

ECO Coordinating Committee Kick-Off

November 10, 2021, 1 - 2:50 p.m.

****Notes reference the PowerPoint presentation and do not repeat all slides. Readers should consult slides for additional information.****

Anyone not able to attend previous session can find slides and a recording on the website (<https://mendotagroup.com/eco-act-implementation/>) We are recording this session and will make it available to those not able to attend. Will record other sessions too, but don't plan to make those available.

Overall Goals and Outline of Approach

- 47 organizations registered for the CC – diverse group. Put your name and org / who you represent in chat.

Turned over to Anthony:

- Please ask questions in chat. Will respond in real time as able.
- Link to website also in chat.

Diagram shows how ECO Act CC relates to DOC, CIP Cost Effectiveness Advisory, and WGs.

Grey:

Coordinating Committee (CC) Goals:

- Produce on schedule guidelines for EV, FS, and LM
 - Ultimately, guidance issued on 3/15/22 will come from Deputy Commissioner (DC).
 - Hope that all outcomes from WGs will help inform guidance.
 - If consensus from WG, then strong possibility that will be included in Dep. Commissioner's decision.
 - Do expect that when we get to decision-making phase, not all stakeholders will agree. DC will take all of that info under advisement when forming final decision.
 - After 3/15/22, Dep. Commissioner will revisit the technical guidance as necessary.
 - As for Technical Reference Manual¹ (TRM), Cost-Effectiveness modeling, will be revisited as needed as well.
- Effectively engaging participants, integrate different points of view, conduct process openly and transparently.
- MF guidelines and pre-weatherization measures aren't part of the ECO process.

CC

- Receive and discuss input from WGs, submits to the DOC input for development of guidelines
- Coordinates info flow and consolidates WG info
- WGs are focused on one of the three topics

¹ <https://mn.gov/commerce/industries/energy/utilities/cip/technical-reference-manual/>

EV Sales Guidance WG Compressed Timeline:

- Generate Advisory Materials through Nov 5.
- DOC Staff reviews input 12/5-12
- DOC Staff submits proposal to Deputy Commissioner 12/19
- Stakeholders submit comments 12/26
- DC issues decision 12/31/21

Other WGs will have similar timelines, but slightly spread out with guidance due 3/15/22.

CC – who can be on it?

- Open to all interested parties willing to make the time commitment.
- WG should draw from CC, but if you can't do both, ok to do WG only.
- We assume if you signed up for this meeting, you're designated a participant on the CC.
- If you'd like to be removed, please send us an email.

Responsibilities of CC

- Attend and contribute to meetings
- Stay apprised of activities
- Come prepared to discuss
- Looking at three CC meetings. This one, Dec, and Jan, each approximately 2 hours.

Working Groups (WG)

- Anyone can participate but WGs will get into the details, so helpful to have a background.
- We'll send an email to sign up for WGs.
- Should actively contribute, and we may call on certain WG members to take the lead to review other WG members' inputs.
- EV Sales Guidelines WG will meet only once then exchange info by email and SharePoint.
- Other WGs will meet up to twice per week between Thanksgiving and the end of the year.
- Guidelines and Guidance synonymous.

Questions from Chat:

- Kevin Lawless (Forward Curve): is EV group focused only on car sales or chargers too?
 - Anthony (DOC): will go into that shortly.
- Graeme Miller (Energy Resources Center/Univ. of Illinois-Chicago): How soon will WG schedules be introduced?
 - Today
- Adam: how long will WG meetings go each time?
 - Anthony: two hours each but will adjust as necessary for longer meetings.

Logistics:

- Project website: public-facing part of ECO Act implementation process.
 - Will be updated with content from the CC
- SharePoint Site: permission-only allowing for info exchange.

- CC and WG members will have the ability to upload and edit docs.
- As member of CC and WG, you will have automatic access to the SharePoint site.
- Already exists.
- Issues Tracker: to enter issues that arise.

EV Sales Guidelines Working Group

Timeline:

- As shown in earlier graphic.
- DC decision by 12/31/21.
- Likely only meeting on 11/16, 10-noon.
- Members will have homework following today's meeting to allow for productive meeting on 11/16.
- If you wish to participate, please register for meeting using email invitation.

Statutory Language:

- Provided in last meeting as well.
- Drives EV Sales WG.
- This group is only providing advisory info.

Group will need to address:

- What approaches exist for calculating the energy consumed for EV charging, namely as this relates to “utility’s program, rate, or tariff” for EV charging.
- How are gross annual retail energy sales calculated in 2033?
- Should the first application of the law occur in 2023?
- Others?

Sales are reduced by amount of EV charging through 2032. Question is what happens in 2033.

Next Steps:

- DOC and TMG will propose conceptual language and ask for input from WG members.
 - Upload docs to SP site.
- We’ll present what we’re given prior at the 11/16 meeting.

Discussion Questions:

- Anthony: back to questions to address slide: people on this call who were involved in statutory language development. Anything else we should be mindful of? Feedback?
 - Mike Bull (Minnesota Rural Electric Association): Don’t know if this is what you’re asking, but I was involved. For second bullet about gross annual sales. Language intended sales after that date. But sales before that date don’t get included in the denominator.
 - Kent Sulem (Minnesota Municipal Utilities Association): agree with Mike.
- Justin Partee (Connexus Energy): that’s if enrolled in a program, correct? Or overall new EVs that are charging?

- Mike: that gets to the question under first bullet. What does it mean to be enrolled? I think any EV charging that takes place in your service territory you'll have a tariff for it. Our intent is as broad an interpretation as we can get.
- Anthony: to highlight the third bullet, not mentioned explicitly in statute but our assumption is the removal of EV charging from sales will begin in 2023 which is when munis and coops will begin to implement new plans under ECO.
 - Mike: I don't know if we ever did the math, but we always talked about a 10-year period. If start in 2023, gets you to the end of 2032.
- Anthony: helpful Mike that seems to check out.
- Jeff Haase (Great River Energy): if first year of EV application /deduction is taken into account, does that mean it's associated with 2021 program-year activities?
 - Anthony: This what we need to flesh out in WG. I think you're right that 2023 will be based on 2021.
 - Grey: in case folks aren't aware, the requirements have a backward looking based on sales. Three-year average.

Efficient Fuel Switching (FS) Working Group

Timeline:

- Submit draft language to DC by mid/late Jan to allow for DC decision by 3/15/22.
- Meeting set for 11/23, 1-3pm.
- All members will be invited. Register if you want to participate.

Excerpt from statutory language.

- One key element is the definition of fuel. Fuel means electricity, propane, natural gas (NG), etc.

General assumptions:

- ECO eliminates the prohibition on fuel switching in CIP.
 - Previous prohibition on fuel switching. Couldn't incent a NG customer to switch to electric device. To prevent competition.
 - Now electric utilities can promote devices that switch from other fuels to electric.
 - Other utilities can also promote electric devices switching from other fuels.

Anthony: on next slide we list what isn't as clear to us.

Grey: Context for this might not be as familiar to most folks. Major change in response to efforts to decarbonize.

Questions (from slide):

- Can an NG implement a FS from electricity to NG?
- Are there other FS examples that require clarification?
- Are there analogs that the WG can use to help with the guidelines? NY or CA? CA calls it fuel sub.
- What GHG emissions calc should be used for each utility?
 - Switch has to be cleaner from GHG perspective.

- How will energy savings be calculated?
- Other questions?
 - This is a bit more of a beast than the other two WGs due to complexity.

Discussion Questions

- Anthony: would be good to get feedback on any of the FS scenarios we haven't captured here and on NG FS question. From those who were involved in statutory language.
 - Mike: on first bullet, I don't think we contemplated a FS improvement from electricity to NG. Pretty specific that it could only be NG to elec. That's my memory.
 - Anthony: thanks. Anyone want to add or provide different take?
 - Marty (ACEEE and CEE): seems to be if NG utility contemplating this they'd have to meet the four criteria which would be difficult.
 - Jared (Owatonna Public Utilities): haven't read the details recently. As an electric and gas utility, I do have experience with customers who bought house with resistive electric water heaters (WH) and wanted to be more efficient but heat pump water heaters are too expensive, so going from elect WH to NG could still meet the goals of carb reduction from electricity to NG. Ultimately best situation would be for customer to go to HP WH but may be cost prohibitive.
 - Anthony: Mike saying ECO was written to provide a path for fuel switching to electric, so if decided that's the case, then no more explanation necessary. Marty saying would be difficult for any other than FS to electric to meet the criteria.
- Marty: any info available on legislative intent?
 - Mike: not going to find anything in leg record. No testimony.

Grey: showed tests (4 criteria) that would be applied.

- Anthony: on similar issue regarding NG utilities and ability to FS, seems very clear as to what an NG IOU is allowed to do to implement electric measure and claim savings. Thoughts on muni gas utility has the same option? Not as clearly laid out.
 - Kent: internal conversations in light of presentations -- our feeling that the consumer-owned gas was never meant to be left out. Never intended to exclude.
- Marty: important to address how shareholder incentives will be handled with FS.
 - Anthony: language in ECO that speaks directly to this for electric and NG IOUs. A natural progression from 3/15/23 guidance will be as we approach next IOU triennial planning period, that efficient FS will be included in the conversation of development of the financial incentive. Under purview of PUC.
- Josh Dammel (Fresh Energy): Want to make sure interaction with Natural Gas Innovation Act (NGIA) is considered.
 - Anthony: in close contact with rates and planning side of DOC. Acknowledgement and understanding that these two processes are ongoing and that there's overlap.
- Tom Sagstetter (Elk River Municipal Utilities): what about renewable NG as a transportation fuel?
 - Anthony: question for WG or after 3/15 guidance.

Grey: the filing process – COUs will file in June next year, and public utilities in 2023.

Next steps:

- DOC and TMG will distribute concepts to consider and ask for input
- WG members can submit info, use SP site.
- Submit before 11/16 for 11/23 meeting.

10-minute break until 2:14pm.

Anthony: revisit Eff FS slide when we come back to make sure there isn't anything more to add.

Discussion Questions

- Josh: preferred method to provide input by 11/16. Assume via SP. When will access be opened?
 - Grey: access opened as soon after this meeting as possible We have email addresses we'll use to push out the info. Probably in the next few hours. Right now it's just a folder. Open to subfolders.
- Marty: circulate excerpt of FS criteria?
 - Anthony: slide deck will be uploaded to website soon after this meeting. I can send a link.
- Mike: Do we need to do anything proactive to access SP? Will you just invite us?
 - Yes
- Anthony: any other comments or questions beyond listed here? To add context, if there's anything about guidelines in other parts of the country would be great to see them. For GHG calcs, that'll be a large part of the WG. Maybe referring to latest IRPs. For others leans on DOC to come up with methodology. At the moment, the TRM is set up for single fuel transfer. But maybe a significant task there to update TRM to provide utilities what they need to calculate savings from fuel switching.
- Josh: alongside the GHG calcs, consider the source calculations. Lots of tech details. Should strive to make them consistent.
- Marty: with respect to calculating energy savings, would be nice to recognize corollary energy savings.
- Carl Samuelson (Michaels Energy): last part of criteria is language around measure installation to not impact system load factor. Always been vague. Maybe you're leaving it up to the utilities, but maybe we should address here.
- Anthony: as we work through criteria, we'll be looking for suggestions and ideas as to how utilities can demonstrate compliance with that.

Grey: Carl's question points to a lot of tentacles.

Load Management (LM) Working Group

Timeline:

- Decision 3/15/22
- Produce something for consideration by mid-late Jan
- Meeting scheduled 11/30, 1-3pm.

- You'll get an invite; register if you want to participate.

Statutory language expands the definition of LM and elevates the role it can play. Makes it more important than previously. Clearly prescribes that LM can be included in plans. A lot of focus on calculating the CE of LM items.

Questions (from slide):

- What does this mean for existing programs? What needs to be clarified to guide program development?
- How should utilities evaluate CE for these programs?
- Other questions?

Anthony: Background - if you weren't able to join last call, LM historically were allowed in CIP if they had energy savings. Load shaving would be allowed, but load shifting were not. This removes that distinction and becomes only whether LM is CE.

Discussion Questions

- Travis (GDS): should be relatively straightforward to measure load shifting, but that doesn't map up with current CIP metrics measuring conservation. Do you have a thought Grey, about how to track that?
 - Grey: good question. LM programs are managing load for a discrete period. Ex. AC controller will interrupt the compressor on your AC to use less electricity but fan will continue to blow, but once compressor comes on, because you've starved the house, it may require more cooling at a different time. Net-net you may not reduce energy. Guessing utilities have thought about this. Since demand savings are also considered, and coincident with utility peak, then you can claim demand reduction even if usage is increased off-peak. Because goals are set for both energy and demand reduction.
- Marty: understanding is that now LM can be included and paid for under CIP if CE, but if just load shifting...
 - Anthony: sounds like a reasonable explanation and I'm inclined to think that is correct, but something we will need to discuss in WG to be 100% sure.
- Jeff Haase: CE question is key. Especially based on how utilities are charged demand. Question is CE going to be focused on utility CE exclusively or more on four CE criteria envisioned elsewhere in the law? Also, someone mentioned emissions reductions. That would be critical to include going forward.
 - Anthony: traditional four CE tests
- Grey: As Kevin said, there could be emissions reductions. Shifting to a time of fewer emissions, you would have reductions. Shifting between fossil fuel and renewables generation.

Next Steps:

- Share info through SP site.
- Chris Waltz (Otter Tail Power Company): when LM can be considered in CIP under ECO...
 - Anthony: we'll need to spend a lot of time on these use cases in the WG.

- Carl: are all these meetings from 1-3pm?
 - Grey: EV Sales WG 10-noon.
- Mike: echoed importance of Chris' questions and need to provide guidance around those scenarios.
 - Grey: we will summarize and repeat questions in our notes.
- Anthony (reading a question): if I want to be part of the FS WG but can't make the meeting, should I still accept it?
 - yes, please accept even if you can't attend
 - We won't be able to get 100% attendance due to timing and number of meetings.
- Jeremy Peterson (Xcel Energy): do we have an estimate of cadence beyond initial meeting?
 - Anthony: EV sales, just one meeting. FS we expect the need for the most meetings. Maybe 2-3 per week between Thanksgiving and early January. Hopefully 1-2 per week depending on substance of meetings and issues raised. LM will be somewhere in between, 1-2 meetings per week in that timeline.
 - Grey: realize it's daunting. Our goal will be to do as much work as possible outside of the meetings.
- Travis: create a sandbox to outline ideas, stakeholders can plug in scenarios.
 - Anthony: sounds similar to Grey's suggestion for issues tracking.
 - Yes. Issues tracking spreadsheet will be on SharePoint site.

Meeting ended at 2:50pm.