

CAP Advisory Group Meeting Notes 3/26/2008

Present: Moe Tabrizi, Sheila Horton, Brian O'Neill, Michael Reid, Kai Abelkis, Ann Livingston, Adriana Raudzens Bailey, Dan Powers

Absent: Jeff Fiedler, Howard Geller, Steve Mudd, Paul Norton, Amy Ellsworth, Pam Milmoie, Craig Eicher, Carol Tombari, Henry Mueller, Gwen Farnsworth, Jon Lindstrom, Francoise Poinsatte

Staff Present: Sarah Van Pelt, Kevin Afflerbaugh, Drew Bascue, Yael Gichon

Agenda:

3:00-3:10 Brief Staff Updates

3:11-5:00 Review of April 8th City Council Study Session, Questions for Council

Materials: (attached to the end of these notes as last two pages)

Quick Updates from Staff

Minutes from previous meeting were not as well reviewed as usual because of a very heavy work load preparing for April 8th. Staff requested comments from members.

2007 Progress Report has been released and copies are available to CAPAG members.

The CAP team held a community meeting on 3/19 to engage community members to take climate action and set up grassroots groups. There were 40-45 attendees with great communication on the questions posed by staff. Look for follow-up communication on results and next steps. Staff appreciated the presence of several CAPAG members.

The 2008 Wind Challenge will begin on April 1st with a goal of 1000 new subscribers county-wide with collaboration from Boulder County, Longmont, Lafayette and other communities. This will include Xcel's Wind Source and other Green-e wind REC suppliers.

Michael Reid - Suggested that the city develop an incentive for subscribers, for example the Renewable Choice Whole Foods gift card. Talk to the Bolder Boulder promotional team to include a flyer in the race packet.

Dan Powers – Has a contact with the Bolder Boulder and mentioned that they may be interested in expanding green efforts.

Brian O'Neill - Mentioned that a selling point may be to mention that at some point the cost of wind may become less than the cost of coal.

Discussion of April 8th City Council Study Session

Staff – The purpose of April 8th Study Session is to update City Council on the CAP and seek input from Council on expanded program areas. It will be a joint session with the Transportation Department since transportation and VMT account for 22 percent of the city’s GHG inventory. At this point, the two departments are polishing the study session memo.

The CAP team will present areas for increased CAP programs in the form of a proposal. Staff is looking to City Council to give guidance. If an action item is suggested there will be a public Council meeting to formally present the item with public comments. Staff intends the purpose of the March 26th CAPAG meeting to get feedback on the questions being posed in the Study Session Memo and which will be presented to Council on April 8th.

(A two-sided page was handed out to the CAPAG for review and is attached as the last two pages of this document. The details of exactly what programs fall into each program area are included in the Study Session Memo, which will be publicly available on or before April 8th. Note: the budget figures in the summary table do not include personnel cost, only for the actual hard costs of running the programs. Tax rates are included at the bottom. Xcel assumes 1.8 percent increase in energy consumption.)

Ann Livingston – Is the 1.8 percent tied to population growth?

Staff – We are not sure if population growth is included in that figure but the city’s experience is that the average annual electricity use growth rate is about 1.8 percent.

Feedback was sought from the CAPAG on the following questions:

1) Does Council have any questions or comments about enhancing CAP programs and services, and the associated tax increase?

Michael Reid – Staff might want to include funding for marketing renewables and find ways to break out that budget allocation.

Moe Tabrizi – Is there a correlation between the budget request and the effectiveness of the programs?

Ann Livingston – Maybe it’s more than a linear gain since you already have your base administrative costs covered.

Michael Reid – Cost per ton could be used as an indicator of program effectiveness, but may not always be the most representative.

Brian O’Neill – If you poured more money into certain areas do you increase the reductions in a more economically efficient way?

Staff – Not necessarily because there are limits to what can be accomplished with each strategy. The CAP was laid out in such a way that all the strategies combined move the city to the GHG goal, with each program area providing an increment. For example, energy efficiency is expensive, but other municipalities are using as their top strategy and it provides lasting building improvements, reduces long term energy costs and enhances economic vitality of the community.

Kai – Why are you doing work on transportation, since GO Boulder is a whole organization that is doing transportation work?

Staff – When we scoped it out we decided that the CAP transportation position would best sit in the CAP office, not GO Boulder. Our focus is on reducing transportation GHG and complementing GO Boulder’s efforts to reduce vehicle miles traveled.

Dan Powers - What’s the overlap?

Staff – There is a large number of overlapping goals for VMT reductions, primarily in outreach and education.

Moe – Is there a way to show how much money is coming into the city for DSM projects in such a way that the work the CAP team does is a conduit for those DSM dollars?

Staff – We have included DSM data in the memo. We will try to find a way to incorporate that excellent point into our presentation.

Dan Powers – The Council might ask, ‘Why not put all the CAP tax funds into purchasing RECs for the city?’ Just be prepared with answers from previous Council questions along those lines.

Staff – This is a good reminder of the possible dialogue, much appreciated.

Ann Livingston – Can the rate increase as energy consumption increase, similar to the way water rates work?

Staff – It wasn’t laid out in block rate form, in some ways the city feels lucky to have a carbon tax rate to begin with so we asked for a simple approach for billing.

Various members – Why not put all your effort into maximizing DSM participation? This might be a big question to be ready for from Council.

Staff – We certainly are working hard to educate the community about the rebates with the goal of maximizing DSM funds flowing into Boulder. Our analysis showed that there was a maximum penetration rate for DSM participation and the other programs we operate will provide GHG reductions beyond DSM reductions.

Ann Livingston – The County has seen that there is a growing participation rate over time and that rate in Boulder County is disproportionately higher than other counties in Xcel’s territory.

Michael Reid – The disadvantage of just pushing one area (e.g. DSM) puts the city in the position of running the risk to miss opportunities for reductions in other ways at the same time, especially in the residential sector.

Dan Powers – Would suggest that staff uses a clear correlative metric to show how the increased tax rate will increase reductions and get the city closer to the 2012 goal.

Staff – There is an indirect metric in Table 1 of the handout that shows the GHG reduction relative to budget allocation(s). The Study Session memo details how each sub-sector contributes to the overall goal.

Kai – Keep in mind that the voters knew that there was the potential for an increase in tax. Present the tax increase in the context that this process is a long journey – with higher costs per ton as the city reduces more and more consumption and GHG.

Adriana – Has staff done analysis into how Wind Source subscription affects the number of residents and businesses that pay the CAP tax?

Staff – We have estimated a large increase in Wind Source subscriptions to calculate carbon tax revenue increase.

Michael Reid – Be aware that on its face, this tax increase looks like a 40+ percent increase. Staff might want to put it in the context of what the total tax could be.

Sheila Horton – The reality is that the percentage increase is extremely loaded especially when combined with the increases in other taxes potentially being proposed by Council.

2) Should staff proceed to develop options for an additional and longer term greenhouse gas goal?

Staff background – City Council has been talking publicly about setting a longer term goal but we would not suggest abandoning the Kyoto goal. We would propose a goal to be more in line with County, State or other International goals.

Kai – What would it take in terms of staff resources to set a longer-term goal?

Brian – By changing the goal, how much would that affect the programs you are doing?

Staff – It doesn't change the strategies in the near term, it gives the city the forward view to begin to strategize the bigger projects and input into broader level (state or federal) policy discussions.

Ann Livingston – For example, if your long-term goal is something like carbon neutrality, you need as much time as possible to lay the ground work.

Kai – Keep in mind that many places are having trouble meeting the Kyoto goal, be careful of how this is framed in the city.

Michael – The city might be just too new at the GHG reduction work to begin setting new, longer term goals. Possibly focus on the current work.

Brian – What is the need for a new goal? Is the limiting factor (to achieving GHG reductions) the current budget or the current goal?

Sheila – Council could begin to wonder what the Smart Grid could achieve. They may not be interested in increasing a tax if the Smart Grid could achieve as much or more than the proposed programs.

Kai – Pay close attention to the 2010 Xcel franchise negotiation since the city may have the ability to stipulate a number of Boulder specific programs to reduce consumption.

Adriana – Suggested making the question clearer, possibly including a suggestion or reference to other resolutions such as Boulder County's. Staff may even refer to this new goal as a 'Next Step Goal.'

3) Should staff proceed to evaluate regulatory options to improve energy efficiency in existing residential and commercial buildings?

Ann – Staff might want to break this out into two separate questions to avoid confusion (e.g., affordable housing and CECO).

Kai – Can staff conduct a mapping project of properties that have done energy audits? There are a number of buildings in the city that present the opportunity to reduce energy consumption and if those facts are made publicly available, residents may have (the opportunity to influence more building owners to get audits and take measures). Map would give a visual sense of where we need to go to set a RECO or CECO.

Michael – The city needs to go to the existing buildings to really address energy consumption. If there is no date certain in the RECO it will be an easier sell.

Sheila – Is there a way to pose the question in such a way that staff would investigate a non-regulatory approach to improve energy efficiency? Asking for a policy change blows the whole issue up. There is a real distinction between building based on current rules and then requiring retrofits of existing buildings.

Staff – We're asking the question this way because the CAP called for voluntary options and this is outside of that context, so we need Council direction to move in a regulatory analysis direction.

Kai – Is there a reason why people wouldn't just take the voluntary action?

Staff – It's been more challenging to get interest in audits and efficiency in rental situations, commercial and residential.

Michael – Is there a time of sale trigger than could be used?

Staff – Not currently because the city is not involved in this transaction.

Brian – Some of the houses he sells actually push energy back into the grid and that is a huge selling point for these homes at the time of sale. The city might want to work with commercial brokers to help them find ways to pass this type of information on to buyers.

Kai – In London there is a sheet that's provided with the house description that discloses energy cost/use. There is currently no mpg-type rating for buildings.

Staff – This is actually one of the examples of regulatory changes proposed in the Study Session memo.

Sheila – Getting a report on what the previous tenants' usage was could be much different than what the prospective renters usage will be.

4) For new construction, does Council want to see a full scale commercial green building code, or an interim code that addresses energy?

Staff – This was brought up at the Council retreat, which is why it is included in the Study Session memo.

Brian – The city should consider looking at the green points codes to make the energy efficiency and renewable energy lock-ins mandatory (e.g., thicker walls for higher R-value or mandatory rough-in for PV system potential).

Dan – Given the current climate of the FAR discussion, the phrase 'interim code' may not be palatable to Council. There may be more behind the scenes than would appear from a conversation about this question. From an administrative sense there is a huge workload behind something like this.

Brian – Be sure to distance this question from the FAR conversation in terms of what it actually applies to and don't propose something extremely aggressive.

Kai – There might need to be an interim discussion about how dense we want this community to be before moving forward with a commercial building code. Staff could put a proposed code in the context and language of LEED. The franchise discussion may be a golden opportunity to develop Xcel as a real partner in this context.

Staff – We do plan to have conversations with staff involved in land use planning to assess GHG impacts of development.

Dan – Could staff be prepared with examples of these codes promulgated in other communities, just to guide the discussion, such as Albuquerque's and then rephrase this question in terms of how land use decisions affect our environmental and CAP goals?

**RELEVANT TABLES AND CHARTS FROM APRIL 8, 2008 STUDY SESSION
FOR CAPAG MARCH 26 DISCUSSIONS**

Excerpt from Study Session Memo:

The following questions are provided for Council’s consideration. Material related to the question is provided in the body of the memo as noted by the Tab number following the question.

Funding

1. Does Council have any questions or comments about enhancing CAP programs and services, and the associated tax increase?

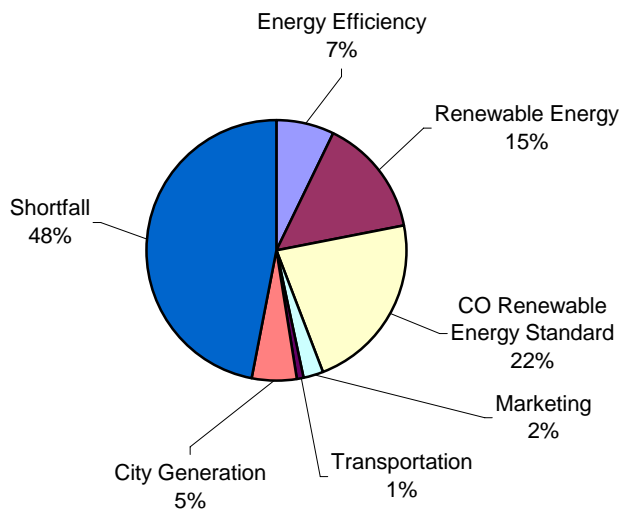
Policy implementation

2. Should staff proceed to develop options for an additional and longer term greenhouse gas reduction goal?
3. Should staff proceed to evaluate regulatory options to improve energy efficiency in existing residential and commercial buildings?
4. For new construction, does Council want to see a full scale commercial green building code, or an interim code that addresses energy?

Initiatives

5. Does Council have questions or comments about the draft renewable energy strategy to achieve energy independence for the city organization?

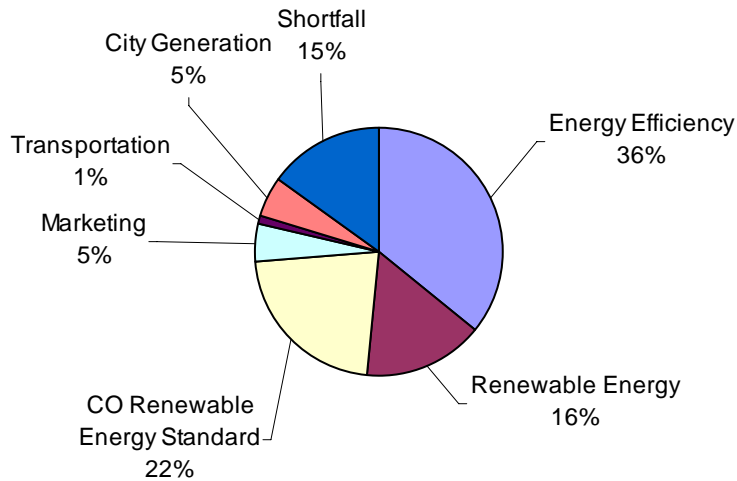
Breakdown of GHG reductions - Current Strategies



Summary of Current and Proposed CAP Program Impact and Costs

Strategy	Current			Proposed		
	mtCO2e by 2012	Annual Operating Budget	Percent of Current GHG Goal	mtCO2e by 2012	Annual Operating Budget	Percent of Current GHG Goal
Energy Efficiency	29,049	\$416,684	7%	145,829	\$834,641	36%
Renewable Energy	172,366	\$0	42%	176,147	\$0	43%
Marketing	10,150	\$155,000	2%	20,300	\$205,000	5%
Transportation	3,940	\$5,000	1%	3,940	\$5,000	1%
TOTAL	215,505	\$576,684	53%	346,217	\$1,044,641	85%

Breakdown of GHG Reductions - Proposed Strategies



Summary of Current and Proposed CAP tax rates

	Current Rates		2009 Proposed Rates	
	\$/kWh	Average Annual Cost	\$/kWh	Average Annual Cost
Residential	\$ 0.0022	\$ 13	\$ 0.0034	\$ 19
Commercial	\$ 0.0004	\$ 45	\$ 0.0007	\$ 70
Industrial	\$ 0.0002	\$ 5,532	\$ 0.0002	\$ 5,632
Estimated Revenue	\$ 897,114		\$ 1,316,634	