



# Update on Boulder Energy Future

Presentation by Allison Burchell: Sept. 12, 2014

# Agenda

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- I. Why Municipalize & History**
- II. Evaluation Process**
- III. Where We Are Today**
- IV. Discussion and How to Stay Informed**

# Why Municipalize?

**CLEAN  
LOCAL  
ENERGY** reliable  
low-cost  
possible

BoulderEnergyFuture.com



# Why Municipalize?



- **2005** – City started researching power supply options
- **2006** – Boulder voters pass nation’s first carbon tax
- **2010** – Franchise with Xcel expires, city decides not to renew after extensive negotiations; Boulder voters approve utility occupation tax to replace franchise fee
- **2011** – Continued negotiations with Xcel, which included potential “wind agreement;” did not meet community goals

# Why Municipalize?



## Benefits:

- **Rates** - Stable, predictable, competitive, dynamic
- **Reliability** - Resilience through upgrades and local generation
- **Local Economic Development** - Reinvesting locally, platform for innovation
- **Local Decision-making** – Increasing the voice of customers in decisions about rates and investments

# Why Municipalize?



## Initial motivation stemmed from Boulder's Climate Commitment -

- Integrated planning initiative to **reduce greenhouse gas (GHG) emissions** from city operations and community at large
- In July 2013, council provided direction to formulate strategy to achieve **80 percent GHG reductions** below 1990 levels by 2050

# Why Municipalize?



Community members engaged and vocal on the topic of clean energy



# History



- **November 2011** – Boulder voters passed measures to fund a careful evaluation of municipalization (\$1.9 million a year) and establish Charter requirements that would drive creation
- **January 2012 to August 2013** – Conducted analysis to determine if municipalization could meet Charter requirements and add community value

# Evaluation Process



# Evaluation Process



## The Energy Future Goals



# Evaluation Process



## City of Boulder Charter requirements:

- Rates equal to or less than Xcel's at acquisition
- Sufficient revenue to cover operating costs plus earn a debt service coverage margin of 25%
- Reliability comparable to that offered by Xcel
- Increase renewable energy and decrease emissions
- Independent 3rd party review
- \$214 million cap on debt for acquisition
- Representation of any non-city customers

# Evaluation Process



## Rigorous quantitative analysis:

- Detailed data collection, vetting and modeling of baseline and alternative scenarios
- Working groups formed to advise staff
- Models approved by independent 3<sup>rd</sup> party
- Showed it was not only feasible but there are several models under which we could make significant environmental progress while keeping rates on par over 20 years and improve reliability

# Evaluation Process



## Rigorous qualitative analysis:

- Evaluated existing publicly owned utilities (POUs)
- Learned there are exemplary POUs with proven track records in many areas including rates, reliability and renewable energy

# Evaluation Process



## Other municipal electric utilities:

- *88 new public power utilities have formed in United States in the last 40 years:*
  - Formed in half the US states
  - The largest serves over a million customers, the smallest just a few
  - In the last 10 years 17 new POUs have formed
- *Colorado has 29 public power utilities including Longmont, Fort Collins and Colorado Springs*

# Where We Are Today

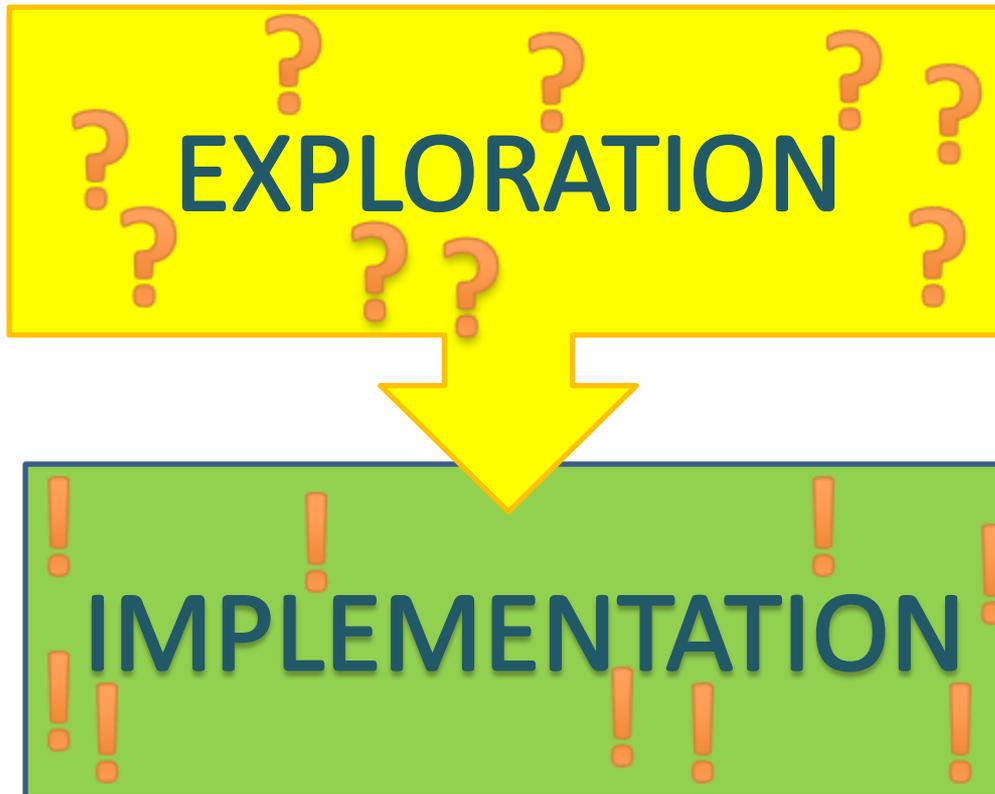
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# Where We Are Today



# Where We Are Today



- **August 2013** – Council authorized filing of condemnation to acquire Xcel assets if negotiations fail
- **November 2013** – Boulder voters defeated opposing ballot measure, reaffirmed commitment
- **May 2014** – City Council forms utility in charter
- **2014 through 2016** – Legal and regulatory processes; transition plan implementation

# Where We Are Today



## Refined goals for implementation

- Prepare to safely, reliably & effectively operate electrical system
- Manage costs, mindful of uncertainties
- Minimize customer impacts & maximize customer value
- Proactively identify & mitigate risks
- Integrate utility within city organization; leverage existing systems, practices & skills in a way that streamlines process & benefits customers
- Meet community's Energy Future goals, including ensuring competitive rates, expanding renewable power supply, significantly reducing greenhouse gas emissions & providing customers with a greater say about energy supply

# Where We Are Today

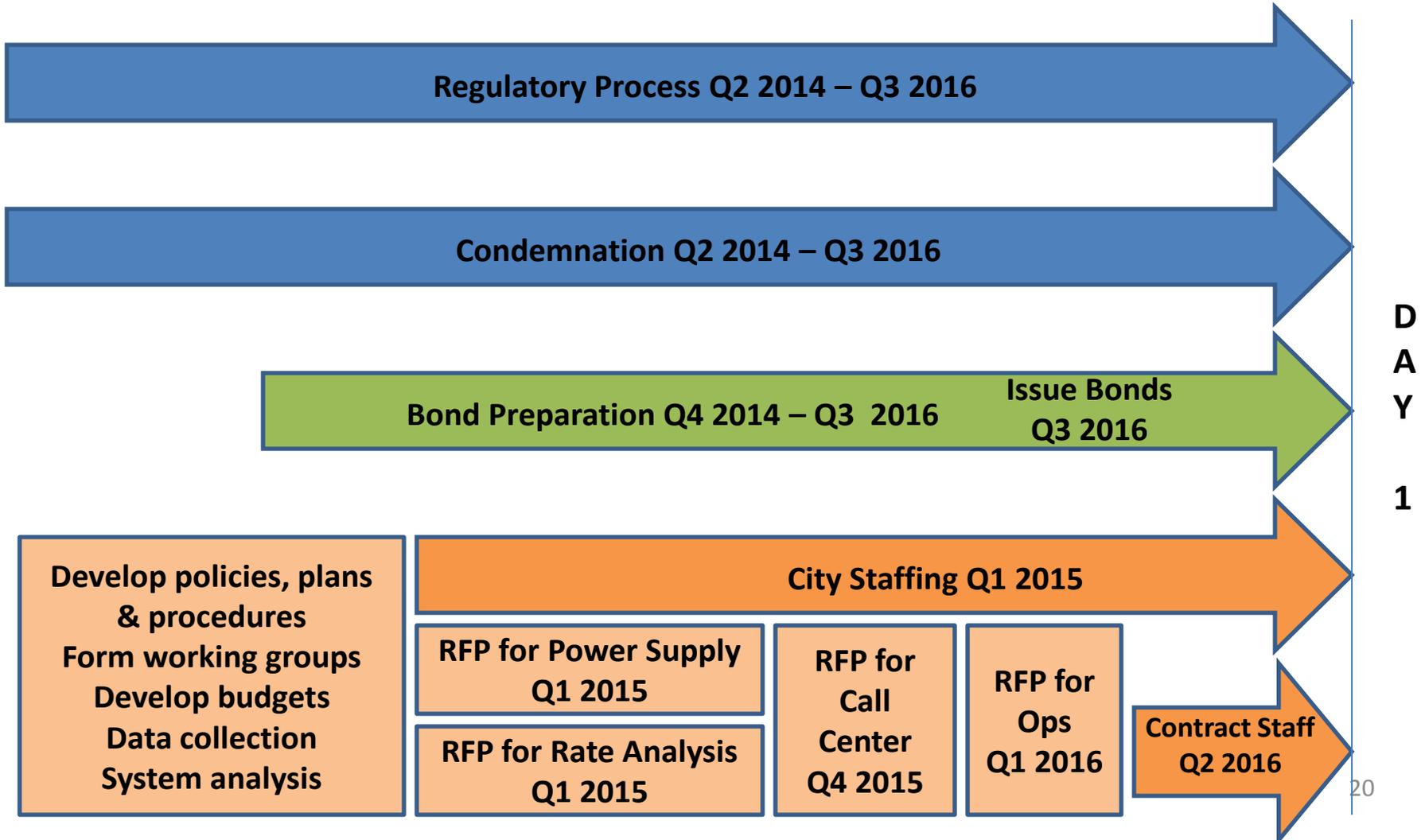


*We're developing a transition plan, or roadmap, for implementing a retail utility operation.*

## **Key Milestones:**

- Day 1 (3rd quarter 2016) – City funds local electric system & takes ownership of assets
- Day 2 (18-24 months after Day 1) – City completes separation from Xcel Energy & assumes full operation
- Post Day 2 – Transition to the utility of the future

# Transition Plan



# Where We Are Today



Legal and regulatory outcomes will determine which scenario will be implemented.

## **Areas of activity:**

- Condemnation
- PUC
- Federal Energy Regulatory Commission (FERC)

# Public Outreach



## Upcoming community working groups around:

- Customer Experience
- Energy Acquisition
- Energy Services
- Governance
- Rates and Bills
- Reliability and Safety

# Public Outreach

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- **Ongoing communication via**
  - Website
  - Press
  - Newsletters and listserv
  - Other outreach
- **Support public outreach & working groups**

# Discussion and Stay Informed



Follow along at [www.BoulderEnergyFuture.com](http://www.BoulderEnergyFuture.com)

- Sign up for E-News updates and newsletter
- Use online comment form for questions, feedback or suggestions

Send an email to staff team

- [EnergyFuture@BoulderColorado.gov](mailto:EnergyFuture@BoulderColorado.gov)

Contact Heather Bailey with questions/comments

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