Fort Collins Climate Task Force

February 4, 2008
215 North Mason, Community Room
MEETING MINUTES

Present:
Board Members and Alternates

John Bleem	P			Garry Steen	P
William Farland	P	Blue Hovatter	P	Norm Weaver John Phelan	A P
Bill Franzen	P	Jeff Lebesch	P	Steve Wolley	P
Phil Friedman	P	Eric Levine	P		
Stephen Gillette Steve Harem	A P	Liz Pruessner	P		

Others present: Art Bavoso, Facilitator
Judy Dorsey, The Brendle Group
Lucinda Smith, Natural Resources Department
Amanda Sutton, Natural Resources Department

Public Input

There was no public input at this meeting.

Task Force Member Input

John Phelan wanted to encourage the group to get through the numbers portion as quickly as possible to help present this information to Council.

Minutes Approval
Lucinda mentioned one correction from John Bleem about the state climate goals. Liz had a question about downtown parking district. She wondered if the minutes reflected the motion to defer doing anything about that issue until more information was obtained. Lucinda responded that information was posted to the Web after the last meeting, but it didn't address the question. Lucinda will follow up with Randy Hensley to get more information.
Eric Levine moved to approve the January 8 minutes. Liz Pruessner seconded.

The task force unanimously voted to approve the January 8, 2008 minutes.

Measures Discussion

#6- Natural Gas – Develop Franchise Fee or Increase "Gas Company Occupation Tax" for Pricing Structure that Promotes Conservation
OR
#17 Natural Gas ~~Tiered Rate~~ – Lobby PUC or Xcel for Pricing Structure that Promotes Conservation

- 7,000 tons CO_2 (3.7% impact)
- 11,000 tons CO_2e (5.4% impact)

Lucinda clarified that in the handout she provide tonight, there was one incorrect statement. The correct statement is that if the City imposed a higher natural gas occupation tax, a vote of the people would be required, even if the entire additional revenue was turned back over to Xcel energy.

There was a question about which measure the CTF would like to adopt as a measure (#6 or # 17). In the previous meeting it was decided that either measure #17 or Measure #6 would be adopted. Eric Levine proposed that measure #6a and 6b were the better options to include in the packet. Lucinda pointed out that for 6A there needs to be a vote by the people due to the fact that they city would be implementing a tax that raises revenue for the city. The franchise fee would not need a vote of the people but there are legal restrictions to implementing a fee. The funds collected from issuing the fee would need to be used in a way similar to the way they were collected. For example, if a fee is placed on natural gas use, the funds must be spent on natural gas conservation programs.

Eric Levine asked if there were any other measures that the task force has discussed that would require a vote from the people to be implemented. Lucinda and the group discussed this briefly and it is believed that this may be the only measure that would require a public vote; the rest would just need a vote from the council.

Blue pointed out that the hassle of implementing a franchise fee may deter it from happening. Lucinda said that there may be a willingness on the part of the city to implement a franchise fee. Both have the same result but one requires a vote and one does not.

Motion: Eric moves that the CTF recommend #6B (franchise fee-no vote), thinking that it is not likely to achieve 6B with a limited expenditure of City legal resources, yet retain 6A (occupation tax-vote required) as a contingency, ensuring that any increased revenue be used to fund GHG reduction programs.
Second: Steve seconded.

Discussion:
Blue would rather see them flipped as far as options (start with a tax idea, then go to a franchise fee option if the tax didn't work.) This measure is something that should be taken to the voters first because they are the ones that are going to feel the effect of the rate increase. In addition, there may be opposition to implementing a franchise fee that would increase the cost to the city.

John Bleem agreed and suggested using the program implemented in Boulder as a case study. Eric corrected himself saying that 6B was proposed first, knowing it was kind of a long-shot and if it was determined that 6B was not possible the 6A option would be pursued. The process of determining the feasibility of implementing 6B needs to be straight forward and not take a lot of time and money.

Steve Harem felt that if 6B (franchise fee) is explored first, we can then tell the public that we have looked at a more simple option first. Steve Harem also questioned weather or not the task force should include something in the motion that describes where the funds should go.
In response to Steve Harems question, John Phelan wanted to clarify if this is a tiered program or not. Lucinda pointed out that there is no way to specify the rate structure that Xcel will use to implement the program. She suggested removing "tiered rate" from the description and replacing it with "Pricing structure that promotes conservation." John Phelan and Judy Dorsey pointed out that the tiered rate was used to make it easier to understand without getting too deep into numbers. The measure analysis was based on the electric rate example and not natural gas. Again, it was used just to give the task force and City Council an idea of how this measure would be implemented.

Some of the measures are assumed to be funded by an increased utility rate. Blue wanted to point out that the funding mechanisms should be used accordingly. Lucinda will look at summary of funding.

John Phelan questioned whether or not the task force should be more specific or generic in the description of the measure. The current analysis doesn't look at funding. John Bleem stated that he would not support a measure that would give Xcel any more profit. Funding should go to DSM and GHG reduction programs.

Eric Levine questioned if it would be possible for the city to get extra money and then use it to give incentives to customers for reducing natural gas consumption. Lucinda pointed out that the revenue from a fee must be used in a way similar to the manner in which it was collected. The fee would be able to be put back into rebates for customers who use less natural gas. John Bleem pointed out that it would be difficult to get the data on which customers are using less natural gas.

Eric moves that the CTF recommend #6B (franchise fee-no vote), thinking that it is not likely to achieve 6B with a limited expenditure of City legal resources, yet retain 6A (occupation tax-vote required) as a contingency, ensuring that any increased revenue be used to fund GHG reduction programs.
Second: Steve
Vote: All in favor. Motion passes unanimously

John Phelan asked what happens to #17; Lobby PUC or Xcel. The CTF considered a motion to address Measure #17.

Measure 17: Natural Gas – Lobby PUC or Xcel for pricing structure that promotes conservation.

Motion: Liz Pruessner moved to not address measure 17.
Second: John Bleem seconded.

Discussion:
Bill Farland asked that the task force keep the option of lobbying PUC or Xcel in the back pocket in case Council would like to see alternative measure.

Liz move to drop # 17, John B. second
Vote: All in favor. Motion passes unanimously.

Steve Wolley asked that if #6 is now also a revenue generator (not revenue neutral), where will the revenue go, and should we account for GHG reductions from DSM programs funded by this measure. This led the group back to measure 6 to discuss the point further.

Judy Dorsey pointed out that this issue was discussed by the State CAP and the dominant effect of the state measure was revenue generation for DSM programs, not behavior change resulting from a new rate structure. John Phelan pointed out that the cost/ton will be very different for a behavior change measure than a revenue generator. John Bleem asked if original analysis applies to the new design parameters the CTF just agreed on. The measure now has a small impact on all natural gas users, so maybe the GHG benefit is smaller.

Blue Hovatter had a concern with the limitation the CTF was now discussing that funds from this measure be limited only to natural gas DSM programs). He said ideally the money would go to the programs that need it most or that were more effective in reducing GHG emissions. John Phelan preferred it when the revenue from this measure was linked directly to natural gas DSM programs.

Steve Wolley made the point that if the measure did go to the voters there might be an advantage to narrowing the use of the funding. If you are taxing Natural Gas, it may be better to say that the extra funds will go to natural gas use reductions. The other argument may be a good alternative as well. This may be something that Council makes a decision on.

Bill Franzen thinks this would end up being a type of rebate, and might help with cost burden of other measures like the Time of Sale. The group informally decided to stay with the broader language that exists and not to take action to clarify this issue further. Lucinda said the main ideas of this discussion can be captured and shared with Council.

John Phelan suggests that TBG revises the costs and savings and look at it together off-line. But Judy pointed out that the analysis is based on GHG reduction and the new change creates a revenue source. Judy feels the existing analysis is close enough. She just looked at the State level DSM natural gas measure and our falls in this range.

The next question is whether the CTF prefers the conservative or aggressive scenario of #6.

#6- Natural Gas – Create a Franchise Fee or Increase "Gas Company Occupation Tax" that achieves a target reduction in natural gas use.

- 7,000 tons CO_2 (3.7% impact)
- 11,000 tons CO_2e (5.4% impact)

Blue moved to adopt the aggressive scenario of 6. Liz seconded. Vote:
Motion: Blue Hovatter made a motion to adopt the aggressive scenario for measure #6.
Second: Liz Pruessner

Discussion:
Phil Friedman had a hard time understanding the difference between the two. Are we speculating? Is the cost to the city the same as the cost to the consumer? Why is the cost to the consumer the same under both scenarios? Because it was looking at a standard administrative cost that does not change. Judy explained that the analysis does not match the design of the new policy measure. For the analysis, the use of a tiered rate was considered. John Bleem suggests that we don't have an analysis for the measure as currently described. Lucinda suggests the CTF could look at it as an implementation level alternatives (higher or lower), like the Electricity DMS, but she wasn't sure if the costs are accurately reflected under the new measure. But John Bleem feels that a tiered rate structure would provide a different GHG benefit from its' strong price signal than a low price increase for all users.

John Phelan explained that if it is written as a fee or tax it would be a flat rate across the board, so you wouldn't see a big response, but on the other hand you'd gather money for more DSM programs,. whereas a tiered rate will cause an increase in pricing as it relates to usage. John Bleem didn't think that the existing analysis was effective for the measure because it would be a smaller rate impact. It would take a higher pricing structure to get the impact that is expected in the aggressive scenario.

John Phelan suggested changing the measure to say that we implement a fee or tax that would result in a 5.4% usage impact. John Bleem reiterated his point that a 5.4% decrease may not be a feasible goal because a tax or fee would not have the same impact as a tiered rating system that double or triple some of the consumer's bills.

Bill Franzen said that at some point you need to make a statement about how difficult this is going to be. If council sees that this will be a difficult measure to achieve they may have to make some decisions on what to implement and what not to.

Phil Friedman favors the conservative scenario and said this is trivial in the overall sum of tons reduced by new measures. He said it's hard to get low-hanging fruit in nature gas use in homes. suggested that the Council go with the conservative scenario due to the uncertainty with the numbers issue.

Blue Hovatter reiterated that this measure may be important to raise revenue for other effective GHG programs. Steve Harem thinks it will take a long time for this to get off the ground, so he favors the conservative approach.

Blue Hovatter made a motion to adopt the aggressive scenario for measure #6. Liz Pruessner seconded.
Vote: 7 in favor; 5 opposed (Phil, Steve harem, John Bleem, Steve Wolley, Garry). Motion passes on simple majority.

 # 18 - Time of Sale Energy Conservation Ordinance (for residential and commercial)

- 17,000 tons CO2 in 2010

Motion: Steve Wolley moves to adopt this measure such that the audits and improvements must be made at time of sale.
Second: Bill Franzen

This measure was proposed as an ordinance that would affect residential and commercial structures within the city. Owners will pay for assessment and the cost of the upgrade. This measure is quantified with the ordinance being in place. The buyer or seller will pay for the assessment and upgrades at the time of sale.

John Bleem stated that in terms of fairness, it would be better for the buyer to pay for this because they are the ones who will see the benefits of the money.

John Phelan's concern with this measure is that he does not think it is feasible within the time frame. It is on the right path, but the participation rate on the residential side will not be feasible.

Motion: Steve Wolley moves to adopt this measure so that the audits have to be performed and improvements made at the time of sale.
Second: Bill Franzen seconded the measure but stated that it should be kept general. The buyer and seller could work out who pays between themselves.

Discussion:
John Phelan agreed that the buyer and seller would negotiate this cost. There could be guidelines set up to help them meet the requirements of the measure. Bill Franzen mentioned there is an economic development aspect to this.

Liz Pruessner had a question about John Phelan's comment about the Labeling requirement for homes. John explained that homes for sale would have a label on them to show their energy efficiency. This could be similar to the energy star program. There was some concern from the group on weather or not this would influence buyers at all.

Liz Pruessner questioned if it would be possible to get realtors and landowners in on this idea? If this measure were presented as is, would it die on the vine, in light of the current burdens on the Market? John Phelan thought that there may be a risk of that happening, but the measure should still be put on the table. John Phelan just questioned whether the GHG benefit predicted for 2010 could happen by then.

Phil Friedman stated that any type of regulatory requirement on the sale of property may be opposed but likes it because it does address the infrastructure of the city as a whole. It may be better to do some type of phasing in of the measure to make it more palatable to the opposition. There may also be problems with supplying the support for this program but we should still go for it. Who pays for this and at what time? The seller does not see benefit, but they are also the ones putting that "defective" property on the market so they should assume responsibility.

Gary Steen said he supports the audit but would suggest that the buyer and seller to figure out how to work it out how to pay for mandatory improvements. Blue asked if there are rebate options available to alleviate the cost burden.

Steve Wolley moves to adopt the Time of Sale Energy Conservation Ordinance measure so that the audits have to be performed and improvements made at the time of sale, but it would not be specified at this point who is responsible for paying. Bill Franzen seconded.
Vote: 10 in favor; 2 opposed (Steve Harem and Garry)

#10: Low Cost residential energy assessments.

Home energy assessments to be provided with ½ cost paid by the homeowner and the other half paid for by utilities. This is a voluntary audit. Conservative = 300 homes, aggressive = 600 homes.

Motion: Steve Wolley moved to accept this measure and do so with the aggressive scenario.
Second: Gary Steen

Steve Wolley moved to accept the Low Cost residential Energy Assessment measure and do so with the aggressive scenario. Gary Steen seconded.
Vote: All in Favor. Motion passes unanimously

#3 Smart Metering

The utility would supply smart meters at different thresholds. Phil Friedman thought that the system-wide approach would be the best in terms of immediate implementation but questioned the feasibility.

Motion: Phil Friedman moved to adopt the aggressive approach to this measure.
Second: Blue Hovatter

Discussion:

John Phelan did not think that the rate of 10,500 homes per year for the system-wide scenario as a feasible goal, but did think that a system-wide approach would be a more effective way to roll this out. Perhaps out-sourcing could help speed up implementation. Getting a competitive bid for smart meters alone could take nearly a year.

Bill Farland referred back to previous CTF discussion about 3 approaches to consider:

1) City pays for some smart meters
2) City subsidizes some others
3) New construction is required to have smart meters

Do we want to include a regulation stating that all new homes have a smart meter included in their construction?

John Phelan pointed out that this is a capital cost to the utility, it is an investment that would ultimately be borne by rate payers. There needs to be a systemwide approach that allows some flexibility on how and when to get there.

Blue Hovatter brought up the idea of using an implementation rate over time. If the CTF is setting minimum there needs to be a rate.

Eric Levine pointed out that with the current growth rate of the city, the aggressive rate would not be fast enough. He would support the system-wide approach. John Phelan agreed and stated that if the city made the decision to implement this measure then we would find the resources needed to achieve the goal. Instead of a percentage rate, a target date might be more effective. John Phelan made the point that an electric meter should be easier to implement than the water meters because there is already a space for them.

Jeff Lebesch would like to see a requirement that all new construction after a certain date will be required to have a smart meter.

Steve Wolley thought that the 2020 goal is wimpy and that reaching this goal by 2015 is doable.

Phil Friedman moves to adopt system-wide approach for Smart Meters, allowing flexibility in start-up rate, but to be completed by 2015, and require smart meters in all new construction asap. Blue Hovatter seconded.
Vote: All in favor. Motion passes unanimously.

Lucinda said the analysis could be revised to show the 2010 benefit along a straight line ramping up from 2009 to 2015.

Tiered electric rates – conservative or aggressive scenario

Motion: Steve Wolley motioned to adopt aggressive implementation measures of alternative rate structures (tiered or other) to promote conservation with provisions for low income households and all electric homes.
Second: Jeff Lebesch

Discussion:
John Phelan said that electric utility rates are projected to increase 20% in the next five years anyway, in the absence of any local rate changes.

John Bleem was concerned about low income homeowners because this measure includes a pretty big jump in rates.

John Phelan explained that these increases are probably going to happen anyway over the next five years. The implementation of system-wide smart meters opens it up to a lot of different tiered options. The current tiered rate structures are based on "dumb" meters. Smart meters will allow for many different types of systems that could be implemented.

Jeff Lebesch said that the group needs to include something about the other tiered rates that may become possible due to the installation of the smart meters. Tiers lock you into a thought pattern and we may not want to do this. Eric asks if there are any data from places that have adopted similar approaches.

Steve Wolley motioned to adopt aggressive implementation measures of alternative rate structures (tiered or other) to promote conservation with provisions for low income households and all electric homes. Jeff Lebesch seconded.
Vote: 11 in favor, 1 opposed (Steve Harem). Motion Passes.

Judy Dorsey addressed the double counting issue. With the tiered rates and system-wide smart meters combined the reduction would be 13.4%. One would have an impact on the other, is this feasible?

John Bleem thought that a 13.4% reduction seemed really aggressive when looking at the trends from the 1980s. Usage continues to go up and has doubled in 20 years. So we would have to slow the rate and then start to reduce them by 13%. Doesn't think this is possible.

John Phelan said we don't have enough detailed information to determine if there is double-counting, so he suggests leaving the numbers as is and addressing this issue in discussions about the overall uncertainly in the package.

Measure: Downtown Parking Management
The group decided to come back to this measure after additional information becomes available to the group.

Numbers Summary

Lucinda summarized that with what we have now, the existing measures are at 406,000 tons. The measures that were voted on in the last meeting, with double counting removed, equaled a net of 880,240 tons.

Provisional Package

Steve Wolley was concerned about the measures that were included in the package that accounted for half of the total capital cost to the city and 1-2% of the carbon savings. "We are spending half the money on a 2% gain. Before making this a provisional package we should make sure all of our choices make sense."

The group tried to decide which measures were the least cost effective. Steve did not know the specific measures that were like this but it may have been smart meters as it was described before which was described as having 3/5 of the homes in Fort Collins done by 2010.

Bill Franzen shared Steve's sentiment on this issue.

Judy Dorsey said that the smart meter analysis could be revised along with other measures that were modified at this meeting to see what numbers change because some of the numbers would change.

Lucinda explained that the provisional package needs to be completed and voted on by the group by mid-February. The council work session for this package is on Feb. 26th.

John Bleem stated that the group should step back from numbers and focus on philosophy of the measures for the first council work session. He would like to get the philosophy of the measures in front of council first and then go from there. Lucinda and Judy Dorsey both agreed that the numbers are important in presenting this data to council. Without numbers, how will we be able to answer the council's questions about meeting our goal?

Bill Farland was concerned that there may be a rush to success to make the significant changes, but there doesn't seem to be a full buy in from the community. It is not an easy step for the community to make those changes by 2010. There is not a methodology in the community to implement the suggested changes.

Eric Levine agreed with John B in that during the first council go-around the philosophy and methodology need to be discussed. The numbers could go either way but they are not that different than other numbers that the city works with. Numbers change all of the time. He doesn't want Council to think that these estimates are in a class by themselves, The CTF is giving their best judgment after trying to put all of this together.

Blue Hovatter agreed that the numbers are important because they do what they are designed to do. They will let the CTF and City Council know what projects are worth pursuing. Take them for what they are and in the grand scheme of things they will give an idea of potential impacts.

Eric Levine pointed out that instead of trying to reach 100% of the goal by the 2010 deadline, the group should focus on the measures. Even if only 80% of the goal is reached by 2010, emissions will continue to be reduced in the following years until the goal is reached.

Steve Wolley and John Bleem continued to voice a concern about presenting measures to council that were not cost effective. They wanted to drop measures that have a high cost with little impact. The other side of the argument was that it might be better to leave these measures in to show that the group considered these options. Judy Dorsey recommended putting those measures into the "future direction" category instead of dropping them altogether.

Art Bavoso also reminded the group that the outreach committee would figure out how to present the package to council.

Liz Pruessner moved to adopt the 19 measures already selected as the provisional package. Blue Hovatter seconded.
Vote: 9 in favor, 2 opposed. (John Bleem and Steve Wolley)

Impact of state measures on local measures

Should this impact be included as a discussion?

Motion: Liz Pruessner moved that the state actions should be included in the report, not as part of the provisional package, but as something that can count towards the total reductions in CO_2.
Second: Gary Steen
Vote: All in favor

Future and long term strategies can be discussed via e-mail due to time constraints.

Lucinda said suggestions on funding options are listed on the back of the agenda are from the SIT team. The group felt that the 50% waste diversion measure and renewable incentives need to be addressed because they are very big pieces of the program and funding is currently unknown.

Important Dates:
- Outreach Sub committee meeting: February 13, 2008
- Draft of provisional package will be sent out to CTF members on Friday, February 8th.
- City council work session: February 26, 2008. (It would be helpful to have 1-3 reps at the work session.)
- The Climate Open House will be held on February 27th at the Senior Center from 7-9pm.

Next meeting:
March 5, 2008
5:30-8:30
215 North Mason, Community Room