

April 1, 2024

Ms. Michelle Gransee, Deputy Commissioner  
Division of Energy Resources  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
Saint Paul, MN 55101-2198

RE: Saint Paul Port Authority's Alternative Conservation Improvement Program (CIP), 2023  
Status Report for the Trillion BTU Program Docket No. G7036, E7035/CIP-20-485

Dear Ms. Gransee:

The Saint Paul Port Authority (SPPA) respectfully submits the 2023 status report on the Trillion BTU program. The program was approved for inclusion in Xcel Energy's 2021-2023 Conservation Improvement Program, triennial plan.

The Trillion BTU program complements Xcel Energy's energy-efficiency programs, by providing financing for commercial, industrial, and non-profit projects that might otherwise not be completed. The Trillion BTU program offers accessible project financing with low-interest rates and attractive terms. The Trillion BTU program also creates entry points for participation in Xcel Energy's energy-efficiency programs through the economic development authorities that operate in Xcel Energy's service territory.

The Trillion BTU program budget for 2023 was \$194,000, final spending was \$147,385.

Thank you for your consideration. Please call or email me at 651-204-6216 or [hkh@sppa.com](mailto:hkh@sppa.com) with any questions.

Sincerely,



Holly Huston  
Vice President of Finance  
cc: CIP Service List

## **2023 STATUS REPORT**

### **INTRODUCTION**

On December 6, 2012, the Saint Paul Port Authority (SPPA) filed an alternative Conservation Improvement Program (CIP) proposal to include the Trillion Btu program in Xcel Energy's 2013-2015 CIP Plan. Staff of the Division of Energy Resources (Staff) issued a Proposed Decision on January 28, 2013. In their PD, Staff raised two concerns regarding 1) the implications of using CIP funds for administration of a non-CIP funded program (the original loan fund was provided through the American Recovery and Reinvestment Act (ARRA)) and 2) the necessity of the utility administration budget. In Reply Comments filed February 12, 2012, SPPA addressed these concerns by stating that all ARRA funds are expected to be lent out for eligible projects by the end of 2015. SPPA, with agreement from Xcel Energy, decreased the utility administration program budget from \$12,000 to \$6,000. The utility administration budget is used to pay utility labor time to manage the administration of the program on the utility side. The program was approved on March 14, 2013, by the Deputy Commissioner for inclusion to Xcel Energy's 2013-2015 CIP Plan with an annual combined electric and gas budget of \$194,000. On August 1, 2014, the triennial plan was extended through 2016 with the same \$194,000 budget. On July 21, 2016, SPPA filed its alternative CIP proposal to include the Trillion Btu program in Xcel Energy's 2017-2019 CIP plan. Staff issued a Proposed Decision on September 19, 2016. The program was approved on November 3, 2016. Early in 2019, the Trillion Btu CIP Plan was automatically extended through 2020 with the same annual budget as the previous triennium. On June 1, 2020, the SPPA filed its alternative CIP proposal to include the Trillion BTU program in Xcel's 2021-2023 CIP plan with annual combined electric and gas budget of \$194,000. Staff issued a Proposed Decision on August 6, 2021, and the program was approved.

### **PROGRAM SUMMARY**

The Trillion Btu program is an alternative CIP that is managed and delivered by SPPA. Originally funded in 2010 through ARRA, the SPPA was granted loan funds by the DER in the total amount of \$15MM. The purpose of the program is to complement Xcel Energy's energy efficiency programs by providing a financing alternative for commercial, industrial, and non-profit projects that might otherwise not be completed due to capital constraints. The Trillion Btu program offers project financing with low interest rates and attractive terms. The program, as designed, creates additional entry points through the economic development authorities that operate in Xcel Energy's service territory to leverage all funds available to help the customer raise capital and implement their energy efficiency project.

### **PROGRAM BUDGET**

SPPA did an excellent job of managing its costs, coming in at 76% of the approved budget in 2023. All of the expenditures were in marketing and outreach, technical assistance, admin and project management, and loan origination. Table 1 below shows the detailed budget breakdown as originally approved compared to actual expenditures in 2023.

**TABLE 1**

Activity	2023 Electric Budget	2023 Electric Expenditures	2023 Gas Budget	2023 Gas Expenditures	2023 Total Budget	2023 Total Expenditures
Project Delivery	\$ 165,150	\$ 132,646	\$ 18,350	\$ 14,738	\$ 183,500	\$ 147,385
Marketing & Outreach	\$ 45,000	\$ 12,479	\$ 5,000	\$ 1,387	\$ 50,000	\$ 13,865
Technical Assistance	\$ 22,500	\$ 22,518	\$ 2,500	\$ 2,502	\$ 25,000	\$ 25,019
Admin/Project Mgmt	\$ 7,650	\$ 7,650	\$ 850	\$ 850	\$ 8,500	\$ 8,500
Loan Origination	\$ 90,000	\$ 90,000	\$ 10,000	\$ 10,000	\$ 100,000	\$ 100,000
Utility Administration	\$ 5,400	\$ -	\$ 600	\$ -	\$ 6,000	\$ -
Advertising & Promotions	\$ 4,050	\$ -	\$ 450	\$ -	\$ 4,500	\$ -
<b>Total</b>	<b>\$ 174,600</b>	<b>\$ 132,646</b>	<b>\$ 19,400</b>	<b>\$ 14,738</b>	<b>\$ 194,000</b>	<b>\$ 147,385</b>

**TABLE 2**

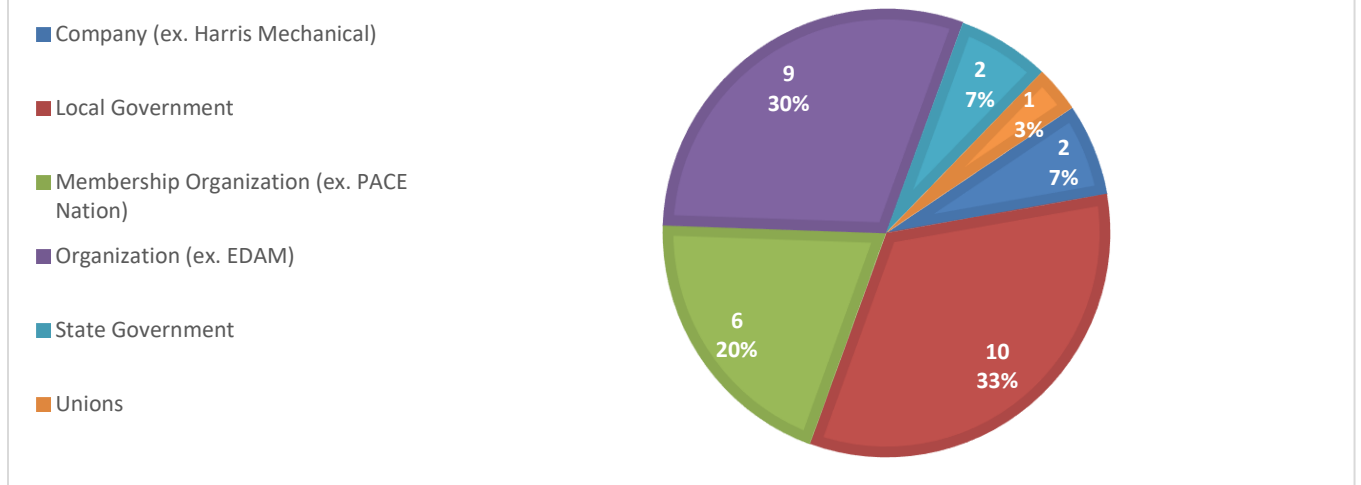
Activity	2023 Total Budget	Expenditures as % of Budget
Project Delivery	\$ 183,500	80%
Marketing & Outreach	\$ 50,000	28%
Technical Assistance	\$ 25,000	100%
Admin/Project Mgmt	\$ 8,500	100%
Loan Origination	\$ 100,000	100%
Utility Administration	\$ 6,000	0%
Advertising & Promotions	\$ 4,500	0%
<b>Total</b>	<b>\$ 194,000</b>	<b>76%</b>

**Project Delivery**

The Project Delivery budget consists of Marketing and Outreach, Technical Assistance and Administration/Project Management and Loan Origination. SPPA spent a total of \$147,385 or 76% of the approved budget for project delivery in 2023.

*Marketing & Outreach* - SPPA budgeted \$50,000 for Marketing and Outreach efforts in each of the three years of the triennium. The chart below shows a breakout by audience of the 32 conferences or events that SPPA presented or tabled as part of their marketing & outreach activities. As opportunities arose, SPPA also spoke to many communities about the Trillion BTU program and where applicable, how it can be leveraged with PACE. The MinnPACE website had over 200 inquiries in 2023.

## TRILLION BTU OUTREACH - 32 EVENTS



*Technical Assistance* – SPPA contracted with Community Partners Research for Davis Bacon monitoring.

*Admin/Project Management* – SPPA uses \$8,500 annually for the costs to manage the program, investments were made in our loan management system to ensure accurate record keeping.

*Loan Origination* - The largest portion of the total program budget is allocated to loan origination. In 2023, SPPA spent all of the \$100,000 budget on processing and closing energy efficiency loans for the Trillion Btu program. Origination activities for large commercial and industrial loans are inherently labor-intensive. Expenses charged to this budget include fund management, credit analysis, processing preparation and follow-up, internal loan committee reviews, and board reviews.

### Utility Administration

The Trillion Btu program budgeted \$6,000 per year to cover the cost of program management from the utility. Any utility labor dollars expended were charged to the associated direct impact CIP program the customer participated in. As a result, zero utility administration funds were charged by Xcel Energy in 2023.

### PROGRAM ACHIEVEMENTS

SPPA closed 29 loans in 2023 lending a total of \$52MM of leveraged funds along with Trillion Btu funds. Most of these projects had a long construction period, and since the project had not been completed, Xcel was not able to provide energy savings data for all of these projects. For the projects that were completed, and that Xcel could provide savings data, SPPA closed 7 loans in 2023 lending a total of \$5M. Since program inception in 2010, Trillion Btu has closed 142 loans, that Xcel has provided saving information on, for a total of \$104.1M in leveraged funds with \$27.3MM of the financing coming from the Trillion Btu funds.

Program strategies designed to enhance the Trillion Btu standard offer included PACE as well as financing offers developed in partnership with other economic development authorities and capital sources. Leveraging funds and enabling customer choice is key to the success of this program. A customer’s decision to finance an energy efficiency project is weighed by their options to finance through a more traditional route like Trillion

Btu or a longer-term investment such as PACE financing.

### **Attachment 1 : Project Detail**

As stated earlier, all closed loans do not necessarily equate to completed projects and rebates submitted. Time may lapse between loan funding, project implementation and final rebate submittal and approval. Some projects may cross multiple funding years and do not align perfectly with the utility tracking system. Where we were able, projects and final energy savings were confirmed with Xcel Energy. Due to the funding to implementation timeframe, other projects do not have final savings estimates shown.

### **Attachment 2 : Project Spending Information - Electric and Gas**

#### **CONCLUSION**

The SPPA is pleased with the success of the Trillion Btu program in 2023. We facilitated the funding of multiple PACE projects, and our program ranks sixth in the nation behind California, Ohio, Texas, Utah, and Florida. The organization greatly leveraged outside funding while complementing Xcel Energy's direct impact energy efficiency programs through project financing. In 2024, we will continue to enhance the Trillion Btu program by focusing on large, facility-wide retrofits and new construction.

**ATTACHMENT 1: PROJECT DETAILS**

Customer Segment	Customer Type	Measures Implemented	# of Measures	Customer KWh	Therms	Project Cost	Trillion BTU \$	Rebate
Commercial	Office Building	Lighting - MN	1	133,363	0	\$ 2,500,000	0	\$5,418.75
Non-Profit	Religious	Lighting - MN	1	10,914	0	\$ 157,000	0	\$540.00
Commercial	Office Building	Lighting One Stop - MN	1	29,122	0	\$ 300,000	0	\$5,305.00
Non-Profit	Museum	Lighting One Stop - MN	1	9,407	0	\$ 110,000	0	\$1,826.77
Commercial	Manufacturing	HVAC+R Systems - MN	2	890	0	\$ 50,200	0	\$1,360.00
Commercial	Mixed Use	Lighting One Stop - MN	1	5,274	0	\$ 1,750,000	0	\$2,532.00
Industrial	Industrial	Lighting One Stop - MN	1	1	0	\$ 84,760		\$200.00
				188,971	0	\$ 5,078,976		\$ 18,183.00

**ATTACHMENT 2: PROJECT INFORMATION SHEETS – ELECTRIC AND GAS**

<b>Cost Components -- Enter Dollars</b>									
Project Delivery	\$ 165,150	\$ 165,150	\$ 103,896	\$ 165,150	\$ 165,150	\$ 98,949	\$ 165,150	\$ 165,150	\$ 132,646
Utility Administration	\$ 5,400	\$ 5,400	\$ -	\$ 5,400	\$ 5,400	\$ -	\$ 5,400	\$ 5,400	\$ -
Evaluation Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising & Promotion	\$ 4,050	\$ 4,050	\$ -	\$ 4,050	\$ 4,050	\$ -	\$ 4,050	\$ 4,050	\$ -
Participant Incentives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R&D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Costs</b>	<b>\$ 174,600</b>	<b>\$ 174,600</b>	<b>\$ 103,896</b>	<b>\$ 174,600</b>	<b>\$ 174,600</b>	<b>\$ 98,949</b>	<b>\$ 174,600</b>	<b>\$ 174,600</b>	<b>\$ 132,646</b>
<b>Project Participants</b>									
Total Participants									
<b>% of Spending by Customer Segment</b>									
Residential									
Commercial	34%	34%	100%	34%	34%	100.0%	34%	34%	57.1%
Industrial	33%	33%	0%	33%	33%	0.0%	33%	33%	14.3%
Farm									
Other (Non-Profit)	33%	33%	0%	33%	33%	0%	33%	33%	29%
<b>Total % of Spending (must equal 100%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>