



**CITY OF BOULDER  
CITY COUNCIL AGENDA ITEM**

**MEETING DATE: June 16, 2015**

**AGENDA TITLE:** Consideration of a motion to accept the summary of the May 12, 2015 study session on Boulder's Energy Future.

**PRESENTER/S**

Jane S. Brautigam, City Manager

Tom Carr, City Attorney

Heather Bailey, Executive Director of Energy Strategy and Electric Utility Development

David Driskell, Executive Director of Community Planning and Sustainability

**EXECUTIVE SUMMARY**

This agenda item provides a summary of the May 12, 2015 City Council study session on Boulder's Energy Future. The purpose of the study session was to provide City Council and the community with updates on 2015 energy work program and initiatives; future energy services; 2016 innovations and budget; partnerships and policy reform; and municipalization.

**Attachment A** is a summary of council's discussion of the issues and the questions presented at the study session.

**STAFF RECOMMENDATION**

**Suggested Motion Language**

Staff requests council consideration of this matter and action in the form of the following motion:

Motion to accept the summary of the May 12, 2015, study session on Boulder's Energy Future.

## **NEXT STEPS**

Staff will:

1. Come back to council during the 2016 budget process with recommendations to support proposed programs and services.
2. Continue implementing the municipalization transition plan and report back on progress related to the power supply RFP.
3. Continue to utilize the Energy Future working groups, as needed, to provide recommendations related to the municipalization transition process and the evaluation of short-term energy services.
4. Provide an update on grant funding submissions and related projects as part of the Climate Commitment July study session.
5. Keep council informed as to who joins the regional legislative Colorado Climate Future coalition which focuses on achieving carbon reduction by removing regulatory and legislative barriers.
6. Come back to council with two or three specific priority legislative items for next year.
7. Provide information on how the state Commercial PACE program may affect some of our ideas and initiatives, the previous residential PACE program, and how both differ from our local Partners for a Clean Environment (PACE) program.
8. Explore the creation of a local carbon offset fund, which would eventually be self-funding and revenue generating.
9. Explore options to update the city's website in order to create a central location for energy related projects and initiatives.

## **ATTACHMENTS**

**Attachment A:** January 27, 2015, Study Session Summary

## ATTACHMENT A

### May 12, 2015 City Council Study Session Summary Boulder's Energy Future

#### PRESENT:

**City Council:** Macon Cowles, Mayor Pro Tem Suzanne Jones, George Karakehian, Lisa Morzel, Tim Plass, Andrew Shoemaker and Mary Young

**Staff Members Presenting:** Jane S. Brautigam, City Manager; Tom Carr, City Attorney; Heather Bailey, Executive Director of Energy Strategy and Electric Utility Development; Jonathan Koehn, Regional Sustainability Coordinator

#### OVERVIEW OF PRESENTATIONS:

**H. Bailey** presented an overview on activities related to Boulder's Energy Future including updates on the 2015 energy work program and initiatives; future energy services for 2016; partnerships and policy reform; and municipalization. The presentation covered the following areas:

##### *Background and Context*

**H. Bailey** highlighted several of Boulder's on-going innovative energy-related projects and energy efficiency programs that are helping to reduce greenhouse gas emissions including the Energy Advisor program, the SmartRegs program, the Boulder Energy Challenge, and the Solar Grant program. The city is also leveraging other funding opportunities such as a \$76K grant from the Urban Sustainability Directors Network (USDN). This grant will fund a convening of five cities (Boulder, Minneapolis, Boston, San Antonio and Sacramento) to talk about best practices and strategies for cities to achieve their climate reduction goals which will take place in Boulder later this summer. There are great opportunities to seek other sources of funding and to continue to develop partnerships that look at innovative pilot programs and studies that will take us to the next level in our goal to reduce emissions.

##### *2015 Work Program - Existing and New Initiatives*

**H. Bailey** highlighted existing initiatives in the 2015 work program including SmartRegs, the Boulder Energy Challenge, and Partners for a Clean Environment; and reviewed four new energy initiatives that have been added to the 2015 work program:

##### 1. Targeted solar outreach

Building on the ongoing solar potential study in partnership with NREL, the city is identifying actual potential for solar generation and sites that would benefit the most from on-site energy generation. This will help building owners see the potential for solar on their buildings and allow the city to target grant programs to areas that can benefit the most. It could also increase the ability to make solar available for all population sectors.

## 2. DOE nanogrids pilot

The city, in partnership with the NREL, the Colorado Clean Energy Cluster, Schneider Electric and PosEn Energy consulting, just recently submitted a grant application in the amount of \$395K, for a nanogrid pilot project at the city's water treatment facility. The project includes an AC to DC conversion, on-site energy generation and energy storage. The project will provide critical learning for additional projects at vulnerable facilities like hospitals, multi-family dwellings, emergency centers and schools. The pilot will explore how to create localized generation options under current legal and regulatory limitations, and is intended to increase the ability of these facilities to weather significant natural events, be energy efficient and save money.

## 3. Carbon offset fund

Following the lead of Boulder County's program, the city will explore a potential new source of funding for local energy projects where marijuana growers could choose to offset their energy use by contributing to a fund for renewable and energy efficiency and innovative technologies to reduce carbon. Currently, growers are required to offset one hundred percent of their electricity consumption through on-site generation, or subscribing to a REC purchasing program such as WindSource.

## 4. Innovations studies

The city submitted three letters of intent to the Carbon Neutral Cities Alliance, two of which were chosen to move to the next step of full project submission. The first is a pilot study and potential demonstration project that will take energy efficiency, localized generation, microgrids, and other energy strategies combined with economic and resilient strategies to create a new way of addressing resilience and carbon in communities. The second would study replacing natural gas as a source of energy – a fossil fuel replacement evaluation. This study is targeted to cities who want to reduce fossil fuel use at a local level.

### *2016 Ideas for Energy Initiatives*

**H. Bailey** presented an illustrative list of energy initiatives staff is considering for the 2016 work program. The Energy Services Working Group provided input to staff on energy initiatives that might be a good fit for the Boulder community. The list will be prioritized and evaluated and staff will come back to council with recommendations as part of the 2016 budget process.

### *Policy Reform: The "Top 10" List*

**H. Bailey** went on to present a "top ten" list of specific legislative and regulatory changes that are critical to achieving Boulder's energy goals. These included concepts such as: peer to peer sharing of electricity, community choice aggregation, an energy data center, alternative energy efficiency management, removing the 120 percent cap on solar, performance-based rates and grid modernization, a state carbon tax, promoting electric vehicle uptake, green electric resource planning, and time-of-use electric rates. The items on this list could remove barriers that would allow the city to truly make a difference in decreasing greenhouse gas emissions. The city is working with the Colorado Climate Future Coalition to form a group comprised of cities within the region to focus on carbon reduction legislation. The coalition is focused on sustainability and climate change.

### *Transition Plan*

**H. Bailey** completed her presentation with an update on the municipalization transition plan schedule and highlighted the following issues:

- Due to a court order and timing of the PUC filing, the transition plan timeline has been extended – with a target date to form the utility by the end of 2017.
- Numerous investments, infrastructure, start-up costs and staffing have been moved to after the PUC process.

**H. Bailey** shared a list of completed steps since council’s last update on the Transition Plan:

- Issued a Power Supply RFP to Xcel Energy to ask about Xcel’s interest in providing the city with generation and power services for a five year period.
- Received qualifications (20 responses, five were from national firms) from potential vendors to provide operations and maintenance, customer service, and other services needed to operate the utility.
- Began an IT systems analysis – Schneider Engineering is performing an evaluation of our existing systems and looking at what we would need on day one and beyond to operate the utility.
- Established four working groups we have been working with since December: energy services, resource acquisition, reliability and safety, and rates.

**H. Bailey** described the following next steps in the Transition Plan:

- Staff will return to council during the 2016 budget cycle with recommendations to support potential new initiatives.
- Staff will continue implementing the municipalization transition plan and report back on progress related to the power supply RFP.
- Staff will continue to utilize the Energy Services and Resource Acquisition working groups to evaluate short-term energy services. Pause the Rates Working Group during the PUC application process and reconvene it later in 2015.
- Staff members will provide an update on grant funding and related efforts as part of the Climate Commitment July study session. After that – update goals on greenhouse gas emissions.
- Staff will focus on legislative reform and coalition building.

### **COUNCIL DISCUSSION:**

A council member suggested including three to five of the items included on the “top 10” list on council’s legislative agenda.

Council asked staff their thoughts about adding some of Councilmember Weaver’s suggestions (from a council Hotline) to the list.

Staff responded that staff will explore the ideas, but noted some may not be possible in Colorado.

A council member was impressed with the progressive work, and was specifically excited about the partnership opportunity with the Colorado Climate Future Coalition.

Council suggested energy-related projects, such as those described at the Study Session, and updates on various initiatives (all things energy) be placed in a central location on the city's website where they are easily accessible. For the local renewable energy fund, a council member asked if staff explored other potential funding sources in addition to marijuana grow industries.

Staff replied that there are other potential funding sources, but this concept focused on existing requirements and existing spend within the community that would not be additive. Staff can come back to council with more ideas.

A council member supported having a resolution to adopt the 80 percent greenhouse gas reduction by 2050 goal come before council.

Staff replied that the July study session on Climate Commitment will address this goal.

Council said it makes sense for our goals to resonate with other cities to push for consistent policy at the state, regional, national and international level.

Council asked if energy efficiency upgrades could pass as a tax through the Colorado PACE program. A council member requested more information on how the state PACE program may affect some of our ideas and initiatives. *(Note: The June 16, 2015 Commercial and Industrial Energy Ordinance Study Session Summary provides supplemental information on the Colorado-PACE and PACE programs.)*

Another council member was excited about the Colorado Climate Future Coalition and said we'll be more effective at the state legislature working with like-minded communities.

A staff member said there are other areas where there needs to be a strong local voice, such as the implementation of the EPA Clean Power Plan. Staff has been working with the Rocky Mountain Climate Organization and the Colorado Climate Network -- organizations with great connections across the state that have reached out to a number of communities to work together to exchange ideas and have representation across Colorado.

Council said next year council should fine tune the legislative agenda with more focus on energy goals and policies.