



# Potential Xcel Settlement

Boulder City Council  
August 20, 2020

# Municipalization Goals

Decarbonize

Decentralize

Democratize

Rates

Reliability

Renewables

Topic	2017 Settlement Proposal	2020 Settlement Proposal
<b>Carbon or GHG Reduction</b>	<ul style="list-style-type: none"> <li>80% carbon reduction for Boulder with city funding for generation improvements to meet the goal</li> <li>No Xcel assurance</li> </ul>	<ul style="list-style-type: none"> <li>Assurance of Xcel 80% GHG reduction by 2030</li> <li>In both contracts and state law</li> </ul>
<b>Partnership &amp; Projects</b>	Limited to a small number of projects, focused on 10 MW of community solar and 25 MW of Renewable Connect	Modern Grid Planning Partnership – Boulder 100% renewable electricity by 2030
<b>Undergrounding Catch-Up</b>	<ul style="list-style-type: none"> <li>Phased over the term of the 20-year franchise</li> <li>Much of the catch-up done at higher rates toward the end of the franchise</li> </ul>	<ul style="list-style-type: none"> <li>\$33 million</li> <li>Half in the first five years</li> </ul>
<b>Municipalization</b>	Passage of a Franchise Ballot Measure and suspension of municipalization effort	Passage of a Franchise Ballot Measure and suspension of municipalization effort
<b>Opt-Out of Franchise</b>	At years 5, 10 and 15 for any reason	<ul style="list-style-type: none"> <li>At years 5, 10 and 15 years for any reason</li> <li>At 2022, 2024 and 2027 if Xcel does not meet its GHG targets</li> </ul>
<b>Buyout/Acquisition Cap</b>	Buyout offer: \$500 million to \$700 million	Damages cap for assets: \$200 million for distribution system and the purchase of two substations
<b>Going Concern</b>	City to pay Xcel \$255 million to \$305 million based on time of separation	<ul style="list-style-type: none"> <li>Included in the \$200 million cap described above</li> <li>City reserves right to assert going concern is not a measure of damages</li> </ul>
<b>Power Purchase/ Stranded Cost</b>	The city would purchase power for 10 years and decline thereafter in exchange for no stranded cost	<ul style="list-style-type: none"> <li>City has option to purchase power from Xcel to mitigate stranded costs</li> <li>Issue preserved for future negotiation or litigation if the city chooses to municipalize</li> </ul>
<b>IBM</b>	Allowed to stay with Xcel	Will be a customer of the city utility

# Potential Settlement

- Assurance of 80% GHG Reduction by 2030 -
  - Emission check-in 2022, 2024, 2027.
- Energy Partnership Agreement – Facilitates Modern Grid Planning & Boulder's 100% Renewable Electricity goal by 2030.
- Maintains Feasibility of Municipalization in the Future.
- Undergrounding catch-up - \$33 million – approximately half in first five years.
- Franchise Ballot Measure and Suspension of Municipalization Effort.

# Changes from Agreements Published August 6

- City has up to 16 months to decide whether to exercise the GHG opt-out provision. The prior agreement only allowed for 30 days.
- All franchise opt-out provisions — both discretionary at the 5-, 10-, and 15-year anniversaries, as well as the GHG standards — have been clarified.
- City broadband fiber allowed on poles. The prior agreement made no provision for broadband connected to poles but did allow broadband in common underground trenches.

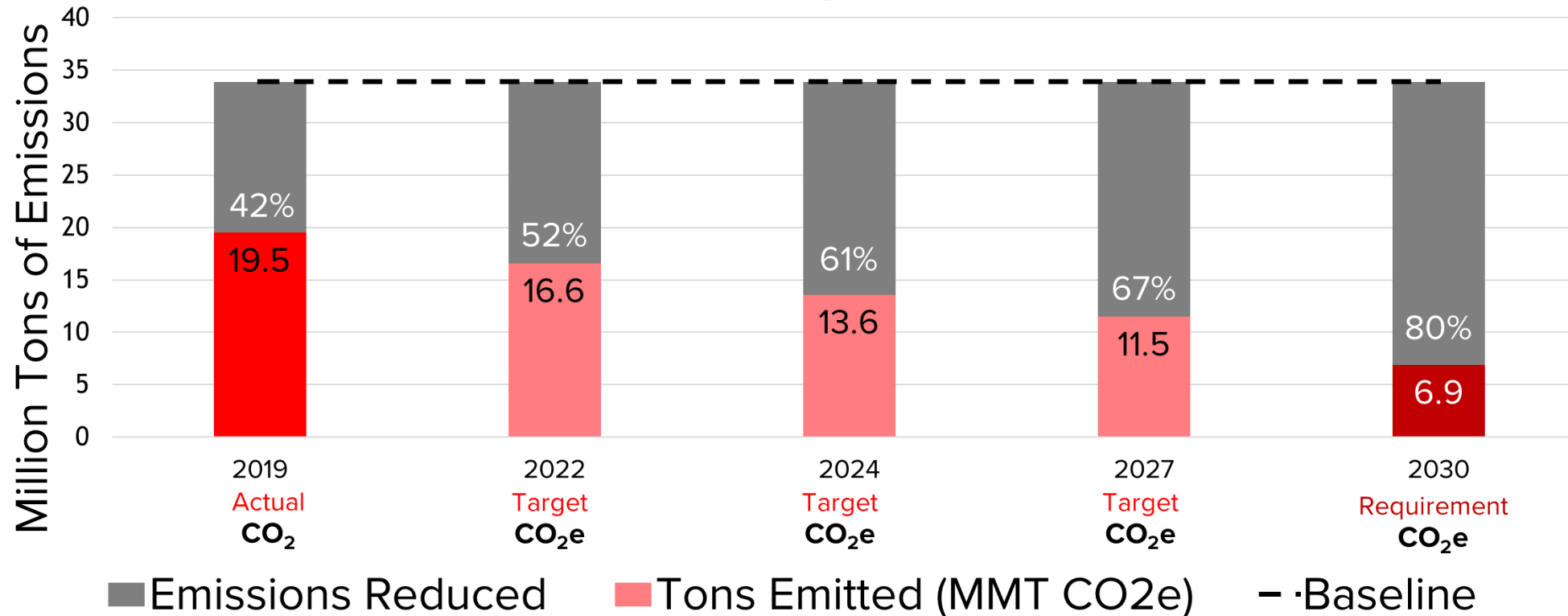
# Changes from Agreements Published August 6

- Added 2022 election as one in which Xcel Energy cannot participate. Removed restriction on third-party contributions.
- Boulder to receive reliability data using SAIDI and SAIFI, as well as other measures of reliability.
- The city agreed to dismiss its pending appeal.

# GHG Reduction Metrics - Statewide

2005: 33.9 million tons of CO<sub>2</sub> emitted = Baseline

## Emissions Reduction Targets and Requirements



CO<sub>2</sub>e: Carbon Dioxide Equivalent – includes other greenhouse gases

# Tracking & Verifying Progress



- The Climate Registry (TCR) is a recognized platform for credible and consistent greenhouse gas emissions reporting.
- TCR measures, reports, and verifies organizations greenhouse gas emissions.

## Additional verification:

- Mandatory Greenhouse Gas Reporting provisions (CFR 40 Part 98).
- Xcel Energy's Corporate Responsibility Reports and annual reporting to the Carbon Disclosure Project.
- ONE Future.



# Assurance of 80% GHG Reduction by 2030

- Boulder will have the ability to vote to end the franchise at will in 2026, 2031 and 2036.
- Boulder may also end the franchise in 2023, 2025 and 2028 if Xcel Energy – Colorado fails to meet agreed GHG reduction metrics by the end of the previous year.

# Three ways to exercise any of the 6 opt outs

- 2/3<sup>rd</sup> Vote of council.
- Council placing a measure on the ballot.
- Community placing a measure on the ballot.

# Energy Partnership Agreement

## Purpose:

- Provide a framework for collaborative distribution-level planning for local projects and initiatives that support a shared vision towards energy-related emissions reductions by increasing accessibility to local renewable energy, improving resilience and reliability and designing solutions that are accessible and equitable.
- Identify specific Partnership options that address the gap between Xcel's 80% GHG emissions reduction by 2030 and Boulder's 2030 goal of 100% renewable electricity serving Boulder.

# Energy Partnership Agreement

## Vision:

- Boulder has long understood the importance of local climate action and has committed to rapidly transitioning to a clean energy economy and lifestyle through innovative strategies that:
  - dramatically reduce greenhouse gas emissions;
  - enhance our community's resilience; and
  - support a vital and equitable economy.
- Boulder seeks to achieve its energy and climate related goals by:
  - reducing fossil fuel demand from buildings and transportation;
  - rapidly transitioning to an energy system and economy that is powered 100% by renewable clean electricity with 50% or more of that produced locally; and
  - prioritizing progress towards a resilient energy system that prioritizes the most vulnerable members of the community.

# Energy Partnership Agreement

## Goals:

- The Parties have established qualitative and quantitative goals that will guide the actions of the Partnership. The Parties will work together collaboratively to achieve the goals of this Agreement and as those goals change over time. Goals of the Partnership include, but are not limited to:
  - Projects agreed to and pursued by both Parties will be specific and measurable in achieving Boulder's climate and energy related targets and goals;
  - Boulder and Xcel working together to ensure that the normal distribution system planning work planned by Xcel includes engagement with the community and other stakeholders;

# Energy Partnership Agreement

## Goals (continued):

- projects, programs and or initiatives that seek to alleviate inequities among Boulder community members;
- the Parties working in collaboration to create and implement programs, services, and products that meet the needs and expectations of its diverse community, including demand-side management, transportation electrification, distributed generation, storage and resilience projects; and
- projects may be funded through a variety of sources, including, but not limited to private and public grants, industry partnerships and innovative financing mechanisms or payment.

# Energy Partnership Agreement

## Governance:

- Executive Team
  - Xcel
    - President Xcel Colorado
    - Executive leadership that oversees Community Relations and Customer Accounts
  - Boulder
    - City Manager
    - Executive leadership responsible for climate and city infrastructure
- Oversight Team
  - Representatives from Xcel and Boulder who have the expertise to evaluate the feasibility, value, and requirements of programs and projects.
  - Assigns Project Management Team responsible for the execution of programs and projects
- Advisory Panel
  - Up to 15 representatives
  - Community, Business, University of Colorado

# Energy Partnership Agreement

## **Goals, Metrics, and Criteria for Projects and Programs.**

- The following metrics shall be estimated in the evaluation of each project, as applicable, and will help close the gap between Xcel's goal of 80% emissions reduction by 2030 and Boulder's goal of 100% renewables by 2030. Unless the Parties agree on different metrics, projects shall be evaluated at least annually during implementation for:
  - change to building and transportation sector emission through beneficial electrification;
  - increase in installed capacity of local renewable generation;
  - impact on overall system and site reliability resilience; and
  - financial impact on Boulder residents and businesses.



# Energy Partnership Agreement

## **Goals, Metrics, and Criteria for Projects and Programs.**

- The projects approved must meet the following core criteria:
  - Projects that would not happen in the absence of this Partnership.
  - Be available to all the relevant customers in Boulder or that are in a project's target area without excluding members.
  - Align with the Boulder's commitment to racial equity and will include pathways for community members who typically do not have the opportunity to access programs or projects.
  - Be designed and structured to have the broadest impact to the most residences and/or businesses possible.
  - Include targets and metrics of this Agreement and others agreed upon by the Parties.

# Energy Partnership Agreement: Data Sharing

The Parties have agreed that data sharing by Xcel is necessary to implement the terms of this Agreement and the Settlement Agreement.

- System GIS Model
- System Power Flow Model
- Substation Loading/Peak Annual Demand Data
- Solar, Renewable and DER Resources
- Operations and Maintenance – Vegetation and Pole Testing
- Operations and Maintenance Activity – Substation & Distribution System
- Planning Documents for Upcoming 2 years
- Undergrounding Planning and Prioritization
- Reliability Data (such as SAIDI, SAIFI, CAIDI etc.)
- Boulder Use Data
- Boulder Resident Utility Program Participation
- Certified Renewable Percentage (CRP) Report
- GHG Emissions from Electric
- GHG Emissions from Gas
- Summary of Operations

# Energy Partnership Agreement: Examples of Projects and Programs

- Boulder and Xcel will jointly seek approval for the following regulatory changes:
  - Elimination or substantial increase of the 120% limitation on on-site generation.
  - Develop a new tariff to effectuate the rapid conversion of bus fleets to electric buses.
  - Removal of barriers to large amounts of local distributed generation.
  - Facilitation of microgrids in specific projects (Chautauqua and Alpine Balsam).

# Energy Partnership Agreement: Examples of Projects and Programs

**Projects** - Drive towards Boulder's 100% Renewables by 2030 -

- Microgrids.
- Chautauqua – underground lines – 100% renewable energy – microgrid  
Demonstration of net zero energy in a historic preservation environment.
- Alpine Balsam.
- Demonstration of net zero energy in a nine-acre new mixed-use development.
- Hydrogen energy storage project – deploy a hydrogen production and storage system.
- Cost Sharing -
  - Xcel Energy Wildfire Mitigation Filing.
  - 1% Underground Fund.
  - Innovative Clean Tech Tariff at PUC.
  - TEP Innovation Portion.
- Residential Demand Response Battery Pilot.
- Streetlighting Pilot.

# Current Status of the Local Power Initiative: RFP - Summary of Power Supply Bids

- 10 individual bidders
  - 2 full requirements offers with innovative financing to support municipalization.
  - 5 partial requirement offers of utility-scale solar and wind as well as community-scale solar projects.
  - 1 offer of a local battery energy storage system.
  - 2 non-power supply proposals.
- Utility-scale bid prices were comparable to the 2018 RFIP and as modeled in the FFT
  - Both full requirements offers achieve 100% renewables by 2030.
  - 1 full requirements offer included up to 55 MW of local generation.
- Some proposals may be appropriate for the City-Xcel partnership projects (e.g. to close emissions gap).
- Staff performing due diligence and follow-up with bidders.

# Current Status of the Local Power Initiative: Acquisition and Engineering

## Legal:

- Currently stayed until appeal related to second condemnation action is resolved – unknow timeframe for decision.
- Waiting on FERC decision on substation use and division – unknown timeframe for decision.

## Engineering:

- Xcel substation engineering designs and estimate will be completed in October.
- Boulder substation engineering design and estimates are ongoing and dependent on Xcel.
- Xcel distribution engineering designs are complete .
- Boulder is 90% complete with distribution system design – anticipated completion by October.

# Current Status of the Local Power Initiative Projected Budget

<b>Actuals 2018-2019 and Projected Actuals 2020-2022</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2018-2022 Total</b>
<b>Sources</b>						
<b>Utility Occupation Tax (UOT) - Revenue</b>	<b>6,076,181</b>	<b>5,076,181</b>	<b>2,076,181</b>	<b>2,076,181</b>	<b>2,076,181</b>	<b>17,380,905</b>
UOT - Previous Year Carryover/Projected Carryover	<i>Actuals</i>	<i>Actuals</i>	<i>Actuals</i>	<i>Projected</i>	<i>Projected</i>	
Actuals/Projected UOT Carryover	0	3,222,569	3,103,342	953,448	335,841	
<b>Sources w/Previous Year UOT Carryover</b>	<b>6,076,181</b>	<b>8,298,750</b>	<b>5,179,523</b>	<b>3,029,629</b>	<b>2,412,022</b>	
<b>Uses</b>	<i>Actuals</i>	<i>Actuals</i>	<i>Actuals/Projected</i>	<i>Projected</i>	<i>Projected</i>	
Personnel - Actuals Through 7/6/20 & Projected Uses	937,785	878,763	436,171	665,454	698,005	3,616,177
Operating - Actuals Through 7/6/20 & Projected Uses	1,915,827	4,316,645	1,068,290	1,410,727	1,595,500	10,306,990
Additional Projected Expenses	0	0	2,721,614	617,607	0	3,339,221
<b>Total Uses</b>	<b>2,853,612</b>	<b>5,195,408</b>	<b>4,226,075</b>	<b>2,693,788</b>	<b>2,293,505</b>	<b>17,262,388</b>
Cumulative GF Reserves Surplus/(Draw)	3,222,569	3,103,342	953,448	335,841	118,518	118,518

# Maintaining Municipalization Feasibility

- Cap of \$200 million on any award in condemnation including acquisition cost, real property interests, going concern, damages to the remainder and purchase of two existing substations.
- Does not include stranded costs.
- Agreement on substation issues.
- Xcel will pay the cost of any updates to the existing substation interconnection studies and design drawings.
- The PUC September 14, 2017 and October 28, 2019 orders stand and apply to separation of the system if the city pursues municipalization.
- The lists of assets in PUC October 28, 2019 Decision may be used by the city.



# Suspending Municipalization Effort

If the voters approve the franchise:

- The cost agreement will be held in abeyance.
- Xcel will complete in-progress design work and stop future municipalization work.
- Xcel will release Letters of Credit in the amounts of \$1.7 million and \$2.6 million.
- The city will dismiss the current FERC proceeding, the condemnation case and the appeal.
- Will advise the courts and the FERC of the potential settlement if council decides to put the franchise on the ballot.

# Utility Occupation Tax

- A tax on any utility providing gas and electricity in the city.
- The tax is a fixed amount that the utility can, pursuant to a tariff, pass on to its customers.
- November 2010 – voters approved the Utility Occupation Tax - General Fund – Replaces Franchise Fee.
- November 2011 – voters approved an increase of the Utility Occupation Tax to be used to fund municipalization.
- In 2021 and 2022, the Muni portion will collect approximately \$2.1 million.
- General Fund portion is \$4.7 million per year.

# Utility Occupation Taxes

- Both will end if the city enters into a franchise.
- General Fund portion will be replaced by a franchise fee.
- If no franchise both expire December 31, 2022.

# Potential Uses of an Extended UOT

- Repay General Fund.
- Utility Bill Payment Support.
- Energy Partnership Projects and Programs.
- New approaches in the electrification of buildings and transportation.
- Projects to enhance community-based resilience.
- Research and Technology Pilot Projects.
- Making energy efficiency and renewable energy solutions accessible.

# Ballot Title Ordinance 8416 – Repurpose Only

## Repurpose the Utility Occupation Tax

WITHOUT RAISING THE TAX RATE SHALL THE EXISTING UTILITY OCCUPATION TAX, WHICH IN 2021 AND 2022 WILL BE IN THE AMOUNT OF \$ 2,076,181, BE REPURPOSED TO PAY ALL COSTS ASSOCIATED WITH THE FORMATION OF A MUNICIPAL ELECTRIC UTILITY AND TO BE USED TO FUND PROJECTS, PILOTS, INITIATIVES, AND RESEARCH THAT SUPPORT THE CITY'S CLEAN ENERGY GOALS IN THE CONTEXT OF THE CITY'S RACIAL EQUITY GOALS AND THE COMMUNITY'S COMMITMENT TO THE PARIS CLIMATE AGREEMENT, SUCH AS:

- PROVIDING ENERGY-RELATED ASSISTANCE TO DISADVANTAGED MEMBERS OF THE COMMUNITY, INCLUDING SUPPORT FOR UTILITY BILL PAYMENTS AND ACCESS TO RENEWABLE ENERGY;
- IMPROVING SYSTEM RELIABILITY AND MODERNIZING, AND SUPPORTING CLEAN ENERGY-RELATED BUSINESSES, INCLUDING, WITHOUT LIMITATION, NEW APPROACHES IN ELECTRIFICATION OF BUILDINGS AND TRANSPORTATION, ENHANCEMENT OF RESILIENCE;
- IMPLEMENTING A PARTNERSHIP AGREEMENT WITH PUBLIC SERVICE COMPANY OF COLORADO; AND
- INCREASING ACCESS TO ENERGY EFFICIENCY AND RENEWABLE ENERGY SOLUTIONS;

ONLY IF A MAJORITY OF REGISTERED ELECTORS APPROVE A FRANCHISE AGREEMENT WITH PUBLIC SERVICE COMPANY OF COLORADO AT THE NOVEMBER 3, 2020 ELECTION,

AND SHALL THE INCREASED AND EXTENDED PORTION OF THE TAX BE SUBJECT TO THE SAME TERMS AND CONDITIONS AS THE ORIGINAL TAX AND ALL EARNINGS THEREON (REGARDLESS OF AMOUNT) CONSTITUTE A VOTER APPROVED REVENUE CHANGE, AND AN EXCEPTION TO THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

# Ballot Title Ordinance 8417 – Repurpose and Extend

## Repurpose the Utility Occupation Tax

WITHOUT RAISING THE TAX RATE SHALL THE EXISTING UTILITY OCCUPATION TAX, WHICH IN 2021 AND 2022 WILL BE IN THE AMOUNT OF \$ 2,076,181, BE EXTENDED FROM A CURRENT EXPIRATION DATE OF DECEMBER 31, 2022 TO DECEMBER 31, 2030 AND BE REPURPOSED TO PAY ALL COSTS ASSOCIATED WITH THE FORMATION OF A MUNICIPAL ELECTRIC UTILITY AND TO BE USED TO FUND PROJECTS, PILOTS, INITIATIVES, AND RESEARCH THAT SUPPORT THE CITY'S CLEAN ENERGY GOALS IN THE CONTEXT OF THE CITY'S RACIAL EQUITY GOALS AND THE COMMUNITY'S COMMITMENT TO THE PARIS CLIMATE AGREEMENT, SUCH AS:

- PROVIDING ENERGY-RELATED ASSISTANCE TO DISADVANTAGED MEMBERS OF THE COMMUNITY, INCLUDING SUPPORT FOR UTILITY BILL PAYMENTS AND ACCESS TO RENEWABLE ENERGY;
- IMPROVING SYSTEM RELIABILITY AND MODERNIZING, AND SUPPORTING CLEAN ENERGY-RELATED BUSINESSES, INCLUDING, WITHOUT LIMITATION, NEW APPROACHES IN ELECTRIFICATION OF BUILDINGS AND TRANSPORTATION, ENHANCEMENT OF RESILIENCE;
- IMPLEMENTING A PARTNERSHIP AGREEMENT WITH PUBLIC SERVICE COMPANY OF COLORADO; AND
- INCREASING ACCESS TO ENERGY EFFICIENCY AND RENEWABLE ENERGY SOLUTIONS;

ONLY IF A MAJORITY OF REGISTERED ELECTORS APPROVE A FRANCHISE AGREEMENT WITH PUBLIC SERVICE COMPANY OF COLORADO AT THE NOVEMBER 3, 2020 ELECTION,

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# Schedule

- August 20, 2020 | Second Reading – Public Hearing.
- September 1, 2020 | Deadline to place measures on the ballot.
- November 3, 2020 | Election Day.
- November 2020 | If voter approved, final adoption of Franchise Ordinance.
- January 2021 | Franchise effective if Voter and PUC Approval.

Questions?



# Bike Rack

# Energy Partnership Agreement

## Guiding Principles

- The goals of this Agreement are to prioritize reducing greenhouse gas emissions associated with gas and electric consumption, electrification, resilience and equity within Boulder.
- Such prioritization will necessitate working together to help Boulder add renewables in order to achieve its 100% renewables goal by 2030 to reach zero electricity sector emissions.
- Boulder and Xcel will work collaboratively to advance the vision and goals of both Parties by sharing information, pushing innovation, and adhering to the governance structure set forth by this Partnership.
- This Partnership will strive to identify projects that meet Boulder's goals and could be scaled and replicated where appropriate in other Colorado communities served by Xcel Energy.

# Energy Partnership Agreement

## Guiding Principles (Continued)

- Pursuit and execution of this Partnership will avoid shifting costs to other Xcel Energy - Colorado customers outside of city limits, except to the extent approved, and deemed reasonable, by the PUC.
- The Parties further wish to utilize the Partnership, where appropriate, to test and promote innovative technologies and strategies through partnerships with public and private-sector entities such as the University of Colorado and federal labs.
- Both Parties agree to support efforts and collaborate when appropriate on federal and private grants and other funding models as available that help to achieve the goals and objectives set forth within this Agreement.
- Boulder recognizes that Xcel is subject to a state regulatory framework when it works to advance the goals set within this Agreement. Both Parties also recognize that Xcel's efforts must continue to support a healthy utility company. Boulder plans to support to the extent appropriate for its goals and Xcel's efforts for regulatory change to advance the projects.

# Energy Partnership Agreement

## **Goals, Metrics, and Criteria for Projects and Programs.**

- The Parties are to identify certain individual Party activities that clearly advance the goals and purposes of this Agreement. Specific projects shall be selected as part of the Partnership. These projects shall increase emissions reductions and renewables beyond that deployed as part of:
  - existing or proposed voluntary community projects;
  - renewable projects to be proposed in future Xcel Electric Resource Plans;
  - Boulder's existing funding by its CAP tax or part of CMAP; and
  - planned undergrounding – undergrounding fee settlement cannot be used for infrastructure that is required to be underground (e.g. new construction) that serves out of city customers or is part of Xcel's capital improvement plan.