



UTILIZING CITY-UTILITY PARTNERSHIP AGREEMENTS TO ACHIEVE CLIMATE AND ENERGY GOALS

CELINA BONUGLI AND JAKE DUNCAN, WITH KELLY CRANDALL AND CASSANDRA ETTER-WENZEL

EXECUTIVE SUMMARY

Highlights

- Local governments, who are actively emerging as leaders in addressing climate change, and electric utilities in the United States, are increasingly setting climate and energy goals.
- Utility-customer cooperation and collaboration will be essential to meeting their ambitious targets—partnership agreements provide one pathway to accelerate action to meet ambitious goals.
- City-utility partnership agreements can provide a framework to align and achieve broad sustainability efforts and enable long-lasting and productive engagement to achieve climate and energy goals.
- Based on the experience of several U.S. cities, this resource identifies common elements of partnership agreements, as well as tips and considerations for implementing them, which can help cities evaluate the opportunity to use agreements to meet their goals.

CONTENTS

Executive Summary	1
Introduction	2
The Opportunity and Value in Pursuing City-Utility Partnership Agreements.....	3
Structuring City-Utility Partnership Agreements	4
Developing City-Utility Partnership Agreements	7
Ensuring the Successful Delivery of Partnership Agreements	10
Conclusion.....	10
Appendix A: Referenced City-Utility Documents.....	11
Appendix B: Methodology.....	12
Acknowledgments.....	14

Working Papers contain preliminary research, analysis, findings, and recommendations. They are circulated to stimulate timely discussion and critical feedback, and to influence ongoing debate on emerging issues. Working papers may eventually be published in another form and their content may be revised.

Suggested Citation: Bonugli, C., J. Duncan, K. Crandall, and C. Etter-Wenzel. 2019. "Utilizing City-Utility Partnership Agreements to Achieve Climate and Energy Goals." Working Paper. Washington, DC: World Resources Institute. Available online at <http://www.wri.org/publication/city-utility-partnership-agreements>.

Context

Customer-utility innovation and collaboration is essential to achieving the climate and energy goals increasingly set by local governments and electric utilities. Although customers and utilities have traditionally collaborated, these working relationships may need to expand or go further than before to achieve their desired goals and galvanize the market transformation required to address the global climate challenge.

For municipal governments, some efforts to spur climate and energy action with the utility have been formalized in city-utility partnership agreements. Through partnership agreements, local governments and the electric utility can agree to outcomes and expectations to successfully meet both parties' objectives and goals.

This resource is designed to aid cities, as well as utilities, in exploring the opportunity to develop a partnership agreement and, if pursued, consider key factors relevant to successfully enable long-lasting and productive engagements. It identifies insights and lessons learned from the experiences of several U.S. cities and investor-owned electric utilities in developing innovative agreements in Colorado, Florida, Minnesota, North Carolina, Utah, and Wisconsin.

Key Findings

City-utility partnership agreements provide an opportunity to align and achieve broad sustainability efforts and/or specific climate and energy goals. By developing formalized agreements, partners can benefit from strengthened relationships; improved communication; increased planning, resource, and capacity efficiencies; and more.

City-utility partnership agreements vary greatly—in desired outcomes, structure and content—and should be tailored to the specific party. There are, however, several common elements. Many agreements often feature sections that frame the desired outcomes, ensure implementation, identify how the partnership will be governed, and address administrative and compliance issues. Agreements can also address logistics such as duration, enforceability, how often and when parties will participate, and who will govern and monitor outcomes. Each partnership agreement prioritizes these components uniquely for its specific sustainability and clean energy goals.

A range of opportunities exists to develop partnership agreements. Cities and utilities can develop partnership agreements during pivotal points in their relationships, including during the renegotiation of the franchise agreement, the development or implementation of city and/or utility climate and energy goals, the analysis of renewable energy options, utility program and resource planning, and regulatory proceedings.

To ensure the successful delivery of the agreement, development of clear metrics can help track progress toward meeting city and utility goals. Agreeing upon common metrics—both process- and outcome-oriented—provides both parties a platform on which to structure their work, track progress, and report success to the leadership and the public. An initial evaluation of proposed metrics can be useful in developing the agreement, but a reevaluation of metrics may be necessary as work progresses and conditions change. It is also important to align identified metrics with the goals of both the city and utility to ensure that both find value in the ongoing partnership.

Partnership agreements offer one opportunity to explore and pursue long-term collaboration. The costs and benefits of a partnership agreement should be weighed against alternative approaches. In evaluating options, cities may consider the existing nature of the relationship; available capacity and resources to pursue a more active partnership; administrative costs; the utility's internal goals, priorities, and political momentum; the size of the utility and city; and potential alternatives. Ultimately, whether a partnership agreement is employed as the most effective path forward will depend on the specific context of each local government and electric utility.

INTRODUCTION

U.S. local governments,¹ such as cities and counties, as well as many investor-owned electric utilities,² are increasingly making commitments and pursuing actions to address climate change. This has led U.S. cities and investor-owned electric utilities into partnering in innovative ways. Going beyond traditional utility-service agreements, a growing number of cities and utilities are developing partnership agreements to jointly address ambitious climate and energy targets.

CONSIDER WHETHER A CITY-UTILITY PARTNERSHIP AGREEMENT IS NECESSARY TO ACHIEVE CLIMATE AND ENERGY GOALS

There are potential advantages and disadvantages to pursuing a city-utility partnership agreement. The benefits are further explored in this resource. Some of the challenges or pitfalls in creating partnership agreements include that they can be time-consuming to implement and that, in some cases, parties may have difficulty achieving consensus.

To evaluate whether a partnership agreement is the right course of action, consider factors such as the desired goals or outcomes; the existing nature of the relationship; the available capacity and resources to pursue a more active partnership; the utility's internal goals, priorities, and political momentum; and the size of the utility and city. Compare these against the anticipated outcome of the partnership and other alternatives available.

The evaluation of these factors will vary based on the situation of each city.

without a written or formal agreement, in some instances, cities and utilities have found that formalizing the working relationship through a partnership agreement spurs collaboration and helps guide and deepen their relationship.

Value

City-utility partnership agreements can be valuable for aligning and strengthening the climate and energy goals of both the city and the utility. In doing so, these agreements offer the ability to help both parties

- establish and define a working relationship to address sustainability goals;
- identify shared aspects of the goals to guide the relationship and future engagement;
- set expectations for how the goals can be reached and what obstacles they face;
- improve communication in all aspects of the working relationship; and
- undertake broad or specific actions to meet city and utility sustainability targets.

See Table 1 for some of the additional values cities and utilities have identified across a range of agreements.

THE OPPORTUNITY AND VALUE IN PURSUING CITY-UTILITY PARTNERSHIP AGREEMENTS

City-utility partnership agreements can help both parties achieve desired sustainability outcomes, although they are not the only means of doing so. While many cities and utilities can work together collaboratively and effectively

Table 1 | **Value of Partnership Agreements for Cities and Utilities**

CITIES	
Leverage utility expertise	Cities can utilize the utility's technical expertise. For example, Xcel Energy has provided technical assistance and energy modeling to help the City of Denver evaluate zero energy projects. ^a
Develop utility projects and programs	As a result of city requests or working group efforts, the utility may create innovative projects or programs. Crafted with city and other stakeholder input, these projects and programs can meet specific city targets or reach certain customers, such as low-income or otherwise disadvantaged neighborhoods, in a manner that is most beneficial and specific to the community. For example, CenterPoint Energy and the City of Minneapolis plan to launch an inclusive financing pilot for home energy upgrades in 2020 in order to reach underserved customers. ^b
Gain insight into utility operations to enhance the overall relationship and actions pursued	Establishing a partnership with the utility helps city staff become more familiar with the utility itself, its staff, business model, and aspects of program design. These insights can then allow city staff to work more effectively with the utility to create new, mutually beneficial solutions.
Influence utility planning to improve the electric grid	Through partnership, cities can influence utility planning to improve the electric grid. This can be done in several ways. For example, aligning each other's climate and energy goals can accelerate clean energy procurement, as well as identify opportunities to support the retirement of traditional fuel sources—both of which influence the default grid mix supplying the city and its residents. Accelerating grid modernization can yield additional carbon savings by leveraging smart grid components, like electric vehicles or batteries, to strategically consume low-carbon energy.

Table 1 | Value of Partnership Agreements for Cities and Utilities (cont'd.)

UTILITIES	
Educate the city	Developing a partnership agreement provides the utility with opportunities to educate the city about ongoing or future utility programs. These activities may meet some of the city's requests, possibly in a more cost-effective manner than what the city originally intended.
Improve service and maintain customers	Utilities have noted that city partnerships can help them improve their customer service. Ensuring that the utility is meeting customer needs is especially important where cities have the option to municipalize ^c or explore community choice aggregation (CCA). ^d Moreover, utilities with high customer-service ratings tend to be allowed higher returns on equity in rate case proceedings. ^e This can ultimately lead to a virtuous cycle, as regulators and other stakeholders may be more likely to allow innovative programs when they see the utility delivering excellent service, which can then further increase customer satisfaction.
Innovate utility program offerings	Cities have visibility into downstream impacts of programs that utilities and other program administrators may not have. By partnering with cities, utilities can gain valuable insight into how programs and services are implemented and received on the ground, enabling them to improve programs to more effectively meet customer needs and provide tailored programs relating to energy efficiency, electric-vehicle charging infrastructure, equity, and reliability.
Increase the use of utility programs	Utilities can use their partnerships with cities to collaboratively increase participation in existing utility programs, either at the municipal level or among residents in the community more broadly. For example, in North Carolina, Duke Energy, the City of Asheville, and Buncombe County created the Energy Innovation Task Force, which helped local customers reduce their electricity usage through existing energy efficiency programs. ^f

Notes: This list of potential values should not be considered comprehensive.

^a Jerome E. Davis (Xcel Energy), letter to Gretchen Hollrah (Mayor's Office of the National Western Center), April 23, 2018, <https://nationalwesterncenter.com/nwc-wp/wp-content/uploads/2018/04/Xcel-National-Western-Center-letter-04232018.pdf>.

^b For more information, see Minneapolis Clean Energy Partnership, 2019-2021 Work Plan, https://mplscleanenergypartnership.org/wp-content/uploads/2018/11/CEP-2019-2021-Work-Plan_FINAL-APPROVED.pdf, 19.

^c To learn more about municipalization, visit American Public Power Association, "Municipalization," <https://www.publicpower.org/municipalization>.

^d To learn more about community choice aggregation, visit Environmental Protection Agency, Green Power Partnership, "Community Choice Aggregation," <https://www.epa.gov/greenpower/community-choice-aggregation>.

^e J.D. Power, "How Customer Satisfaction Drives Return on Equity for Regulated Electric Utilities," white paper, May 2012, <https://www.jdpower.com/business/resource/how-customer-satisfaction-drives-roe-regulated-utilities>.

^f Duke Energy, Bringing the Future to Light: Duke Energy Sustainability Report 2016, <https://sustainabilityreport.duke-energy.com/2016/downloads/16-duke-sr-complete.pdf>.

STRUCTURING CITY-UTILITY PARTNERSHIP AGREEMENTS

Most partnership agreements are short documents signed by leaders within the local government(s) and the utility. The structure and content vary greatly, taking the form of a memorandum of understanding (MOU), a cooperation agreement, or other type of document.

Agreements specify the desired outcomes and can include broad sustainability efforts, specific goals, or both. Objectives can relate to the clean-energy or carbon-reduction goals of both community-wide and municipal facilities.

To guarantee that actions are carried out and fully implemented, many partnership agreements address governance, administrative, and compliance issues. In some cases, partnership agreements also include terms committing the parties to use their "best efforts" to ensure that each party is committed to achieving the projects or goals laid out on the timeline proposed.

Given the specific, goal-driven nature of partnership agreements, the components and details can vary greatly. However, there are common elements, such as the following.

Framing

- **Vision and values:** Partnership agreements generally have a preamble statement or series of statements laying out the reasons why the parties have signed the agreement and their shared vision and values. For example, the MOU between Denver and Xcel Energy laid out the entities' respective and shared visions of energy in the community. The MOU between the City of Charlotte and Duke Energy created a shared vision of low-carbon energy and innovative technologies. Some partnership agreements explicitly state that both parties must thrive (i.e., prosper economically) in order to effectively work together toward the specified goals. In other cases, the partnership agreement also acknowledges potential regulatory constraints that can limit action.
- **Collaboration:** Agreements may represent collaboration in various ways, including commitments to work together on identified topic areas, broad statements of cooperation, commitments to educate and enroll communities in programs, or statements about joint engagement in and support of regulatory and legislative efforts. For example, the MOU between the City of Madison, Wisconsin, and Madison Gas & Electric obligates the two parties to jointly support proposals being considered by each organization's decision-makers when the proposals align with the goals of the partnership agreement.
- **Desired sustainability actions:** Agreements can cover a range of actions designed to achieve climate and energy goals, such as
 - increase energy efficiency in municipal facilities;
 - provide residential or commercial energy audits;
 - provide education to residents or schools on energy efficiency, renewable energy, or other utility programs;
 - install clean energy technology in visible public places, like solar photovoltaic on schools;
 - install efficient street lighting or electric vehicle infrastructure;
 - move equipment, such as distribution lines, underground to increase resiliency;
 - increase local economic development and address social equity by creating green jobs;

- pilot microgrids for emergency preparedness;
- develop demonstration projects for new technologies;
- increase access to aggregated energy usage data; and,
- install on-site, community, or utility-scale solar.

These actions can be prioritized through informal discussions between the parties, formalized in the agreement (e.g., through phases or guiding principles), or determined by governing committees after the agreement is developed.

- **Scalability:** Some partnership agreements include explicit statements that the parties will work together to scale their outcomes to other communities and to advance shared public policy interests at the local, regional, and state levels.
- **Agreements “not to”:** Some agreements preclude one of the parties from taking a particular action. In our sample, this consisted of a city agreeing to avoid undertaking certain types of activities on specific topics. For example, the Renewable Energy, Energy Efficiency, and Sustainability Agreement between the City of Sarasota and Florida Power & Light (FPL) precludes the city from opposing the utility's pursuit of legislative or regulatory approvals around renewable energy projects. In another instance, the Joint Clean Energy Cooperation Statement (Cooperation Statement) between Salt Lake City and Rocky Mountain Power precludes the city from implementing community choice aggregation during the time the agreement is in effect. Both parties should understand the impact of potential provisions that preclude certain actions and word such agreements carefully to avoid unintended consequences.

Implementation and Governance

- **Governing body:** To govern the implementation of agreements, many partnerships have utilized existing decision-making bodies or created new ones to specifically oversee the partnership agreement. In some cases, this has taken the shape of a joint board, comprised of both city and utility representatives. The purpose of these groups is to host discussions, identify projects, and develop strategies for implementation. For example, to implement the Clean Energy

Partnership (CEP) between the City of Minneapolis and Xcel Energy (as well as CenterPoint, their natural gas provider), a joint city and utility board was developed, comprised of four senior officials from the city and two from each utility. The CEP board meets quarterly to review progress on the agreed-upon work plan and oversee special projects and reports.³ Minneapolis, Xcel Energy, and CenterPoint Energy also established a community-based Energy Vision Advisory Committee (EVAC) charged with “reviewing and providing feedback on the biennial work plan and measurement and performance reports; providing feedback on special initiatives as requested by the Board; and communicating to members’ respective constituencies about EVAC and Board decisions and activities.”⁴

- **Work plans:** Sometimes partnership agreements are coupled with action-oriented documents, such as work plans. Work plans can be designed to leverage statewide policies, city municipal regulatory authority, community relationships, and utility expertise to achieve the shared goals in the partnership agreement. The work plan may be complementary to or independent of a city’s climate action plan, depending on the alignment of goals and timing. The work plans can be updated regularly in response to changing regulatory and market conditions. Some work plans also require regular reporting.
 - Minneapolis Clean Energy Partnership work plan.⁵ This three-year plan focuses on the city’s Climate Action Plan goals by working toward both the city’s municipal and citywide goals.
 - Salt Lake City and Rocky Mountain Power’s Clean Energy Implementation Plan.⁶ This 11-page resource is designed to support the goals detailed in the five-page Cooperation Statement and document the programs, projects, and tasks that must be prioritized to ensure success.
- **Regular dialogue:** Some agreements include commitments to meet formally on a regular basis to discuss the implementation of the goals and/or actions identified in the agreement. Language governing these meetings can be broad or specific (e.g., calling for quarterly meetings). The agreement may also stipulate who should attend. The cities of Minneapolis, Denver, and Madison included this type of commitment in their agreements.

- **Time frame:** Some agreements establish a timeline, including milestones and deadlines, to guide the joint work toward the planned outcomes. Furthermore, some partnership agreements may divide projects into those that are short-term in nature, requiring little or no regulatory approval, and those that require a longer term to implement or that need regulatory or legislative approval. The City of Sarasota and FPL utilized this strategy in their agreement.
- **Role of regulators and city decision-makers:** Partnership agreements frequently include terms indicating that the utility may require approvals from the state regulatory body (i.e., the public utilities commission or public service commission) to enact certain aspects of the agreement. In some cases, the agreement may recognize the need for city council approval as well. In these cases, parties may include a recognition that the need to obtain these approvals may delay or prohibit them from moving forward.
- **Public engagement:** Some partnership agreements include agreements related to engaging external parties and the general public. For example, Madison’s MOU with Madison Gas & Electric notes that it will provide periodic progress updates to its Sustainable Madison Committee. Additionally, Sarasota and FPL include terms requiring both parties to approve all publicity related to the agreement in order to ensure a unified public image.

Administration

- **Duration:** The length of partnership agreements can range from a few years (three years for the City of Madison with options to renew), to the duration of a franchise agreement (20 years or more). However, the agreement does not have to be a part of the franchise agreement and often can be dissolved by written notice by a party at any time.
- **Enforceability:** Whether the agreement is enforceable depends on the state and the parties involved. Most cities and utilities believe that these agreements are part of a process of working together and are therefore not enforceable by law. Some partnership agreements, like those between the City of Charlotte and Duke Energy and between the City of Denver and Xcel Energy, include explicit terms stating that the partnership agreement is not a contract or other legal relationship, and that it may be terminated at the will of either party upon notice to the other. However,

other partnership agreements have specifically included terms to form a binding contract that is legally enforceable. For example, the agreement between the City of Sarasota and FPL states that if one party fails to perform any of its obligations under the agreement, the other party may cancel and pursue available legal remedies.

- **Costs:** The costs associated with partnership agreements may not be easily identifiable at the creation of the agreement. Furthermore, neither cities nor utilities may have funding to support the partnership's efforts. To address this, partnership agreements can include provisions that identify how costs can be shared, proactively note city requests that could increase utility costs, or where the city will be obligated to pay or pass on costs to residents and businesses.⁷ In some cases, such as for the City of Denver and Xcel Energy, partnership agreements may include a provision noting that the entities will work together to seek federal or private grant funding to support partnership efforts.
- **Handling disagreements:** Some agreements include terms designed to resolve conflicts. For example,

the Cooperation Statement between Salt Lake City and Rocky Mountain Power states that, in the event of a disagreement over implementing the shared objectives, the mayor and the chief executive officer (CEO) would both be included in seeking resolution and exploring alternate solutions.

DEVELOPING CITY-UTILITY PARTNERSHIP AGREEMENTS

Who Should Be Involved

Having the right team is critical to negotiating a partnership agreement. The people involved should be committed to having a productive and positive conversation. Cities and utilities may want to consider engaging the following individuals and skill sets:

- Executives of each organization who can support the partnership effort at the highest level, including city leaders, whose involvement signals the city's commitment and who can navigate larger political issues, and utility executive officers, who are empowered to make commitments on behalf of the utility.
- Technical staff, including sustainability, facilities, economic development, transportation, resilience, and equity officers from the city side and utility experts in engineering, renewable energy or energy efficiency programs, power supply planning, or other key areas.
- Legal staff, which may include internal or external attorneys, who can help each entity draft the document and understand its obligations.
- Outside stakeholders, which may include local nonprofits, who are familiar with the specific electricity regulatory environment for the state and can help city staff contemplate opportunities and avoid approaches and concepts unlikely to succeed with the utility commission.

For example, when developing its Renewable Energy, Energy Efficiency, and Energy Sustainability Agreement with FPL, the City of Sarasota enlisted staff with community-based knowledge to evaluate the feasibility of projects, an outside lawyer to provide guidance on the legal process and insight into regulatory limits, and the city manager for executive leadership.

Cities and utilities may want to involve potential “internal champions” (i.e., key advocates in each organization)

CONSIDER THE VALUE OF COLLECTIVELY PURSUING AND ESTABLISHING PARTNERSHIP AGREEMENTS

Where cities have similar clean energy goals and are served by the same electric utility, or are located in a similar regulatory regime, there may be an opportunity to work together. This can occur in the form of joint activities leading up to the agreement or development of a multi-city-utility agreement or coalition. Coordinating as a group offers the opportunity to share resources, enhance negotiating ability, and likely streamline partnership efforts for the electric utility. The downside is that collaboration can slow the process, particularly if multiple approvals are required.

An example of this type of collaboration is the case of Salt Lake City, Park City, and Summit County in Utah, who came together with a common goal to complete a 100 percent renewable electricity feasibility study,⁸ negotiate the desired utility outcomes, and pursue legislative solutions⁹ to achieve their community-wide targets.

Notes:

⁸ Salt Lake City, Communities Renewable Energy Study: Analysis of Impacts and Benefits Associated with Transitioning to 100 Percent Renewable Power, April 25, 2017, http://www.slcdocs.com/slccgreen/Climate%20&%20Energy/PDF_RE%20Study_Salt%20Lake_Final.pdf.

⁹ SLC Green Blog. 2019. “Utah Communities Celebrate Landmark Renewable Energy Legislation.” April 23. <https://slccgreenblog.com/2019/04/23/community-renewable-energy-act/>.

as well as individuals who are knowledgeable about the history of the relationship between the two organizations. For instance, a former employee of the City of Charlotte working at Duke was able to help advance the conversation and ensure that the right city staff could help carry out the effort.

When and How to Pursue a Partnership Agreement

There is no set approach to developing a partnership agreement. However, cities and utilities tend to develop partnership agreements during pivotal points in their relationships, including those listed in Table 2.

In some instances, several opportunities can be successfully leveraged to spearhead a conversation. For example, at the time of Salt Lake City's upcoming franchise agreement renegotiation, the city sought baseline information on its full range of available renewable energy options, including utilizing a CCA and municipalization, plus completed a 100 percent renewable electricity feasibility study.⁸ The city then assessed its options, approached Rocky Mountain Power with this

CONSIDER THE ROLE OF FRANCHISE AGREEMENTS

What is a franchise agreement?

A franchise agreement is a legal contract that grants a utility a temporary local monopoly to provide electric or natural gas service to a particular city. It lays out the terms and conditions of how investor-owned utilities use municipal rights-of-way to provide services. In return, cities charge utilities franchise fees to access their property and provide services. Utilities collect this fee from ratepayers within the city and provide these revenues to the city. Franchise agreements are historically long-term contracts, lasting 20–30 years. Many, but not all, states require cities and utilities to have franchise agreements.

How do franchise agreements relate to partnership agreements? Franchise agreements are independent of partnership agreements, and a city does not need a franchise agreement to pursue a city-utility partnership agreement. However, the renegotiation of franchise agreements can provide an opportunity to develop a partnership agreement.

Additionally, since franchise fees can fund a substantial portion of city operations, the renegotiation of the franchise agreement allows cities to revisit how these funds are allocated. For example, the City of Minneapolis chose to allocate a portion of the franchise fee revenue for climate and energy efforts.

TIPS AND SUGGESTIONS FOR DEVELOPING A PARTNERSHIP AGREEMENT

- Strive for a balanced and appropriately sized team, across both parties, to work effectively and efficiently. Too many people in the conversation may delay the process.
- Choose a neutral location for meetings or rotate between utility and city facilities.
- Understand how requests relate to the regulatory and market context, including what is legally permissible and feasible according to state law and market structure.
- Relate to each other. Understand each other's backgrounds, culture, drivers, and internal and external constraints.
- Focus on the intended outcomes. Although implementation and governance components can help deliver a partnership agreement, consider balancing these components with the time and capacity required to complete the work required. Since staff time for both parties is limited, consider how the majority of staff time should be spent.
- Communicate interests rather than positions. Focus on where interests align or where the city and utility can support each other and pursue creative solutions where they differ.
- Be flexible in the specific outcomes or actions requested. Laying out clear, measurable outcomes or desired goals can be an effective method of generating tangible results. However, allow for adjustments and opportunity for growth and adaption as needed.
- Be flexible with respect to timing. Consider the fact that changes in a heavily regulated and rapidly changing energy industry require both time and flexibility. Viewing the timeline as malleable and able to adapt to the regulatory process, complex internal changes at the utility and city, and changing market conditions may give the partnership greater chance of long-term success.
- Communicate and understand each other's boundaries and requirements (e.g., review or approval) to execute the partnership agreement.
- Commit to working together. Partnership is a two-way street and issues must be resolved together. The commitment to action on paper must be supported by the drive, motivation, and, in some cases, funding to complete the work.
- At the appropriate time, make the partnership plans public to celebrate shared successes and increase accountability.

Table 2 | Opportunities for Initiating Partnership Agreements

<p>During the renegotiation of the franchise agreement</p>	<p>Given the long-term nature of most franchise agreements, renegotiations happen infrequently, are a rare point of leverage for the city, and can offer a distinct opportunity for conversation between the parties. Franchise negotiations can provide the opportunity to initiate partnership discussions, and some of the agreements developed to date have been created in tandem with the franchise agreement negotiations.</p> <p>For example, the partnership agreements of the City of Minneapolis, the City of Sarasota, and Salt Lake City were all initiated during their franchise agreement renegotiations and negotiated as side or complementary agreements.</p>
<p>During the development or pursuit of city and/or utility climate and energy goals</p>	<p>The growing wave of climate and clean energy goals of both U.S. cities and electric utilities provides a shared platform for utilities and cities to come to the table. Initial conversations may occur during the development of a city's or utility's goals, during the creation of a climate action plan, or while a city or utility is working to achieve its targets.</p> <p>For example, using its MOU with the City of Denver as a template, Xcel Energy Colorado hosted conversations with several other communities to create opportunities for continued city-utility collaboration and for each community to meet its sustainability goals.</p>
<p>In the evaluation and analysis of renewable energy options</p>	<p>Cities can exercise rights to change their electric utility options, such as advocating for or utilizing community choice aggregation (CCA) legislation or by municipalizing the city's utility service. Both options could enable greater city control over energy-related decisions but can be costly, complex, and lengthy to implement. As an alternative, partnership agreements can be evaluated as a solution that enables access to the desired options.</p>
<p>During utility program and resource planning</p>	<p>Utility program or resource planning processes, such as an integrated resource plan or demand-side management plan, provide avenues for city input prior to or during plan formulation. Conversations during these processes may uncover opportunities to align targets and/or establish a partnership.</p>
<p>During or in response to regulatory proceedings</p>	<p>Regulatory proceedings—where programs, resource plans, and utility finances are explored and approved—can also serve as opportunities to explore partnership agreements.</p> <p>For example, with the City of Madison, the community rallied around a contentious rate case—a regulatory proceeding often preceding the approval of resource plans—to encourage its utility to go beyond the basic level of service, which ultimately led to the development of the city's MOU with the utility.</p>

Note: This list should not be considered comprehensive.

information, and decided with the utility that a formal partnership was the appropriate way to work together to achieve the city's targets.

Approving the Agreement

Finalizing the agreement may require executive approval by both the city and utility. In some cases this can be a challenging process. Engaging decision-makers early on and developing clear communication about the intended actions and value of the partnership can help. While utilities may only require CEO approval, since agreements generally do not require regulatory approval, local governments may require city council or mayoral approval.

Some cities and utilities have engaged the general public prior to or during the development process, but this is relatively uncommon. The decision to engage the public will depend on when or how the agreement is pursued (e.g., when partnership agreement conversations stem from franchise renegotiations, this process will likely be private), the size and type of community, and the city's relationships with the community and the utility.

ENSURING THE SUCCESSFUL DELIVERY OF PARTNERSHIP AGREEMENTS

To help ensure the success of a partnership agreement, cities and utilities should determine how they will measure progress toward meeting the goals of the agreement. As goals vary, so will the form of measurement. Metrics can be structured around both processes and outcomes—for example, ensuring they are meeting regularly and achieving metrics, such as the number of audits deployed or energy efficiency program participation. Balancing process and outcome metrics can be challenging, and preferences will differ. Some may prefer process metrics if, for example, it is important to show that decisions are being made jointly. Others may prioritize outcome-oriented metrics if, for example, they believe that time spent on process reduces time spent deploying projects or programs. Metrics, both quantitative and qualitative success stories, can help city and utility leadership and members of the community ensure successful delivery of a partnership agreement.

Cities may want to evaluate whether it is possible to include big-picture indicators, such as community energy savings or renewable energy consumption, with five-year targets to a 2030 or 2050 goal. These can be challenging to measure and may require working with the utility to create community-specific analyses.⁹ For instance, the City of Minneapolis is moving toward broad metrics directly tied to its energy and climate goals, such as percent of renewable energy consumed by the city. Initially focused on granular outcome-oriented metrics, like participation in specific utility programs, the City of Minneapolis found the administrative cost of measurement to be high and the impact of the agreement hard to discern. It is therefore refocusing on broader outcome-oriented metrics.

Metrics may be determined during the creation of the agreement or afterward as a result of advisory board or working group meetings. Outcome-oriented agreements, like Sarasota's, may lend themselves to predetermined metrics according to the agreed-upon projects, whereas process-oriented agreements could benefit from determining metrics after the agreement. However, metrics created later in the process may not have the proper data collection mechanisms in place and may face tracking challenges. Metrics may need to be reevaluated as the partnership progresses.

Once metrics have been established, progress can be reported to city leadership and/or the joint city-utility council, either as formally outlined in the partnership agreement or otherwise. This enables leadership to remain involved and engaged. Joint progress reports are typically published as annual updates to the work plan. Furthermore, reporting efforts can provide a useful reminder to all parties of the partnership's value and help maintain leadership's commitment to the collaboration.

Finally, it is important to align the identified metrics with the goals of both the city and the utility to ensure that both find value in the ongoing partnership.¹⁰

TIPS AND SUGGESTIONS FOR IMPLEMENTING A PARTNERSHIP AGREEMENT

- Continue to communicate regularly to foster the relationship. Maintain the momentum generated in the negotiation phase by keeping the lines of communication open. Cities might consider promptly engaging the utility, whether in an official capacity or not.
- Consider developing an implementation plan that includes discrete steps and timelines and complements the partnership agreement. Use a project management framework, such as a Gantt chart, to highlight key deliverables and act as a reference point over time. For example, see the final page of the Salt Lake City Clean Energy Implementation Plan.
- As the work unfolds, seek new ways to collaborate and work together.
- Keep executives engaged in the conversation. Executive-level participation from each party is one of the most impactful aspects of a partnership agreement. Utilize the ongoing collaboration as an opportunity to bring both parties' leaders to the table in situations involving more open dialogue and less-scripted interactions.

CONCLUSION

Collaboration among local governments and investor-owned electric utilities will be essential to meet the growing need to combat climate change and increasingly ambitious city sustainability goals. To spur collaboration and guide these relationships, city-utility partnership agreements, where appropriate, offer a promising avenue to align on and achieve climate and energy goals. These agreements can strengthen relationships, obtain executive buy-in, and craft shared strategies for success.

APPENDIX A: REFERENCED CITY-UTILITY PARTNERSHIP DOCUMENTS

Below is a list of the six city-utility partnership agreements discussed during the interview process. The selection was based on the public availability of such agreements and their connection to the interviews conducted for this resource.

Appendix 1 | Referenced City-Utility Partnership Documents

CITY	UTILITY	DOCUMENT TITLE	DATE
Sarasota, FL	Florida Power and Light	Renewable Energy, Energy Efficiency, and Sustainability Agreement between the City of Sarasota, Florida, and Florida Power & Light Company	November 2010
Minneapolis, MN	Xcel Energy and CenterPoint Energy	Memorandum of Understanding Clean Energy Partnership	October 2014
Salt Lake City, UT	Rocky Mountain Power	Salt Lake City Corporation and Rocky Mountain Power Joint Clean Energy Cooperation Statement	August 2016
Madison, WI	Madison Gas and Electric	Memorandum of Understanding between the City of Madison and MGE Regarding a Framework for Collaboration on Shared Energy Goals	September 2017
Denver, CO	Xcel Energy	Energy Future Collaboration: Memorandum of Understanding between the City and County of Denver, Colorado and Xcel Energy	February 2018
Charlotte, NC	Duke Energy Carolinas	Memorandum of Understanding between the City of Charlotte and Duke Energy Carolinas to Establish a Low Carbon, Smart City Collaboration	January 2019

APPENDIX B: METHODOLOGY

Our research is based on publicly available examples of city-utility partnership agreements and phone interviews with city sustainability staff from Sarasota, Minneapolis, and Charlotte and utility staff from Florida Power and Light, Madison Gas and Electric, Xcel Energy, and PacifiCorp. We identified interviewees based on organizations that had completed and implemented an agreement. The interviewees represent a variety of geographic regions, but all agreements are between a city and an investor-owned electric utility. Prior to the interviews, the authors developed a series of questions to pose to all interviewees. The interviews sought answers to these overarching questions:

- What were the primary factors that led to the creation of a partnership between the city and utility?
- What did the development process entail?
- What was the structure of the agreement, and what worked or did not work?
- How did the city or utility implement the agreement?
- How has the partnership agreement impacted or otherwise influenced your relationship and subsequent actions?
- What advice or suggestions do you have for others considering a city-utility partnership agreement?

Our findings synthesize the insights shared during interviews and are informed by desk research that examined the common structures and scopes within the agreements themselves.

Limitations

City-utility partnership agreements aimed at long-term actions to achieve climate and energy goals are fairly novel, and the number of cities and utilities that have developed these agreements is limited.

The authors only spoke with representatives of successful agreements. We were not able to identify any failed agreement, which would likely present viewpoints not contained in this resource.

The scope of city-utility partnership agreements discussed in this resource is confined to agreements entered into between U.S. cities and investor-owned electric utilities around climate and energy goals. This resource does not apply to city-utility partnership agreements that may be pursued with alternative electric utility types, such as cooperatives. Partnership agreements with these differing utility types are not as common, if utilized at all. This may be the result of the different characteristics and inherent opportunities and constraints associated with each utility type. Accordingly, our findings may not represent the full breadth of city-utility partnership agreement opportunities across all utility structures. This resource also provides a sample of six city-utility collaborative experiences. It is not comprehensive and focuses heavily on long-term, goals-oriented agreements, not targeted memoranda of understanding that cities and utilities may sign around a specific initiative.

ENDNOTES

1. See, for example, Sierra Club's Ready for 100 campaign (<https://www.sierraclub.org/ready-for-100/commitments>), the "We Are Still In" declaration (<https://www.wearestillin.com/>), and the C40 network (<https://www.c40.org/>).
2. See the Smart Electric Power Alliance's Decarbonization Tracker (<https://sepapower.org/decarbonization-tracker/>).
3. Minneapolis Clean Energy Partnership, "About the Partnership," <https://mplscleanenergypartnership.org/about/>.
4. Minneapolis Clean Energy Partnership, "Energy Vision Advisory Committee Members," <https://mplscleanenergypartnership.org/energy-vision-advisory-committee-members/> (accessed August 7, 2019).
5. Minneapolis Clean Energy Partnership, "2019–2021 Work Plan," <https://mplscleanenergypartnership.org/about/2017-2018-workplan/>.
6. Salt Lake City and Rocky Mountain Power, March 2017, "Clean Energy Implementation Plan," <http://www.slcdocs.com/slcgreen/SLCRMP%202018.pdf>.
7. To identify which customers are responsible for the cost of the partnership, some utilities may need to track administrative and other partnership costs.
8. Salt Lake City, Communities Renewable Energy Study: Analysis of Impacts and Benefits Associated with Transitioning to 100 Percent Renewable Power, April 25, 2017, http://www.slcdocs.com/slcgreen/Climate%20&%20Energy/PDF_RE%20Study_Salt%20Lake_Final.pdf.
9. Cities and utilities considering negotiating data requests can look to the initial use cases in Kelly Crandall, Rethinking Energy Data Access: Conquering Barriers to Achieve Local Climate Goals, Institute for Market Transformation, 2019, <https://www.imt.org/resources/rethinking-energy-data-access-conquering-barriers-to-achieve-local-climate-goals/>.
10. Note that information on both outcome- and process-oriented metrics may also align with or be required for CDP Cities disclosure (<https://www.cdp.net/en/cities>).

ACKNOWLEDGMENTS

The authors would like to thank the following people for their peer review and valuable feedback: Stacie Reece with the City of Madison; Luke Hollenkamp with the City of Minneapolis; Stevie Freeman-Montes with the City of Sarasota; Rae Dowling of Florida Power and Light Company; David Cohan and Ryan Freed of the Institute for Market Transformation; Greg Bollom of Madison Gas and Electric Company; Steve Abbott with Rocky Mountain Institute; Mark Tourangeau of Rocky Mountain Power; Tyler Poulson with Salt Lake City; Jon Crowe of Urban Sustainability Directors Network; Nicholas Bianco, Lori Bird, Heidi Bishop Ratz, Lacey Shaver, and Emma Stewart of World Resources Institute; and Bridget Dockter of Xcel Energy.

Thanks also to Billie Kanfer, David Labrador, Alex Martin, Emilia Suarez, Laura Malaguzzi Valeri, and Romain Warnault for their assistance with editing and producing this resource. As well as the American Cities Climate Challenge Renewables Accelerator team for their continued guidance, inspiration, and expertise.

This resource has been generously supported by Bloomberg Philanthropies through the American Cities Climate Challenge.

ABOUT THE AUTHORS

Celina Bonugli is a Specialist in Clean Energy Innovation with the Global Energy Program at WRI. For the Renewables Accelerator initiative, which provides renewable energy support to U.S. municipal governments, Celina leads the electric utility and regulatory engagement strategy, consultation, and resource development.

Contact: celina.bonugli@wri.org

Jake Duncan is a Research Analyst at the Institute for Market Transformation (IMT). Jake provides technical assistance, peer-learning facilitation services, and research to catalyze demand for high-performing, grid-interactive buildings.

Contact: jake.duncan@imt.org

Kelly Crandall was the Senior Manager of Utility Engagement at the Institute for Market Transformation. Kelly supported local governments to engage with their energy utilities as they develop energy efficiency policies and programs.

Cassandra Etter-Wenzel is a Clean Energy Specialist at WRI. Cassie contributes research and communications support to the American Cities Climate Challenge Renewables Accelerator, an initiative providing resources to U.S. cities to help them achieve their renewable goals.

Contact: cassandra.etter-wenzel@wri.org

ABOUT WRI

World Resources Institute is a global research organization that turns big ideas into action at the nexus of environment, economic opportunity and human well-being.

Our Challenge

Natural resources are at the foundation of economic opportunity and human well-being. But today, we are depleting Earth's resources at rates that are not sustainable, endangering economies and people's lives. People depend on clean water, fertile land, healthy forests, and a stable climate. Livable cities and clean energy are essential for a sustainable planet. We must address these urgent, global challenges this decade.

ABOUT THE INSTITUTE FOR MARKET TRANSFORMATION

The Institute for Market Transformation (IMT) is a national 501(c)(3) nonprofit organization that catalyzes widespread and sustained demand for energy-efficient buildings. Founded in 1996 and based in Washington, D.C., IMT specializes in driving the intersection of real estate and public policy to make buildings more productive, affordable, valuable, and resilient. A trusted, non-partisan leader, IMT focuses on innovative and pragmatic solutions that fuel greater investment in energy-efficient buildings to meet local market priorities. IMT offers hands-on technical assistance and market research, alongside expertise in policy and program development and deployment and promotion of best practices and knowledge exchange. Its efforts lead to important policy outcomes, widespread changes in real estate practices, and lasting market demand for energy efficiency—resulting in greater benefits for all people, the economy, and the environment. Visit us at www.imt.org and follow us on Twitter @IMT_speaks.



Copyright 2019 World Resources Institute. This work is licensed under the Creative Commons Attribution 4.0 International License. To view a copy of the license, visit <http://creativecommons.org/licenses/by/4.0/>