrolling people in the program, even when the pilot meets program objectives.[18]

- The third party-evaluation is still in year three and has not been pushed earlier. We do appreciate that the utility plans to add internal evaluation halfway through, a robust third party evaluation should be the primary tool for evaluation. It is unclear to us why 1.5 years of utility staff time and resources are necessary for internal evaluation when the proposed third-party evaluation is assumed to take only half a year. If the utility plans to do a time and resource intensive evaluation, then it is essentially and unnecessarily duplicating the work of a third-party evaluator.

We would rather see utility and ratepayer resources put towards either: moving the third-party evaluation to be 12-18 months in with recommendations for potential expansion and tweaks, OR

[18] Exhibit K - Implementation Timeline with Modifications, p. 1 of 2

keeping the third-party evaluation at the end of year three, but putting focus and resources into continued engagement and a lower-intensity internal evaluation/reporting.

PROGRAM EVALUATION QUESTIONS AND ASSUMPTIONS: Centerpoint's modifications include a set of evaluation metrics and questions that are somewhat inclusive of ours and others' recommendations, but also miss important questions or make unhelpful implicit assumptions that may lead to misassessment. To give two examples, many of the questions are worded in non-neutral ways and/or in presumption of failure. Questions for any program evaluation should be framed neutrally, such as "For what proportion of participants was X achieved, or did Y occur…." "How does this pilot compare to similar programs such as…" "What are participants' perceptions of….". Second, a simple assessment looking at annual cash flow (are people paying more now than they did before accounting for differences in weather) cannot and should not be a definitive assessment of program performance. Participants should always retain the right to make choices that will increase their energy usage (e.g. adding occupants including children, installing new equipment such as gaming equipment, an extra freezer, etc. so the evaluation needs to use the billing data and ideally smart meter data to disaggregate use and conduct follow-up interviews and on-site investigations where anomalies cannot be explained.

<u>In Exhibit II</u>, we resubmit our full list of suggested evaluation metrics and questions with several additions in response to Centerpoint's pilot modifications.

<u>SUMMARY OF RECOMMENDATIONS & DECISION OPTIONS</u>

1. **Approve the proposed pilot submitted May 16th, 2022 by Centerpoint.** While not essential for our support, we also strongly recommend the following decision options #2-4 as modifications.

2. **Enable Centerpoint to <u>adopt a lowest cost capital</u> that is aligned with both the public interest and levels of actual risk, through any of the following options:**

   <u>Options A-C assume deferred accounting tool is **granted**</u>

   A. Exempt this pilot from CenterPoint's Debt-To-Equity Ratio requirement in order to enable the use of low-cost third party capital (up to 3% interest rate), and up to an additional 0.5% margin to cover any utility-capital-guarantees (allowing up to 2.5% to be borne by participants exclusively and any margin by ratepayers, or split both between participants and ratepayers). Allow deferred accounting for other pilot costs.

   B. Direct Centerpoint to use its own lowest internal cost of capital (2.5-3.16% total) without the additional rate of return (4.92%/the remainder), and split this between participants and rate-payers (allowing up to 2.5% to be borne by participants exclusively). Allow deferred accounting for other pilot costs.

   C. Approve Centerpoint to earn only the 2.5% rate of return from participants due to the lowered risk associated with using deferred accounting as well as the significantly reduced size of the pilot (⅙-⅓ the size of the original proposal). As a performance-based incentive, the Commission could allow the additional rate of return (4.92%/remaining) to be collected in the next rate case if Centerpoint can show it has implemented the pilot effectively including maximizing the number of participants and diligently pursuing, reporting in detail* on, and securing lower cost capital options.

* specifics of information to be reported on outlined decision option #3

3. **Direct the Company to report in detail on its past and ongoing efforts and successes in securing low-cost capital, including information like the following:**
   - Profile of provider: This should, to the extent allowable by Non-Disclosure Agreements, include both those that have been recommended to the Company by others or identified by the Company itself (name, location, type of capital provider, internal/external recommendation)
   - Point people accountable for following up and vetting: 1) Centerpoint staff person(s) who are accountable for following up on and vetting 3rd party capital and their role) 2) City staff or other non-utility staff present for scoping conversation and their role
   - Dates on which key contact happened: provider was recommended/identified; contact initiated; term sheet shared; go/no-go established
   - Stage of negotiations by time of report: achieved with each provider and level of contact with each (e.g. no contact initiated and reason why not; provider not interested; met with; received term sheet; partnership under exploration, etc.)
   - Barriers to partnership, if any, identified by third party provider: (e.g. provider is too small; need loss reserve; debt-to-equity-ratio; is not ready to operate in MN; removal of disconnection)
   - Barriers to partnership, if any, identified by Centerpoint: (e.g. debt-to-equity-ratio)
   - Efforts, if any, made by both provider and Centerpoint to address barriers (e.g. conversation with existing loss reserves; approached philanthropic entities and results of conversations)
   - Any enabling support Centerpoint needs from state agencies to pursue each third party provider (e.g. engagement from state energy office to create local loss reserve)

4. **Require Centerpoint to collect, either through its internal reporting to the Commission and/or through its external evaluator, the information outlined in our Reply Comments in Exhibit II and reattached again with additions as Exhibit II (below)** including information about copays, savings, demographics, program comparisons, and barriers and opportunities for future iterations of the program.

CONCLUSIONS ACROSS THE FULL RECORD

This petition as a whole addresses a persistent, years-long request to the City and its utilities by community members who have not only sought greater access to energy upgrades, but have sought *this specific tool*. The fundamental differences between tariff-based on-bill programs and existing programs that are dependent on personal debt, upfront cash, or income-eligibility have not only garnered widespread support within our local Centerpoint utility service territory but widespread success nationally with growing recognition of the financial access and affordability it unlocks. The key features embedded in inclusive financing, and that remain central in this pilot, are absolutely essential for energy programs that seek to serve people in the context of a long history of racialized and class-based exclusion from wealth building in this country. These features would be unique to this program among Minnesota's efficiency programs, though we hope it represents just the first of many programs to prioritize these features:

- Eligibility is about the *building* not the *person*, removing the barriers of lengthy and invasive income, credit, and/or immigration documentation means-testing

- Cost recovery is tied to the meter where reduced costs and improved comfort are created, avoiding both personal loans and building liens that obligate people to pay for benefits they may not ever receive if they move. Instead,responsibility is shared by those occupants that receive benefits.

- Deep accountability to realized net savings is built-in from year one for participants, including home-specific modeling, the 80/20 rule in which no project costs are added to cost recovery charges above 80% of both savings and lifespan of the measure, as well as installation and modeling assurances to ensure both program operators and contractors verify and guarantee their work.
- Basic information about what improvements are needed and what they will cost is available free upfront, enabling a much larger number of people to say "yes," and to say yes to a deeper upgrade than they would have before.

All these features combined multiply not only who could participate *in theory,* but who actually chooses to participate, and to what depth. That means more Minnesotans insulated from rising energy costs, price spikes and exposure to shut-offs at any time of year, all while lowering monthly bills from their formerly inefficient housing structure. We need more energy programs that fit people's lived realities, and that is both acutely felt in communities across Minnesota, and is clearly outlined on the record.

This pilot is ready to move to the next phase of finalizing the program details with a program operator, as it is and/or with the deepened effectiveness offered in our recommended decision options. We ask that the Commission heed the years of calls from hundreds of local residents and dozens of local organizations to make Inclusive Financing an available option for energy efficiency.

With appreciation,

/s/ Alice Madden
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on behalf of Community Power