



INFORMATION ITEM MEMORANDUM

To: Mayor and Members of Council

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Subject: Update on city participation at the Public Utilities Commission

EXECUTIVE SUMMARY

The City of Boulder participates in multiple venues seeking to transform state policy in support of local action. This includes the General Assembly, the Public Utilities Commission (“PUC”), the Air Quality Control Commission and others. The [2023 City of Boulder Policy Statement on Regional, State and Federal Issues](#) serves as the guidepost to develop city policy positions. A [final report on 2022 Colorado legislation that the city engaged on](#) is also available for review. The Climate Action Plan strategies include an active policy agenda as part of the city’s broader legislative and regulatory efforts. The Department of Climate Initiatives also works closely with other communities and entities such as the Colorado Communities for Climate Action¹ on many legislative and regulatory efforts to build broad policy coalitions.

Staff provide regular updates to council on PUC activities. The previous council information packet for the June 15, 2023, meeting described city action at the PUC in the second quarter of 2023.² This memo updates and builds on that information packet and describes additional activity during the second quarter of 2023. This memo also provides additional details on ongoing and upcoming high visibility proceedings that are likely to draw broad community interest:

¹ [CC4CA Policy Statement](#)

² June 15, 2023 Memo to City Council: [Update on city participation at the Public Utilities Commission](#).

- Electric Resource Plan Phase 2: The evaluation and selection of bids received as part of the Electric Resource Plan competitive solicitation.
- Phase 2 Electric Rate Case: A proposal to implement the \$96 million revenue increase approved in the Phase 1 Electric Rate Case.
- 2024-2026 Transportation Electrification Plan: A plan to offer on-bill financing for home charging stations, public fast charging, enhanced rebates for vehicle purchase and charging stations for income-qualified customers and investment in innovative technologies.
- 2023-2028 Gas Infrastructure Plan: A plan to evaluate investments in gas infrastructure and presents several projects intended to improve the safety and reliability of the existing gas distribution system. One of the projects identified directly impacts Boulder – Pearl Street Mall Capacity Expansion Project.
- 2024-2028 Clean Heat Plan: A plan to reduce greenhouse gas emissions in the natural gas sector through efficiency, conservation, beneficial electrification and other measures.
- 2024-2026 Quality of Service Plan: A plan to evaluate customer service and reliability.

BACKGROUND

The city participates in PUC proceedings focused on electricity and natural gas production and consumption, including rate design, resource planning and voluntary customer products. The city advocates for products, programs and services that advance city organization and community priorities of affordability, safety, resilience, equity, transparency and emissions reduction.

In most PUC proceedings, the city's participation is led by the Department of Climate Initiatives with support from other city departments with subject matter expertise on a specific topic (e.g., Transportation Engineering for streetlights or Community Vitality for economic development). Participation at the PUC may take the form of formal intervention as a party (represented by the City Attorney's Office), submission of written or oral comments (without formal intervention) and participation in stakeholder workshops. The city contributes data and analysis based on the city's operational experience, Climate Action Plan³ and the Policy Statement on Regional, State and Federal Issues.⁴ Climate Initiatives staff members routinely engage community members, organizations and working groups to inform the city's participation in a specific proceeding.

Boulder has long recognized the importance of the PUC's role in driving broader systems changes in Colorado's electricity and natural gas sector. The actions taken by the PUC have far reaching implications in the ability of local communities to reach their own energy, climate and equity goals. Since 2016, the city has participated in 44 proceedings at the PUC as well as numerous stakeholder workshops to inform the development of future products and services. The city's PUC intervention enables Boulder to take direct action to support fair and equitable rates, accelerate emissions reduction through resource planning, and inform new voluntary renewable electricity and demand-side management programs.

³ [June 8, 2021 Memo to City Council Study Session on Update to Climate Action Plan](#)

⁴ [City of Boulder 2022 Policy Statement on Regional, State and Federal Issues](#)

RECENT ACTION

Since the last council update, the following proceedings have been underway at the PUC. These proceedings will have significant impact on the city organization and community priorities, and the city is taking an active advocacy role. A summary of the various proceedings is listed in Table 1. Below are brief summaries of the major actions:

- **Electric Resource Plan 120-day Report:** On September 18, Xcel Energy submitted a 120-day report that evaluates twelve scenarios of different resource portfolios designed to meet forecasted capacity and energy requirements through 2028.
 - The “[Preferred Portfolio](#)” includes 3,406 MW of wind, 1,969 MW of solar, 1,170 MW of battery storage, 628 MW of new natural gas and 19 MW of biomass generation.
 - The Preferred Portfolio estimates 82 percent renewable electricity in 2028 and an 87 percent emissions reduction (versus a 2005 baseline) by 2030. The settlement agreement approved in the first phase of the Electric Resource Plan anticipated emissions reduction of 85 percent by 2030 and 88 percent by 2031.
 - The estimated retail rate impact of the Preferred Portfolio is approximately 2.25 percent, consistent with statutory requirements.
 - The resource bids presented include multiple potential options to expand selected bids (by adding more capacity to solar and wind bids or adding battery storage) as well as innovative technologies such as compressed air energy storage, advanced geothermal and hydrogen fuel cells that could accelerate emissions reduction through programs such as Zero Emissions Communities.⁵
 - Intervenors, including the City of Boulder, have the opportunity to provide comment on the presented portfolios in late October / early November and a Commission decision is expected in late December or early January.
 - There are multiple portfolios presented that would meet or exceed the statutory requirements including the Preferred Portfolio that would meet the requirements two years early. In the Preferred Portfolio, Xcel Energy proposes to own two-thirds of the new generation. This high ownership percentage and the implications on the cost to customers may be of substantial concern to some Boulder advocates.
- **Phase 1 Electric Rate Case:** Xcel Energy filed a Phase 1 rate case in December 2022, proposing to increase the base rate revenue requirement by \$312.2 million. In July 2023, the Public Utilities Commission approved a settlement agreement to increase revenue by \$96 million. [The city was the only intervening party to oppose the settlement agreement.](#) Boulder advocated to maintain or reduce the approved return on equity and cost of capital and to establish a stakeholder working group focused on energy insecurity and affordability that included proposals to eliminate energy insecurity (customers paying more than four percent of total annual household income on electricity). While the Commission ultimately approved the settlement, the city’s advocacy was successful in informing the decision related to energy

⁵ Additional details on Zero Emissions Communities can be found in the June 15, 2023 Memo to City Council: [Update on city participation at the Public Utilities Commission.](#)

insecurity. Additional information on the Phase 1 Electric Rate Case can be found in the [June 2023 Update to Council](#).

- **Phase 2 Electric Rate Case:** On May 15, Xcel Energy filed a Phase 2 rate case to allocate the costs to each customer class based on the \$96 million revenue requirement increase that was approved in the Phase 1 rate case. The Phase 2 rate case proposes to change the way in which peak demand costs are assigned to each customer class and examines time-of-use rate design. Answer testimony is due October 20, and a decision is expected by the end of the year.
- **2024-2026 Transportation Electrification Plan:** On May 15, Xcel Energy proposed its 2024-2026 Transportation Electrification Plan (“TEP”). This TEP builds on the 2021-2023 plan, offering on-bill financing for home charging stations, public fast charging, enhanced rebates for vehicle purchase and charging stations for income-qualified customers and investment in innovative technologies. The city filed answer testimony on September 29 focused on significantly expanding access to home electric vehicle (“EV”) charging for residents of multi-family dwellings and small businesses, increasing rebates for income-qualified customers and fleets to purchase EVs and empowering customers to charge EVs when greenhouse gas emissions are lowest. A Commission decision is expected in the first quarter of 2024.
- **2024-2028 Clean Heat Plan:** On August 1, Xcel Energy submitted its first Clean Heat Plan in compliance with Senate Bill 21-264. The plan is intended to reduce emissions from Xcel’s natural gas business and proposes investments in efficiency, conservation, beneficial electrification, carbon offsets and “certified natural gas” (according to Xcel Energy, certified natural gas is “gas that is produced on a site that exceeds all state and federal legal requirements that is attested to be produced meeting the criteria for methane monitoring and implementing best practices to reduce emissions. Notably, 43 percent of the emissions reduction in Xcel’s preferred plan (“Clean Heat Plus”) is achieved from carbon offsets. On September 6, 2023, the city joined a [motion for partial summary judgement](#) with the Colorado Renewable Energy Society, Colorado Solar and Storage Association, Natural Resources Defense Council, Physicians for Social Responsibility Colorado, Sierra Club, Solar Energy Industries Association, Southwest Energy Efficiency Project, Utility Consumer Advocate and Western Resources Advocates. The motion requests that the Commission rule that the preferred portfolio does not comply with Senate Bill 21-264 because it unlawfully relies on emission reduction from source categories (carbon offsets and certified natural gas) that are outside the permissible scope of a Clean Heat Plan. The Commission will rule on this motion in October. The procedural schedule, including deadlines for testimony, public comment sessions and a Commission hearing is not yet set.
- **2024-2026 Demand-Side Management Plan:** By October 31, Xcel Energy expects to submit its 2024-2026 Demand-Side Management Plan. The plan will seek to achieve estimated system-wide emissions reduction of more than 107,000 metric tons of CO₂ between 2024 through efficiency, conservation and beneficial electrification programs. The natural gas targets will reduce consumption by two million dekatherms. The City of Boulder will intervene and play an active role in developing the plan.

SUMMARY

Staff recognizes the importance of keeping City Council and the community informed on the various PUC-related activities. Climate Initiatives will continue to provide regular updates to council on the city's involvement in PUC activities. The update will describe current and anticipated proceedings and the relevance to the interests of the city organization and the Boulder community. The table below includes proceedings in which the city is currently participating as well as anticipated proceedings for 2023. The column "City Status" includes links to the city's testimony and statements of position in each proceeding.

Proceeding	Number	City Status / Results	Description	Relevance to Boulder Goals ⁶
Implementation of Senate Bill 272 (Equity and Disproportionately Impacted Communities)	22M-0171ALL	<p>Boulder submitted initial comments focused on Boulder’s equity priorities, participated in the first stakeholder workshop and provided additional comments on the EnviroScreen tool.</p> <ul style="list-style-type: none"> • Initial Comments • Comments on EnviroScreen tool <p>Stakeholder workshops have been held in 2023 to inform a formal rulemaking expected in late 2023.</p>	<p>This rulemaking is intended to establish rules for the Commission to determine how best to provide equity, minimize impacts and prioritize benefits to disproportionately impacted communities and address historical inequalities.</p> <p>The rulemaking will affect all industries regulated by the PUC, including electricity, natural gas, steam, rail, telecommunications and transportation.</p>	Income-qualified, equity, distributed generation, equity, energy insecurity

⁶ The keywords used in the column “Relevance to Boulder Goals” are intended to identify the major topics addressed in the proceeding that are included in Boulder’s Climate Action Plan or other city priorities. For example, “emissions reduction” means that the decision in the case may affect Boulder’s emissions reduction work, “local generation” means that the decision will affect rooftop solar, and “streetlights” means the decision may affect the rates Boulder pays for the operation of streetlights.

Proceeding	Number	City Status / Results	Description	Relevance to Boulder Goals ⁶
Electric Resource Plan Phase 2	21A-0141E	The city will submit comments on the proposed portfolios on November 8. A Commission decision is expected by the end of December.	Xcel Energy solicited bids for generation and storage to meet the resource need identified in Phase 1. Bids were submitted March 1. Xcel published the “120-Day Report” on September 15, proposing multiple portfolios of bids that could both meet the resource need and exceed statutory emissions reductions.	Emissions reduction, affordability
Phase 2 Rate Case	23AL-0243E	The Phase 2 Rate Case was filed on May 15. Boulder is admitted as an intervenor. Answer testimony is due October 20, Cross-Answer Testimony is due November 17, and the Hearing is set to begin December 11. A decision is expected in early 2023.	This rate case will design rates based on the revenue requirement approved in the first phase of the rate case.	Energy burden, affordability, equity, energy insecurity
Transportation Electrification Plan	23A-0242E	<p>The Transportation Electrification Plan was filed on May 15. Boulder filed answer testimony on September 29. Cross answer testimony is due November 17, and the Hearing is set to begin January 10.</p> <ul style="list-style-type: none"> Answer Testimony 	The Transportation Electrification Plan proposes options to address three primary gaps in the EV market: lack of information and awareness regarding EVs, upfront costs associated with purchasing EVs and charging infrastructure and suboptimal incentives for EV charging when it is most beneficial to the grid.	Mobility electrification, emissions reduction, equity

Proceeding	Number	City Status / Results	Description	Relevance to Boulder Goals ⁶
Clean Heat Plan	23A-0392EG	<p>The city is admitted as an intervenor. The procedural schedule is not yet set.</p> <p>On September 6, the city joined a motion for partial summary judgement that seeks to prohibit the inclusion of carbon offsets and certified natural gas as permissible resources for emissions reduction.</p> <ul style="list-style-type: none"> • Motion for Partial Summary Judgement 	<p>The Clean Heat Plan proposes emissions reduction programs for the Xcel Energy natural gas system, including conservation, efficiency, beneficial electrification and potentially other measures.</p>	Emissions reduction, resilience, affordability
Gas Infrastructure Plan	23M-0234G	<p>The city submitted initial comments on August 9, 2023, focused on electrification incentives for gas customers when Xcel does not also provide electric service to those customers, demand-side management opportunities for transport gas customers, a proposed Pearl Street electrification project, service relocations, project management, customer engagement and resource planning.</p> <ul style="list-style-type: none"> • Initial Comments 	<p>The Gas Infrastructure Plan evaluates investments in gas infrastructure and presents several projects intended to improve the safety and reliability of the existing gas distribution system.</p> <p>This is a non-litigated proceeding; the Commission will not approve or reject the plan.</p>	Natural gas infrastructure, emissions reduction.

Proceeding	Number	City Status / Results	Description	Relevance to Boulder Goals ⁶
Quality of Service Plan	23A-0356E	The city is admitted as an intervenor. Answer Testimony is due January 12, 2024, Cross Answer Testimony is due February 27, 2024, and the Hearing is set to begin April 2, 2024.	<p>The Quality of Service Plan reports on customer service and distribution system reliability metrics and sets penalties for failure to perform.</p> <p>This plan proposes to more narrowly focus reliability reporting to census block groups from more broadly defined regional service divisions.</p>	Reliability, resilience
Implementation of Senate Bill 23-291	23M-0464EG	The city will provide public comment on October 4 focused on challenges to interconnecting rooftop solar and other barriers to electrifying new construction.	This proceeding will implement provisions of SB 23-291 related to electric and gas service connections and disconnections. This will include a study addressing potential barriers to beneficial electrification and distributed energy resources interconnection. The proceeding will also consider health and safety risks related to customers no longer using the gas distribution system. The study must be completed no later than March 15, 2024.	Equity, resilience, distributed generation, emissions reduction

Proceeding	Number	City Status / Results	Description	Relevance to Boulder Goals ⁶
2024-2026 Demand-Side Management Plan	TBD	The application will be filed by October 31 and the city will participate as an intervenor. The procedural schedule is not yet set. A Commission decision is expected by mid-2023.	The 2024-2026 Demand-Side Management Plan proposes conservation, efficiency and beneficial electrification programs for residential and commercial customers.	Conservation, efficiency, equity, affordability, emissions reduction

In addition to these active proceedings, there are several anticipated proceedings with significant impact to community priorities. The table below briefly summarizes these proceedings.

Proceeding	Description	Anticipated Timeline
Zero Emissions Communities	As part of the Electric Resource Plan, Boulder proposed a tool for communities with more aggressive greenhouse gas emissions reduction goals than Xcel Energy to purchase utility-scale renewable generation and storage to enable the communities to “close the emissions gap” between Xcel’s 2030 emissions and Boulder’s goal of zero emissions. Boulder and Xcel Energy provided an update to the Commission on their partnership work on this project on March 23 and are now evaluating potential resources to be acquired.	<ul style="list-style-type: none"> Evaluating bids submitted in the Electric Resource Plan. Additional product design with Xcel Energy Community engagement if agreement is reached to move forward with an application to the Commission.
Distribution System Plan Phase 2	This proceeding will solicit proposals for pilot projects approved in the first phase of the distribution system plan.	<ul style="list-style-type: none"> Anticipated to be filed by July 17.
Renewable Energy Standard / Net Energy Metering Rulemaking	This rulemaking will focus on revising rules related to how utilities must comply with the renewable energy standard (30% renewable energy by 2020, 3% of retail sales from retail renewable distributed generation) and net energy metering (the financial compensation mechanism for customers with on-site solar).	<ul style="list-style-type: none"> Anticipated to be filed by the end of 2023 or early 2024.

Proceeding	Description	Anticipated Timeline
Natural Gas Rate Case	In early 2022, the Commission reduced Xcel Energy's proposed natural gas rate increase request from \$214.6 million to \$64.2 million. Xcel Energy indicated it may file a rate case to recover the remaining expenses. In early February, Xcel Energy indicated it is not currently planning to file a natural gas rate case but may do so in the future. ⁷	<ul style="list-style-type: none"> To be determined.

⁷ <https://www.cpr.org/2023/02/15/xcel-energy-gas-rate-hike/>