

Open Letter to City Council Concerning Chamber of Commerce Letter on 100% Renewable Electricity

Sent on May 14, 2018

Fort Collins Chamber of Commerce President and CEO David May sent you [a letter](#) on May 8th offering his opinions concerning the 100% renewable electricity resolution that Fort Collins Partners for Clean Energy (FCP4CE) submitted to you for your consideration on May 1st. While May tries to present himself as a thoughtful and prudent observer, his letter demonstrates an appalling ignorance of the progress made over the last six months by the Platte River Power Authority (PRPA) and Northern Colorado Partners for Clean Energy (NCP4CE) in analyzing the move toward 100% local renewable electricity. Nor does May appear to have much general knowledge of the electric utility industry. It is therefore impossible for us to take his opinions seriously.

May begins his letter with the pontification that 100 percent renewable energy “is a very complex and nuanced idea with big consequences.” He goes on to express concerns about the alleged high cost and unreliability of renewables. May appears to be oblivious to the fact that the PRPA released a study prepared by Pace Global late last fall showing that the PRPA could supply “Zero Net Carbon” (ZNC) electricity to its four owner communities by 2030 at costs only slightly higher than the business-as-usual case. **Specifically, ZNC electricity costs were estimated to be 20% higher than business-as-usual costs over the period 2018 – 2030, and 8% higher than business-as-usual costs over the period 2018 – 2050. And nothing in Pace Global’s analysis suggests that ZNC electricity would be any less reliable than electricity generated under a business-as-usual scenario.**

Subsequent analysis performed by Energy Strategies and released by the NCP4CE early this spring shows that the Pace Global study employed overly conservative assumptions in many areas, including the future costs of renewable generation. **This analysis concludes that “more reasonable assumptions could easily have resulted in the ZNC portfolio actually being the least-cost portfolio.”** Additionally, the use of more realistic future storage costs would likely allow batteries to take the place of the new combined cycle natural gas-fired plant featured in the ZNC study. Battery storage would allow the PRPA to achieve a “100% renewable zero-carbon resource portfolio” by 2030. Energy Strategies and NCP4CE presented this analysis to PRPA staff on March 16th to a generally favorable reception. The Energy Strategies analysis is available [here](#). **We strongly encourage all of you to read the five-page Executive Summary (and time permitting, the entire 38 page document) if you have not already done so.**

May observes that renewables receive subsidies, while ignoring the much larger subsidies that fossil fuels receive. Subsidies in the form of federal tax credits for wind and solar power are scheduled to phase out over the next several years, as the cost of renewable power continues to plummet. The phase-out of renewable tax credits is incorporated into the Pace Global ZNC study. **Coal, oil, and natural gas production also receive federal tax subsidies, which are not scheduled to phase out.**

Even more importantly, the use of fossil fuels results in significant damage to human health and the environment which is not compensated for by fossil fuel users. These externalized costs are also a subsidy to fossil fuels. A recent study by David Coady et al. calculates the total subsidies received by fossil fuels to be roughly 6.5% of global GDP, or \$5.3 Trillion in 2015.¹ The “Social Cost of Carbon” (SCC), defined as “an estimate of the monetized damages associated with an incremental increase in CO₂ emissions in a given year,” attempts to capture some (but not all) of these externalized costs. The Pace Global ZNC study uses much lower values for the cost of CO₂ emissions than the U.S. Government’s

estimated SCC, as shown on pages 26 – 27 of the Energy Strategies report. **Using more realistic SCC values – as the Colorado Public Utilities Commission has ordered the Public Service Company of Colorado to do when comparing resource portfolios – would result in reducing the cost of 100% renewable electricity compared to fossil fuel-generated electricity.**

At the same time the ZNC study was released, the PRPA announced that its preferred wind power bid received from Roundhouse Renewable Energy would actually result in an overall electric rate DECREASE of 2.4% - 5.1% by 2030. The PRPA has since committed to acquiring 150 Megawatts (MW) of wind power from Roundhouse, and has the option to purchase another 75 MW if it acts by the end of this year. We urge Council to support the PRPA in exercising this option. There is likely a relationship between the low price of wind power and the commitments made recently by several high profile companies operating in Fort Collins to obtain 100% of their electricity from renewables by 2030 or sooner. Those companies are: Anheuser-Busch, Hewlett Packard, Schneider Electric, and Walmart. Three of these large, profitable corporations are members of the Fort Collins Chamber of Commerce. **It might be instructive for David May to sit down with representatives of these firms to find out why they opted for 100% renewable electricity.**

Finally, we point out that David May's letter makes no reference to the Fort Collins Climate Action Plan, which calls for community greenhouse gas (GHG) emissions to drop 80% by 2030 compared to 2005 levels. That is a very ambitious goal, which was established as part of a 7-0 vote by City Council in 2015. Fort Collins has made significant progress since 2005 in reducing its GHG emissions in the electric sector and the much smaller solid waste sector. We have not done as well in reducing emissions in the transportation and natural gas sectors. **By adopting a goal of 100% renewable electricity by 2030, City Council will help ensure that the City can meet its GHG emissions reduction goal for that year.** Voices that ignore or minimize the importance of addressing climate change in these times - when we as a species have so much scientific knowledge but have made so little progress in reducing our impact on the planet's atmosphere – should not distract us from the critical task of decarbonizing our energy supply.

Sincerely,

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¹ <https://www.sciencedirect.com/science/article/pii/S0305750X16304867>

CCs to City of Fort Collins and PRPA staff as shown above.