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**Subject:** Submitted Public Comment Form  
**Date:** Friday, April 29, 2022 6:36:05 PM

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Provide the docket's number.	21-377

Leave a comment on the docket. \*

In addressing my comments on Docket #21-377, I'd like the MN Public Utilities Commissioners to hear an appreciation for Tariff-Based Inclusive Financing (abbreviated as TBIF) as a rare and valuable path for us to act on climate in a way that doubles as economic and housing justice. I have talked with people in the community and collected signatures in favor of Inclusive Financing (coupled with an ask for workforce development) starting on Earth Day of 2016 for nearly 4 years until COVID-19 put a hiatus on in-person events. There is a reason why I found this to be a very refreshing conversation to have at community events with friends, acquaintances and new people. I'd like the commissioners to hear first-hand just how liberating it is to be able to pitch support for a pro-climate justice & pro-environment policy innovation that does not ask those of us struggling to get by to pay just a bit extra for something but instead has the power to reduce the marginal cost of living. The petition resulted in well over 1000 petition signatures being delivered to the Energy Vision Advisory Committee and the Minneapolis Clean Energy Partnership Board in 2021. (I have also attached a file with the same comment in order to better preserve some of the formatting and the headings, which are marked here by asterisks.)

\*\*\* TBIF has broad support and no grassroots opposition \*\*\*

I found that every community member who I've introduced Inclusive Financing to seems to love the idea. The MN PUC commissioners can see that reflected in how the grassroots community members commenting on TBIF in this Docket (and in Docket #19-524) are in unanimous support of having TBIF as an option. On March 28th of this year, a batch of about 100 public comments leftover from Docket 19-524 in support of inclusive financing was uploaded into Docket 21-377, which included close to 70 transcribed video testimony comments, and 33 emailed public comments. To my knowledge, no community member from the general public who is not writing on behalf an organization has gone out of their way to write and submit a comment that a TBIF should not be piloted in Minnesota.

\*\*\*\*\* TBIF is a Strategic Lever to Accelerate Carbon Reduction in the Built Environment and to do so

with Equity in mind. \*\*\*\*\*

I hope every commenter on this docket, regardless of their position on the TBIF pilot project, can be in consensus that the status quo is not acceptable. Energy efficiency upgrades are only happening at about 0.5% of our building stock per year. At current rates, it would take 200 years to achieve the energy saving goals we need to. The climate emergency won't wait that long, with scientists pointing toward only 9 years from now until the key tipping point from which the systemic transformation needed for decarbonization will need to be accomplished.

Fortunately, we have the capability of doing so much better than our very incremental 1.5% per year energy use reduction below the growth baseline in Minnesota's housing stock. I have long seen TBIF as the key that will unlock exponential progress on carbon reduction from buildings and free us from the ball and chain of incremental progress. Let's also recognize that the bulk of the energy improvements we have seen thus far are being made by upper-income households and large commercial customers. On that point, TBIF would be a strategic lever for bringing more equity into the realm of energy efficiency improvements and making participation in energy-saving solutions more accessible for a greater number.

\*\*\*\*\* Please Consider the Experience of Energy Auditors and how TBIF would solve the main problem they face \*\*\*\*\*

I once worked as part of a 2-year project called Our Power where we knocked on thousands of doors in several Midtown Neighborhoods of South Minneapolis. We inquired about resident's energy burden concerns and coupled it with sharing about easy access action steps and available programs to save energy. These programs included Home Energy Squad and the subsidized income-qualified weatherization. From my experience doing energy efficiency outreach, having an Inclusive Financing option would provide a much-needed hopeful answer for someone feeling trapped in the common dilemma of high energy burden, where those who have the highest immediate incentive to save on their home energy bills have the least amount of access to the means from which to increase energy efficiency. I can also see how having the power to offer TBIF as an available option would make energy auditing a more rewarding career path. I'd like each of the commissioners to envision how emotionally draining it is for the issuer of an energy audit report to have to say "Sorry I am not sure how to help you" in response to a customer who can't pay thousands of dollars up front or take out a loan for the recommended energy improvements, despite the customer fully understanding the equivalent savings potential. Just imagine the sheer amount of public dollars going to subsidize energy audits, to pay for the staff time needed to create the reports, and to pay for the outreach efforts devoted to finding customers for energy audits that are not translating into actual energy savings because of huge up-front cost barriers energy audit recipients are faced with. To hear from an energy auditor who expresses this perspective first-hand, see the comments of Bryn on Docket 19-524 (shown in a transcribed form on page 20 on the document uploaded for Docket 21-377 on March 28th, 2022):

"As somebody who does residential energy audits in their day-to-day work, I think Inclusive Financing will greatly increase access to energy efficiency upgrades for homes. Currently, a lot of the programs that exist aren't very accessible to renters or people of low income and those folks usually have homes with very high energy burden and homes or apartments or buildings that need a lot of energy improvement work. One of my reasonings to go into that kind of work is in December of 2019, the Star Tribune Reported that 73% of the Minneapolis' emissions came from building use. The city also declared a climate crisis or emergency. What is currently being done to incentivize energy efficiency improvements isn't doing enough to meet the current crisis. So I wholeheartedly

support Inclusive Financing."

I have heard statistics that the conventionally available energy audit programs have historically achieved something close to a 5% conversion from energy assessment to implementation of improvement ratio. I have also heard estimations that only 1/4 to 1/5 of Home Energy Squad customers follow through with the recommendations that the energy auditor gives. If the exact number, however it is measured, is anywhere within this range, then that means between 75% to 95% of the energy efficiency resources being identified each year aren't being developed. That is a sure sign of a huge systemic barrier.

Even if energy efficiency outreach organizers deploy the most genuine community engagement techniques to overcome the softer barriers, trying to scale up energy efficiency improvements without having an inclusive financing option is like trying to stay warm in the winter by wearing a jacket without a zipper or buttons. 5 years ago, there was a pilot project in Minneapolis which provides some context for this conclusion regarding making something available to overcome the up-front cost barrier. Here are a couple of the reports from it for the record:

Community Engagement Energy Efficiency Project Pilot Program Report from Neighborhood Hub See Report <https://mplscleanenergypartnership.org/wp-content/uploads/2014/12/Final-Report-for-Energy-Efficiency-Pilot-Project.pdf>

City of Minneapolis Community Engagement for Energy Efficiency Pilot Project 2016-2017 Final Report November 8, 2017 See Report [https://mplscleanenergypartnership.org/wp-content/uploads/2014/12/2017-CEP-EE-Pilot-Final-Report-Form\\_MRC.pdf](https://mplscleanenergypartnership.org/wp-content/uploads/2014/12/2017-CEP-EE-Pilot-Final-Report-Form_MRC.pdf)

\*\*\*\*\* Polluting Energy Sources have gotten the privilege of tariffed financing- so why shouldn't renewables and energy efficiency? \*\*\*\*\*

As long as energy efficiency remains structured as a significant upfront cost or private debt obligation, the financing will remain the major barrier. Contrast this to the financing of power plant and transmission line infrastructure that Public Utilities Commissions around the nation have approved for decades. For instance, just imagine if Xcel Energy customers had to finance the entire cost of the Monticello Nuclear Plant all up front in just one month's utility bill payment, then there would have been protests in the streets. Tariffed-based financing is not a concept that is new or exotic. When it comes to the infrastructure that has made energy universally available at a reasonable price, utility customers get the privilege of being able to pay it off little by little over a long period of time. Therefore, out of fairness, utility customers should be able to pay for energy efficiency improvement and renewables by using the same tariffed-financing model.

\*\*\*\*\* The Elephant in the room #1- What CenterPoint is proposing differs from the ideal. But please stand firm in modifying the pilot proposal with recommendations that most everyone is in agreement with rather than let years of collaborative work go to waste. \*\*\*\*\*

Before I go further with expressing support for the overall concept of TBIF, I must address the big elephant in the room. The March 4th joint reply comments from CEE, ECC and LSAP asserted that the clear comments that many are making are not what CenterPoint is proposing. What is clear is that there is widespread support for Inclusive Financing as it ideally should be, and for the version of it in which so many commenting on 21-377 are asking CenterPoint and/or the Commission to amend its program to follow, which is entirely feasible and within the scope of the docket. No organization can deny those basic realities. In glancing through the various comments on Docket 21-377, I see a

growing consensus for the following parts of CenterPoint's proposed TBIF pilot to be changed. The point here is not for us to do a pilot project for the sake of experimenting with something entirely new, but to do a pilot that reasonably matches the field-tested version of Inclusive Financing has been proven to work well for consumers in other states, notably the Pay-As-You-Save™ model.

While the more recent April 5th comments from the Energy Access Coalition articulate these in a bit more depth, the following list are some of the main generally agreed upon consensus points for the modifying this CenterPoint's proposal, starting from the smallest ask to the largest ask, and put into my words:

- 1) CenterPoint should require some form of stakeholder participation in program materials development so that it is well attuned locally.
- 2) Let's remove a required \$100 copay because the spirit of Inclusive Financing is all about removing upfront cost barriers for participation. Let copays be only optional, if one chooses.
- 3) Also, let's remove the yearly cap on the program of \$5 million (with the \$15 million overall total is the only cap needed) and revise the pilot period to 12 to 18 months to avoid abrupt stops and starts in program implementation.
- 4) Let's either remove CenterPoint's requirement that there has to be an 8% rate of return or require them to seek a lower-cost third-party capital (e.g. impact investment, federal dollars, foundation). This point is worth elaborating upon because demanding an 8% rate of return gives the impression to observers that this proposed pilot carries a far greater risk than the company is actually taking. If applied would inflate the cost of the program far beyond from where it needs to be.

Many local banks and independent finance institutions have shown willingness to finance aggregated pools for Inclusive Financing, which has dramatically less risk and transaction cost than personal loans. It is possible to back-stop this capital with city or foundation resources to guarantee repayment in the unlikely case of default, and that will make interest rates even lower. In fact, the original plan CenterPoint seemed to prefer was to not use utility capital as if it were a bank. But then, in late August of 2020, CenterPoint officials took Minneapolis City officials into settlement meetings. Then they bargained the City into a stipulation agreement where CenterPoint rather surprisingly insisted upon using utility capital with higher interest rather than the sources the City was working to arrange or had been discussed in the stakeholder or open-to-the-public Clean Energy Partnership meetings that I've witnessed myself. Let this be a lesson that conducting a settlement process in a way that is shielded from PUC oversight as something unwise, since this resulted in a stimulation which the MN PUC eventually rejected. Given how the MN PUC gave instruction for CenterPoint to go back to the drawing board and come up with a better proposal, CenterPoint initiating this settlement very likely created a lost opportunity where we might have already had a pilot project underway had CenterPoint been willing to stick to the original plan in #19-524.

On March 3rd, CenterPoint entered a six-week extension request, followed by a 4-week extension on April 14th into the docket to review and collaboratively consider the number and complexity of comments and concerns raised during the comment period. This hints that the company is open to making changes that the city, The Department of Commerce, and so many additional commenters have been asking for which are likely in line with what the MN PUC would also prefer.

I'd recommend the MN PUC approve a TBIF pilot that takes these requests for improvements into account rather than using these caveats as a justification to not approve any TBIF pilot whatsoever. If the MN PUC chooses the other path and abides by what CEE, ECC and LSAP are asking for in their joint letter, then that would be a unilateral reversal and rejection of over 5 years of foundation resources, hundreds of hours of staff time, countless community input stakeholder sessions (with intentional efforts to be responsive to community advocates) and a rigorous expert study that all led up to this TBIF pilot proposal. Even as recently as the April 26th Minneapolis Clean Energy Partnership Board meeting, city staff indicated they are still meeting with officials from CenterPoint Energy multiple times per week regarding this proposed TBIF pilot. Please consider the staff have invested years of careful evaluation, study and organizing for TBIF to get this in front of the MN PUC. If CenterPoint would rather give up on offering a TBIF pilot than give in on sticking points which proactive commenters keep bringing up (like the 8% rate of return, the \$100 copay, the yearly cap in reference to the 3-year time period), then the company would be betraying what they had promised in the space of the Minneapolis Clean Energy Partnership, a promise which I recall was documented in one of the recent comments submitted.

Remember, this is only a pilot. Good ideas deserve a chance to succeed.

Because this is a pilot project that a city and a utility are proposing together through their clean energy partnership, that makes the reason for its approval, and giving both parties a chance to test it out, particularly strong. The city and the utility want to creatively address an issue that we all collectively agree is a problem, which is that lower and moderate-income customers cannot get the same kind of energy efficiency services that market rate folks can. Let's get to the substance of actually delivering services for people who need them rather than endlessly hypothesizing as to whether or not one multiple scenarios for energy savings under TBIF are possible, which is what many stakeholders have proactively done for several years. This has already gone through an extensive stakeholder feasibility study with a broad array of groups detailed in this link here: <http://energytransition.umn.edu/projects/inclusive-finance-for-residential-efficiency/>

Remember, that is the point of a pilot project- to give a good idea a chance and an opportunity to demonstrate that it works.

If someone wants to categorically dismiss all the success stories that TBIF has had in other states as irrelevant to Minnesota because we have a different climate or building stock here, then that only makes the case for piloting TBIF in Minnesota even stronger, not weaker. Simply pointing out that Minnesota differences with the states where TBIF has been successful in, is not a valid argument from which to jump to a conclusion that TBIF should therefore not be piloted here.

Such an argument is like hearing from an entrenched climate change doubter who keeps repeating claims of that there is huge scientific uncertainty as a justification to oppose a proposed set of climate policy actions. Claiming uncertainty in that case is a double-edged coin where it is possible that climate change impacts will be more severe than peer-reviewed scientists predict. But this tactic of using uncertainty as a crutch only implies a possibility where the impacts are less severe than peer-reviewed scientists assert. Likewise, there is a chance that TBIF could work even better in Minnesota than in other states where it has been tried.

\*\*\*\*\* TBIF is arguably essential for our ability to meet Minneapolis' upcoming Carbon Reduction goals. \*\*\*\*\*

I attended the April 26th, 2022, Minneapolis Clean Energy Partnership board meeting out of curiosity

to hear first-hand updates on TBIF. I followed along in the meeting presentations' slideshow at this link here: <https://mplscleanenergypartnership.org/wp-content/uploads/2022/04/2022-Q1-Board-Meeting-Presentation.pdf>

It showed how the city will replace the old goals set by the 2013 Climate Action Plan with a new science-based, fair share trajectory to net-zero in 2050 which the EVAC and CEAC advisory boards unanimously supported. These new emission reduction goals that were established by Mayor Frey pledging in Oct 2021 through the Race to Zero campaign leading up to COP26 in Glasgow for an equitable carbon budget to do our share in limiting Global Warming to 1.5 Celsius. As you can see on page 6 of the slideshow, the new science based, fair share trajectory to Net-Zero goals looks like an S-Curve and requires a much greater need for emissions reductions sooner for the 2025-2050 time period. The slideshow on page 7 includes the carbon budget that we as a city could equitably emit between now and 2050 to do our share. If we emit at 2019 levels, we will run out of our carbon budget by 2029. The current slight increase in decarbonization rates will only bring that date out to 2030.

The extent to which we need to vastly accelerate our work in the 2020's means all options must be on the table, including TBIF. Business as usual will not get us to Net Zero primarily because emission from "natural" gas use continues to go up.

It is very hard to imagine the Minneapolis Clean Energy Partnership's stated priority of "Deep Energy Efficiency with Community Benefits" (which is one among three) coming to fruition if we do not have inclusive tools to access the capital needed to do the pollution and cost-reducing upgrades. The speed in which the transition happens really matters.

\*\*\*\*\* The Elephant in the Room #2: The biggest consumer protection of all is our ability to be resilient to long term energy price hikes, which TBIF provides. Please keep the big picture in mind!  
\*\*\*\*\*

The other big elephant in the room, so to speak, is the assertion that energy prices (particularly in reference to gas heat rather than electric heat) have been too cheap for most Inclusive Financing projects to result in savings on day one.

We have to accept that CenterPoint Energy sells a product that is price volatile and that the company does not always manage that risk very well. A case in point is that the company is wanting households to pay an extra \$300 or so for the February 2021 gas price spike.

My main concern though, is with long-term price hikes rather than short-term price spikes. Fossil gas will get more expensive when it gets scarce, whenever that time inevitably comes, which we need to prepare for in advance rather than operate as if it is some infinite self-renewing resource. Fracked gas wells tend to reach peak production much quicker than oil wells. The extraction rates for fracked gas looks more like a cliff, falling off very quickly in comparison to the bell-shaped curve we see with oil wells. Unless we initiate a Herculean effort to electrify gas end-uses in buildings, a prolonged gas dependency will inevitably lead to a supply crunch-based price spike.

The company who has not demonstrated the best of intentions in this regard:

- CenterPoint has taken credit for helping pass legislation to prevent gas bans

<https://www.energyandpolicy.org/centerpoint-energy-net-zero-pledge/>.

- In every state with CenterPoint operations other than Minnesota, legislators have recently passed laws prohibiting municipalities from banning new gas hookups.

<https://www.npr.org/2021/02/22/967439914/as-cities-grapple-with-climate-change-gas-utilities-fight-to-stay-in-business>.

In the Minneapolis Clean Energy Partnership space, CenterPoint has shared about a renewable gas proposal which sounds intriguing, but it will take a technological miracle for it to become economical at scale, and to their credit, a more recent green hydrogen proposal.

A number of organizational commenters who express consumer protection concerns over the TBIF Pilot do not seem to consider this biggest consumer protection risk of all– which is being locked into a dependency on a finite resource which CenterPoint as whole is largely complicit in prolonging.

When fossil methane “natural” gas inevitably gets more expensive, far more people who are financially hard–pressed will suddenly become frantic to make energy saving improvements to be able to get by. Inclusive Financing is a way to institutionalize the provision of energy services in a way that would allow market forces to drive energy savings. If we can overcome the up–front cost barrier, then the pent–up market demand for energy efficiency services can be realized. Any increases in market demand for energy efficiency services won’t be able to be realized because the usual up–front cost and minimum credit score barriers are still in place.

On that note, the cost of “natural” gas is now almost as high as the inflated gas scenario that the analysis looked at in 2019. The high gas price scenario that CEE uses, where a lot more TBIF projects actually pencil, was set at \$10.50 per dekatherm. The recent price is \$9.60 a dekatherm and that does not include the gas price spike from last year which the PUC still has yet to rule on.

We need our energy utilities to have the capability to do TBIF already in place when the long–term inevitable long–term energy price hike comes, regardless of whether or not most TBIF scenarios pencil right at a current given moment. The MN PUC or some equivalent entity needs to require utilities to update their billing software so that they have on–bill repayment capability to be prepared for when that time comes. To use the PUC terminology, it is “reasonable and prudent” to plan in advance rather than be taken by surprise.

I have to ask all the stakeholders involved to not lose track of the big picture. The Minnesota Department of Commerce, Division of Energy Resources and Legal Services Advocacy Project claim that the proposed pilot lacks adequate consumer protections while the Office of the Attorney General – Residential Utilities Division (“OAG”) echoes that but actually offers some proactive recommendations. But so many of the consumer protection concerns which other commenters claim to have in this pilot project are solvable and already embedded in the field–tested version of TBIF. On the other hand, running up against both the physical laws of thermodynamics combined with economic laws of supply and demand are not so easily solvable by comparison.

\*\*\*\*\* TBIF can be combined with rebates– It is not an either–or zero–sum game between the two.  
\*\*\*\*\*

Rebates can work together with TBIF. It is an illogical argument to conclude that TBIF should not be allowed because rebates can help cover incremental cost. When I heard spokespeople from Xcel and/ or CenterPoint make energy efficiency program stump speeches at convention halls, they mentioned far too many different varieties of rebates than an average person could keep track of. It is what they are used to offering. Rebates without a TBIF option is the antithesis of overcoming the up–front cost barrier because you have to pay up front to access the rebate.

The video Comments from Patty on Docket 19–524 (shown in a transcribed form on page 15 on the document uploaded for Docket 21–377 on March 28th, 2022) cite her mother’s household as someone could have benefitted from an Inclusive Financing option in this specific instance:

“My mom, for example, is someone who would benefit from Inclusive Financing. She is low income but isn’t eligible for energy assistance. ...Her furnace went out last year and I sat down with her to look at the replacements, and she said she wished she could get a more efficient one but just could not afford it and felt guilt around that. So up-front costs, credit scores, additional debt and the fear of taking out more loans are real things that stop people from being more efficient and participating in clean energy.”

\*\*\*\*\* TBIF can resolve the split incentive between renters and landlords \*\*\*\*\*

I’d like each of the Public Utilities commissions to try to see things from the perspective of a high-energy burden renter who is living in drafty housing with so much preventable energy waste. The cold makes it very difficult to be able to sleep which in turn makes it hard to be in good health or function well for work or school. Very likely, the renters are unable to get relief from energy burden due to a split incentive with the landlord who has the control to make energy improvements but no motivation to do so because they don’t pay the energy bills or live there. This dilemma can cause very real hardship and result in evictions. It is very well illustrated by the video Comments from Edward on Docket 19-524 (shown in a transcribed form on page 18 on the document uploaded for Docket 21-377 on March 28th, 2022).

“I rent from a large property management company which I have had to call the City on multiple times because of their unwillingness to address serious maintenance and code issues. My unit is in one of the city’s typical poorly insulated wooden A-frames, which I have heard described as stiff tents by a home renovation contractor I used to work for. It does not retain heat. There are drafts from the windows and doors in every room and even from kitchen fixtures. Cold wind literally blows into my apartment through doors and cabinets. I know from talking to my friends, family and neighbors that my situation is not unique. I’m in a sizable group of low-income renters that have zero control over the energy efficiency of my home and zero option to address the issue directly. The landlord won’t do it and I can’t pay the up-front costs associated with current rebate and loan programs for improvements, even if I qualified for them as a renter, which I don’t. Inclusive Financing has seen success in a growing number of energy markets nationwide. It seems the only thing stopping us from trying it in Minneapolis is the greed of our investor-owned utilities. To them, it is all the better that customers like me are paying out the nose to heat the outside every winter.”

Ironically, at the same time I was doing outreach for Our Power, I had a first-hand encounter with the split incentive living in a rental house with an outdated furnace owned by a landlord who lived elsewhere (which I referenced in my written comments submitted on the same document). This resulted in high heating bills, despite my efforts to conserve, of which I had to pay the vast majority of since my fellow housemates could not. And this was during a famously mild winter. Inclusive financing is the key to unlocking that split incentive. The media headlines may be dominated by a handful of notorious slumlords who can’t be bothered to care, so the argument I make is not likely to apply to them – further action from the OAG, tenant organizers, and cities are urgently needed there. But there are many other landlords who want to do the right thing but are constrained by the same upfront cost or lack of credit barriers to access. Having an Inclusive Financing option has been proven to make the greater majority of landlords more willing and able to make these win-win cost-saving, home health and comfort-increasing investments. When given a chance, Inclusive Financing has seen huge successes with a 100% opt-in from landlords, with a 10-fold increase in community-wide investment in energy efficiency as detailed in this report: <https://www.eetility.com/single-post/with-no-upfront-costs-this-innovative-financing-tool-makes-energy-efficiency-affordable-to-all>

When the cash reserves of landlords are limited, the money that landlords keep on hand is usually

saved in case of more urgent maintenance (roof, plumbing, lead abatement, etc.) matters, rather than for making energy improvements to reduce a monthly bill. Renters, homeowners, and landlords should be able to access cost-saving energy efficiency improvements which improve the comfort, health and safety of their otherwise drafty homes without huge upfront costs, loans or liens, credit checks or income qualifications.

\*\*\*\* TBIF can be combined with WAP and other forms of Energy Assistance. It is not an either-or Zero-Sum game between the two. \*\*\*\*

Commenters who do not want the TBIF pilot to be given a chance suggest recent developments in relieving the income qualifications from accessing energy assistance and or LI-CIP could achieve the same desired results. But the MN PUC should not be swayed by arguments that depict TBIF as something mutually exclusive with energy assistance/ subsidized weatherization.

The simple fact that grant-based options for energy efficiency improvements exist is no justification to completely rule out TBIF as a need. In fact, Energy Assistance works with TBIF. Low-Income Conservation programs that remove an energy bill should be within the pool of options, and so should TBIF.

The no-cost options for energy efficiency are vitally important but they are chronically underfunded and come with restrictions that can get politicized from the federal level depending upon who is in charge. Since 2005, only 9% of eligible Minnesotans received help from the Weatherization Assistance Program or "WAP." At the current rate (given that >500,000 households are eligible for assistance) it would take ~ 300 years to get just those qualified served. Furthermore, if a landlord wants to do the right thing and to get energy assistance for their tenants, 50% of the tenants must individually qualify if it is a 1-4-unit building, and 66% must qualify if it is a 5+ unit building. It is worth noting that single family homes and 1-4-unit housing customers in the Minneapolis Green Zones (and perhaps additional areas of concentrated poverty) are now automatically eligible for Low-Income Rental Efficiency ("LIRE") and Low-Income Weatherization. However, removing these eligibility qualifications still does not get rid of the underlying split incentive problem. The April 6th, 2022 comments on this docket from the Energy Learning Cohort explain this more thoroughly.

Another reason why trying to pit Energy Assistance and TBIF is unnecessary is because the main potential problem between the two is an easily solvable one. Anyone who is doing outreach for the TBIF pilot program can make residents aware of the state, federal, and utility-specific assistance programs that have no direct costs for weatherization (e.g. Weatherization Assistance Program or other income-eligible programs like Low-Income Conservation Improvement Programs). If the household does qualify based on their income, they should be perfectly free to choose what fits their needs best. Utility customers who are eligible for free energy efficiency programs through CIP should be directed there by the pilot project. But that is still not a reason to bar anyone and everyone from even having TBIF as an option. This is a very solvable problem, and the pilot project can make an intentional effort to address the concern that people who are now automatically eligible for low-income CIP programs will inadvertently enroll in TBIF.

It is worth mentioning that some commenters are bringing up the ECO act having been passed into law as a justification to exclude TBIF using the same either/ or reasoning. The ECO Act is a well-deserved and long-awaited win on multiple fronts (beneficial electrification, pre-weatherization) but it is not a substitute for TBIF. We need to have a both-and approach to have anywhere near the scale of energy efficiency improvements needed to meet carbon reduction goals in the built environment.

Simply making existing programs better funded will not address the root cause that limits access if they require either income-based testing or personal debt. If customers aren't being served by existing CIP programs which leave in place the same up-front cost barriers that TBIF is trying to eliminate, then they will have limited effectiveness no matter how well-funded they are.

\*\*\*\* TBIF would provide an option for customers caught in the middle and why it matters to serve them \*\*\*\*

Not everyone who is above the threshold for income eligibility for energy assistance or WAP has the cash to overcome the up-front cost barrier of having to pay several thousand dollars all at once. Not everyone who is above the threshold for income eligibility for energy assistance or WAP have a good enough credit score to take part in loan-based programs. There are so many utility customers who are caught in the middle who are excluded from deep energy efficiency upgrades and the cost-savings they bring due to being neither wealthy enough nor poor enough to access the available help. It is important that the MN PUC be responsive to arguments that it matters to serve people who are caught in this middle. Even though middle-income homeowners can initiate some energy improvements, the up-front cost barriers still impose a limit to the energy savings potential of the improvements. The video Comments from John on Docket 19-524 (Recorded on July 28th, 2020 and shown in a transcribed form on page 30 on the document uploaded for Docket 21-377 on March 28th, 2022) perfectly illustrate this point.

"Personally, I would have used Inclusive Financing to do a deeper home energy retrofit project than I did a few years ago. I had a Home Energy Squad visit and was offered a menu of options with varying paybacks. Having just bought the home, I did not feel comfortable with the up-front costs of the longer payback insulation measures. I was also not sure I would live in the home long enough to recover the costs, something that the design of the Inclusive Financing tariff helps to address. Instead, like many folks I did a few of the lower-cost higher-payback measures. Unfortunately, doing those separately instead of bundled with other options likely means we won't pursue those other measures at all."

To achieve maximum energy savings, multiple energy improvements are bundled together in one package. A middle-income homeowner might be able to bundle some of the options together but won't be able to bundle all options together if the usual up-front cost barriers are still in place. Code red climate emergency (as described in the recent IPCC report) means we need to help customers get the most substantial energy improvements rather than being faced with "Well I could have done more if it weren't for the up-front cost barrier" type missed opportunities.

With CIP programs that leave the up-front cost barrier in place, an entire pool of ratepayers is essentially subsidizing wealthier customers to get rebates. Non-wealthy customers can't access CIP due to up-front cost barriers or inadequate credit scores yet pay into it via utility bills. The status quo is regressive until we have options for everyone.

\*\*\*\*\* Providers of Loan-Based Energy Efficiency Programs likely have a conflict of interest \*\*\*\*\*

To tie in a perhaps more intriguing analogy, a debate over TBIF has a lot in common with the ongoing discourse about health insurance. Having a public option for healthcare is not technically taking private insurance away from everyone altogether who might wish to keep it. However, the private insurers try to frame the debate as if it is because they are very intent on there not being any public option available for people to snap over to. The private insurers are afraid that a public option

with far less overhead would outcompete what they offer in terms of cost and efficiency. They publicly claim that it will inevitably fail but are privately afraid that it will be successful. Likewise, Inclusive Financing would outcompete the conventionally available loan-based energy efficiency programs in terms of cost and efficiency, even though no one who actually wants to do a loan-based financing of an energy efficiency project will have that option taken away from them. This analogy works because TBIF eliminates loan underwriting requirements and thereby allows an actual savings on transaction costs. The status quo of offering a consumer loan requires credit checks and other processing expenses. This in turn requires staff time to ensure the individual can pay off a loan that will add to their monthly costs. Utilizing an Inclusive Financing model on the other hand would eliminate much of this expense and staff time. That is because all customers who are eligible for improvements (which immediately reduce their monthly costs) will have no credit checks or other time consuming and onerous processing.

Let's come from a place of wanting a good example to be given a chance to succeed and from a place of curiosity and wanting to learn rather than limiting the scope of possibility to defend a turf.

There is one additional note to be aware of in reference to loan-based programs. In the process of coming up with energy savings estimates for TBIF Projects, the MN PUC should be aware of one form of cherry-picking data points that would distort an actual average. We can't come up with numbers on energy efficiency savings potential by only using a pool of customers that already qualify for loans. These are upscale customers who are more likely to inhabit housing that is on the lower end of the energy savings potential scale. Evaluating data in this way paints a distorted picture of how many under insulated, high energy burden homes there are and what the average cost/benefit is.

\*\*\*\*\* We are worthy of something that is purely in the public interest \*\*\*\*\*

Inclusive Financing has turned in results in other states that are more cost effective than any other type of program offered. That begs a huge question: Why (to our knowledge), have no investor-owned utilities ever voluntarily offered inclusive financing?

Stakeholders have spent years in discussion with E-21 (I attended meetings on this at one point as well) but it has yet to result in systemic change. So as a result, we remain trapped in a system where the financial health of monopoly utilities is still dependent on volume of energy sales. TBIF is a win-win for everyone except for the C-Suite executives of energy utilities who don't want to make it too easy for too many people to save energy because their profits are tied to sales.

If the true reluctance to consider TBIF is fear that a more rapid rate of preventing energy waste would cost shareholder profits, then this is a case where the utilities have a conflict of interest with the public interest. It is the role of regulators to mediate that conflict.

This is the ultimate dividing line where I can conclude my commentary. And I ask the MN PUC to agree that us ratepayers/ customers are worthy enough to deserve something that is purely for the public good which would be TBIF based on the PAYS tm model.

Thank you for this opportunity to share our input. I will be watching with great suspense on how this ongoing story unfolds at the comment deadline in hopes of a proactive agreement being reached.

Respectfully Submitted,  
Lee Samelson

