



The city is working to get an accurate picture of costs prior to the 2020 community decision. **One of these costs is power supply.**

Understanding power supply

Of all the costs associated with running an electric utility, power supply is generally the single-greatest expense. Therefore, understanding the costs and availability of electricity supply from various providers is an essential step in the planning process. Because Boulder will not build or buy generation assets in the short-term, the bulk of our electricity needs will be met through contracted agreements with wholesale providers.

How can the city determine the cost of wholesale power supply?

Over the past several years, the city has analyzed the state of the power market. Staff have met with independent power producers, intervened in Xcel Energy's Electric Resource Plan to evaluate ongoing market rates, monitored utility power supply solicitations and industry reports, and most recently, [issued a request for indicative pricing or RFIP](#).

What is a Request for Indicative Pricing (RFIP)?

Through this non-binding document, the city expresses an interest in acquiring wholesale power based on certain criteria. Qualified companies respond to the city's request by offering power supply plans and prices that give the city an estimate of what the actual costs would be under an official contract. The RFIP process establishes a contractual framework between the potential buyer and the seller and ensures the confidentiality of the proprietary information from the responding companies. This means the city cannot publish individual responses.

Through its process, the city was eager to answer several important questions:

1. *Are power providers available to serve Boulder's potential electric utility?*
2. *Are there sufficient and available renewable resources to serve Boulder customers?*
3. *What is the anticipated cost to generate, integrate and transmit that power to Boulder?*
4. *Has the price of power changed since the city's earlier financial analysis?*

What companies responded, and what did they propose?

Respondents provided detailed costs to provide Boulder with power that's always available—even in adverse conditions—and could meet the community's renewable energy goals. Boulder received several responses, which included combinations of wind, large and small scale solar, storage and natural gas to create reliable, affordable and clean portfolios. Firms included:

- Able Grid
- Capital Dynamics
- Convergent Energy
- Guzman Energy
- Invenergy
- Lightsource BP
- Nebraska Municipal Power Pool
- Tenaska

The RFIP responses confirm that there are power providers that can **meet the city’s energy goals at reasonable costs.**

How do the responses inform our thinking about power supply?

The responses to the city’s RFIP confirmed that there are [power providers](#) that can serve Boulder’s energy needs and meet the [city’s energy goals](#) at costs consistent with recent industry trends. The prices received in the 2018 RFIP are significantly lower than the city’s prior estimates. The results signal that renewable resources have the potential to provide significant cost savings to the utility.

So, does that mean Boulder will contract for power with one of these firms?

Not necessarily. The purpose of the RFIP was to test the market. Any of the responding firms can provide Boulder with reliable and affordable electricity that puts us on a path to meet our 100 percent renewable electricity by 2030 target. Should Boulder choose to operate a local electric utility, the city will release a request for bids to contract for power.

How is the city using this information?

Based on the pricing information received and existing information on Xcel Energy’s wholesale rates, the city created four wholesale power supply scenarios for the [December 2018 update](#) of its Financial Forecast Tool. The financial analysis indicates that there are a variety of potential scenarios that allow Boulder to achieve high-levels of renewables at a cheaper cost than purchasing power from Xcel Energy. The average costs and percentage of the portfolio that is renewable is illustrated in the table below.

Power Supply Scenario	10-year-average Energy & Capacity Cost (\$/MWh)	% Renewables (Year)	Average Annual Cost of Power Supply
Xcel Energy (Wholesale)	\$68.28	53% (2024)	\$123.6M
3 years Xcel; then High Renewables	\$51.40	53% (2024)	\$94.1M
Day 1 High Renewables	\$45.54	89% (2024)	\$83.9M
100% Renewable Electricity	\$51.00	100% (2030)	\$93.3M

What’s next?

A major component of the city’s work between now and the 2020 community decision is ongoing financial analysis of a city-run electric utility. We're working to identify potential costs to develop the utility so that the public can weigh the costs with the benefits when making the go/no-go decision. Visit the city’s [Financial Analysis page](#) to stay up-to-date on this area of work.