

Proposed

City of Minneapolis & CenterPoint Energy

Clean Energy Partnership

Memorandum of Understanding

Memorandum of Understanding Clean Energy Partnership

This Memorandum of Understanding (the “Memorandum”), effective as of _____, 2025, sets forth certain understandings and agreements among the City of Minneapolis (the “City”), and CenterPoint Energy (“CenterPoint Energy”), (each a “Party” and collectively the “Parties”) concerning cooperation and achievement of the City’s energy goals through a collaborative effort including Northern States Power Company d/b/a Xcel Energy (“Xcel Energy”) (together, the “Clean Energy Partnership”).

RECITALS

WHEREAS, in 2014, the City, CenterPoint Energy, and Xcel Energy executed a Memorandum of Understanding establishing the Clean Energy Partnership; and

WHEREAS, the purpose of the Clean Energy Partnership is to collaborate to make progress toward the City’s Climate goals; and

WHEREAS, on July 20, 2023, the City replaced the previously approved 2013 Climate Action Plan and adopted its current Climate Equity Plan (the “Plan”), which seeks to reduce community-wide greenhouse gas emissions (“GHG”) by forty-five percent (45%) by 2025, seventy-five percent (75%) by 2030, ninety-two percent (92%) by 2035, ninety-seven percent (97%) by 2040, ninety-nine percent (99%) by 2045, and achieve carbon-neutrality by 2050, all from a 2006 baseline; and

WHEREAS, the Plan also seeks to reduce greenhouse gas emissions from natural gas by ten percent (10%) by 2025, thirty-five percent (35%) by 2030, and eighty percent (80%) by 2035; and

WHEREAS, the Plan also seeks to achieve carbon-neutrality for all municipal operations by 2040; and

WHEREAS, the Plan further provides for significant energy efficiency improvements in the residential, commercial and public sectors; for advancing equity in infrastructure and environmental benefits; and for assessing and building the resiliency of energy infrastructure in the City; and

WHEREAS, the City continues to grant CenterPoint Energy a franchise “to import, manufacture, transport, distribute and sell gas for public and private use in the City, and for these purposes to construct, operate, repair and maintain in, on, over, under and across the Public Ground of the City, all facilities and equipment used in connection therewith” and the City and CenterPoint Energy are in the process of negotiating the terms and conditions of an updated franchise to take effect January 1, 2025; and

WHEREAS, CenterPoint Energy plays an important role in delivering gas energy to residential, commercial and industrial facilities in the City, and supports the achievement of the City's energy goals; and

WHEREAS, CenterPoint Energy has publicly committed to its Carbon Reduction Goals which seek to achieve companywide Net Zero goals for Scope 1 (direct) and Scope 2 (indirect) GHG emissions by 2035. Additionally, CenterPoint Energy has a Scope 3 goal to help residential and commercial customers reduce GHG emissions attributable to their end use of natural gas by twenty to thirty percent (20-30%) by 2035 from a 2021 baseline; and

WHEREAS, CenterPoint Energy and the City have committed to cooperate in good faith in support of the City's efforts to achieve its energy goals, including "reach" goals that reflect the City's aggressive local emissions reduction, conservation, optimization, and equity targets; and

WHEREAS, the Parties desire to set forth the terms and conditions of their collaborative efforts.

NOW, THEREFORE, in consideration of the mutual obligations of the Parties hereto, which the Parties acknowledge constitutes adequate and sufficient consideration, each Party does hereby covenant and agree that the following provisions constitute the understanding and mutual agreement of the Parties.

1. Orderly Planning. The intent of this Memorandum is to facilitate the Parties' pursuit of the City's equity, climate, and energy goals. Pursuant to the terms of this Memorandum, the City intends to study, prioritize, plan, coordinate, implement, market, track, and report progress on clean energy activities in the City to achieve the City's Plan (the "Work"). The Parties shall determine the priority of tasks necessary to achieve these goals, direct the execution of tasks, and report the results of these tasks. The Parties shall harness available resources to advance the City's energy goals and shall consider and prioritize the listing of goals. CenterPoint Energy intends to cooperate and support the City's efforts regarding the Work.

2. Leadership. As a means to facilitate timely and orderly performance of the Work, there is hereby established a "Board" consisting of officials appointed by each Party. CenterPoint Energy shall designate two senior officials, one of whom must be the most senior locally-based official, with the authority to bind CenterPoint Energy, to serve on the Board. The City shall designate the Mayor, who shall chair the meetings, two City Council members, and the City Operations Officer to serve on the Board. Xcel Energy and CenterPoint Energy shall have an equal number of appointees. The number of appointees by the City shall equal the total number of appointees by Xcel Energy and CenterPoint Energy. Although each member of the Board serves at the pleasure of the appointing Party, the Parties acknowledge and agree upon the need to preserve continuity in the membership of the Board and to avoid disruption of the Work. At the first meeting of the Board, and every two years thereafter, the members shall determine who shall be vice-chair for that term.

3. Deliverables. The Board shall determine the Work to be performed within a set timeframe, typically on a biennial basis (the “Work Plan”). The Work Plan for each time period shall detail the deliverables to be presented. The Parties will use their best efforts to achieve such deliverables. The Board will prepare a report on the Work performed and the results achieved on an annual basis. In prioritizing the Work to be performed in a specific Work Plan, the Board will consider the Key Performance Indicators (“KPIs”) identified in Section 18, the goals of the Minneapolis Climate Equity Plan Exhibit A, which contains a non-exhaustive list of goals and actions CenterPoint Energy and the City agree to make good faith efforts towards achieving.

4. Meetings; Staffing. The Board shall meet at least quarterly. The Parties each commit to provide staff and resources appropriate to complete the Work Plan, including making an equal annual financial contribution to pay for website services and miscellaneous meeting expenses (note taking, etc.) as may be necessary.

5. Advisors. The Board shall arrange opportunities for advocates and advisors, including representatives from critical communities within the City, such as businesses, neighborhoods, environmental justice, technical, and City staff, to provide information and materials to the Board. In order to facilitate the transmittal of such information to the Board, the Board shall appoint members representing these critical communities to a standing Energy Vision Advisory Committee (EVAC) which shall be charged with reviewing and providing feedback on the biennial Work Plan and measurement and performance reports, researching special initiatives as requested by the Board, and providing outreach and promotion of Board initiatives as directed by the Board. Ad hoc advisory committees may be established by the Board at its discretion.

6. Authority; Cooperation. The Parties acknowledge and agree that each Party has the requisite power and authority to execute and carry out the terms of this Memorandum. To the Parties’ knowledge, except for the City Council of the City of Minneapolis, no consent, authorization or approval by any governmental agency, public body or authority is required in connection with the execution by each of the Parties of this Memorandum. CenterPoint Energy will cooperate with the City in the Clean Energy Partnership. The Parties recognize that future action taken by CenterPoint Energy to support the City’s energy goals may be subject to state regulatory requirements in Minnesota Statutes Chapters 216B, 216C and other applicable law and regulations. If the Parties agree on certain actions in support of the City’s energy goals that require state regulatory approval, they agree to cooperatively work together to seek necessary approvals or regulatory changes to facilitate such regulatory approvals.

7. Termination. This Memorandum shall automatically terminate upon termination or expiration of the current City franchise with CenterPoint Energy. This Memorandum may be terminated by either Party upon sixty (60) days written notice to the other Party.

8. City Ordinances. Nothing in this Memorandum constitutes a waiver of the City ordinances, the City’s regulatory jurisdiction, or the State’s utility regulatory jurisdiction.

9. Binding Obligation. This Memorandum will inure to the benefit of the Parties hereto and shall be binding on them and their respective legal representatives, successors and assigns; provided, however, no Party hereto may assign any of its rights herein to any person without the prior written consent of the other Parties, which shall not be unreasonably withheld.

10. Entire Memorandum. This Memorandum constitutes the entire agreement between the Parties and supersedes all prior oral and/or written agreements, understandings, representations and warranties relating to the subject matter of this Memorandum. Any changes or waivers of provisions of this Memorandum shall only be valid when they have been reduced to writing and signed by the Parties as an amendment to this Memorandum. Headings are provided for convenience and are not a part of this Memorandum.

11. Applicable Law. This Memorandum will be governed by and construed in accordance with the laws of the State of Minnesota (exclusive of conflicts of law principles). Nothing in this Memorandum limits or waives the rights or limits provided to the City as a municipality under Minn. Stat. Ch. 466. Nothing in this Memorandum limits or waives the rights or limits provided to CenterPoint Energy as a utility under Minn. Stat. Ch- 216B, 216C and other applicable laws and regulations.

12. No Presumption Against Drafter. This Memorandum has been negotiated at arm's length and between Parties sophisticated and knowledgeable in the matters dealt with herein. In addition, each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, this Memorandum shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against a Party responsible for drafting any part of this Memorandum.

13. No Joint Venture or Partnership. It is agreed that nothing in this Memorandum shall be deemed or construed as creating a joint venture, trust, partnership, or any similar legal relationship among the Parties. Each Party shall be responsible for its own obligations under this Memorandum.

14. For the Benefit of Parties Only. This Memorandum is for the benefit of the signing Parties only. There are no third-party rights created by this Memorandum and there are no third-party beneficiaries entitled to the benefits of this Memorandum.

15. Notice. Any notice permitted or required by this Memorandum shall be made in writing and personally served or mailed (postage prepaid, return receipt requested) and shall be effective upon the date of personal service, or if by mail, upon the date of receipt. The address for notice to each Party is as follows (as may be later changed by a Party by proper notice):

If to the City:

Minneapolis Health Department
Attn: Sustainability Division
Public Service Building

505 Fourth Ave S., Room 520
Minneapolis, MN 55415

If to CenterPoint Energy:

Vice President of Operations
505 Nicollet Mall
Minneapolis, MN 55402

16. Current Regulatory Framework. Program costs, delivery, and customer incentives offered to CenterPoint Energy customers in Minneapolis which extend beyond the scope of programs offered to all of CenterPoint Energy's Minnesota customers, as approved by the Minnesota Public Utilities Commission ("MPUC") and/or the Department of Commerce ("DOC"), shall be the responsibility of the City. The Parties recognize that the programs and incentives approved by the MPUC and/or the DOC may include pilot programs offered to customers in Minneapolis and the costs of these pilot programs will not be charged separately to Minneapolis customers unless directed by the MPUC and/or the DOC.

17. Counterparts. This Memorandum may be executed in any number of counterparts which, taken together, shall constitute one and the same instrument.

18. Utility Key Performance Indicators. Certain basic energy provider services are critical and foundational to the City of Minneapolis meeting its climate and energy transition goals. CenterPoint Energy will work in good faith, in partnership and collaboration with the City of Minneapolis and its policies and programs, to achieve the following annual Key Performance Indicators ("KPIs") that it hereby establishes during the term of this Memorandum:

- A. Emissions Reductions: Reduce weather-normalized GHG emissions attributable to Minneapolis customers' end use of natural gas 20-30% by 2035 from a 2021 baseline, excluding exported electricity generation and adjusting for new co-generation;
- B. Energy Conservation and Optimization (ECO) Energy Savings: Aligned with Triennial Plan framework, Minneapolis energy savings as a percent of the three-year average weather-normalized energy sales in Minneapolis shall each year be:
 - 1. equal to or better than CenterPoint Energy's Minnesota territory as a whole, and
 - 2. 1.4% or greater by December 31, 2026;
- C. ECO Low-Income Assistance: Aligned with Triennial Plan framework, total low-income ECO Triennial Plan project spending from residential

customers in Minneapolis as a percent of the three-year average gross operating revenue in Minneapolis shall each year be:

1. equal to or better than the CenterPoint Energy's Minnesota territory as a whole, and
2. 1.7% or greater by December 31, 2026.

19. Membership. CenterPoint Energy's membership in this Clean Energy Partnership may terminate if CenterPoint Energy does not work in good faith to achieve the minimum KPIs described in Section 18 above for two or more consecutive years. Upon a finding that CenterPoint Energy failed to work in good faith to achieve the minimum KPI's, a majority vote of the Board may terminate CenterPoint Energy's membership.

20. City Operations. Within 12 months of the signing of this agreement the City shall establish a city operations natural gas emissions reduction goal for 2035 that is greater than CenterPoint Energy's community-wide goal in Section 18. CenterPoint Energy will work in good faith partnership and collaboration with the City in helping the City accomplish this goal.

IN WITNESS WHEREOF, this Memorandum has been signed by an officer duly authorized on behalf of the Parties hereto, all on the date first above written.

CITY OF MINNEAPOLIS

By _____

Its _____

CENTERPOINT ENERGY

By _____

Its _____

EXHIBIT A

Clean Energy Partnership Memorandum of Understanding Minneapolis and CenterPoint Energy

As a demonstration of a shared commitment to this Partnership and its goals, CenterPoint Energy and Minneapolis agree to collaborate and leverage City/Company resources to meet the following, with CenterPoint Energy playing the lead role:

Support Underserved Communities

1. Implement a Weatherization Blitz (grassroots effort) in the Green Zones and other identified economically disadvantaged neighborhoods to increase participation in CenterPoint Energy's ECO weatherization offerings.
2. Prioritize the time of one CenterPoint Energy FTE to focus weatherization outreach efforts on low-to-moderate income (<80% AMI) residential customers who are not able or willing to participate in WAP. The position will work extensively with Minneapolis customers given the City's significant interest and the large number of eligible Minneapolis customers.
3. Focus new HERO program outreach for weatherization, heating and water heating improvements on low-to-moderate income (<80% AMI) residential customers who are not able or willing to participate in WAP.

Activities to Accelerate Decarbonization:

1. Explore opportunities to pilot innovative technologies to lower energy consumption and to reduce GHG emissions associated with natural gas end-uses in several city owned facilities by 25-50%.
2. Collaborate to identify and advance a variety of NGIA pilot projects. CenterPoint Energy will consider the high proportion of old and non-weatherized properties in Minneapolis relative to the rest of their Minnesota territory when evaluating cost-effectiveness and choosing proposed innovative pilot programs that would reduce greenhouse gas emissions. Minneapolis specifically prefers Pilots I, J, K, L, M, and N and supports their location in whole or in part within the City, but understands NGIA is a Statewide program and CenterPoint is not committing to give any preference to Minneapolis.
3. Include targeted outreach in the Green Zones to encourage participation in NGIA Deep Energy Retrofit Air Source Heat Pump ("ASHP") pilot program participation.
4. Collaborate to develop ECO and NGIA outreach materials targeting specific sectors of the C&I market who are large gas users.

5. Jointly staff six or more city/neighborhood sponsored events annually to encourage residents and businesses to reduce their carbon footprint by participating in energy conservation programs and activities.

Operational Improvements

1. Convene a series of meetings in 2025 with senior leadership and subject matter experts (“SMEs”) to discuss CenterPoint Energy billing system enhancements to potentially simplify and improve utility billing and streamline invoice remittance processing time.

2. Share organizational charts, SME contact information and designate points of contact from both organizations to respond to inquiries as necessary.

Reach Goals

1. CenterPoint Energy recognizes the *Minneapolis Climate Equity Plan*’s gas emissions reduction goals of 35% by 2030 and 80% by 2035 and establishes them as “reach” goals, to be met through Minneapolis funding and commitment in conjunction with CenterPoint Energy technical assistance and guidance.

2. ECO Energy Savings: Aligned with the Triennial Plan framework, the City of Minneapolis and CenterPoint Energy will work collaboratively to achieve a “reach” goal of Minneapolis energy savings of 2.3% of the three-year average weather-normalized gas energy sales in CenterPoint Energy’s Minneapolis territory.