

FCSG Statement on CAP Update and TOU Pilot Study

Statement updated on March 3, 2017

At its work session on February 28th, Fort Collins City staff presented a Climate Action Plan (CAP) update to City Council. Staff also presented the results of a residential time of use (TOU) electric rate study conducted from November 2015 through October 2016. The Fort Collins Sustainability Group (FCSG) offered the following comments and **recommendations** concerning those two Work Session Items:

Climate Action Plan/Road to 2020 Update

1. Much of this Work Session Item addresses a (re-)branding exercise that the City has been engaged in since August of 2016. This exercise seems to have been motivated by a fear of mentioning the word “climate” when conducting outreach to City residents related to the Climate Action Plan. The City Manager appears to have set the tone last August by writing, “some can get caught up on the value laden or confusing ‘climate’ aspects of the name.” The FCSG believes that the name “Climate Action Plan” has a strong basis in science, and is much clearer than either of the alternatives that have been proposed to date, which at the outset was “Road to 2020” and now is “Fortify Fort Collins.”
2. It is not clear where “Fortify Fort Collins” came from, or why staff believes this slogan will motivate action toward meeting the City’s climate goals. True marketing research includes a significant level of investigation, including setting up focus groups to develop messaging. If this research has been conducted, the data has not been provided. All staff has presented so far are the reactions of members of various community organizations to the new “brand”, much of which is negative.
3. While the staff presentation suggests that the term “Climate Action Plan” will be retained to communicate community goals and the overall framework, it also suggests that that term will receive subordinate billing to “Fortify Fort Collins” – if it is mentioned at all. The FCSG finds this approach confusing and unacceptable. **We urge council to direct staff to include the word “climate” in any new messaging for the Climate Action Plan.**
4. We are pleased to note that the staff presentation mentions the efforts of the City’s Climate Economy Advisor, who is currently evaluating financial tools to leverage public and private sector investment to achieve the community’s climate goals. A key challenge in the coming years will be to find creative ways to bring the cost savings from reducing our reliance on fossil fuels forward to help pay for the infrastructure investments necessary to attain those savings and other benefits associated with our climate goals.
5. The staff presentation projects that if all funded and adopted initiatives continue through 2020, our community will achieve 14% greenhouse gas (GHG) emissions reductions compared to 2005 – 6% short of the goal. If all initiatives set forth by staff in August of 2016 are funded, staff projects a 3% shortfall in 2020, and offers some speculation on how that gap could be filled. Staff does not mention any mid-cycle budget offers for 2017, which would make attainment of the 2020 goal more likely. The FCSG would like to see some offers brought forward this year, such as Offer 3.17: Trip Reduction and Efficiency Program, which was discussed during preparation of the current biennial budget. **We encourage council to direct staff to submit such offers for a council vote later this year.**

Residential Time of Use Pilot Rate Study

1. The Utilities Department conducted a year-long study to evaluate the impact of implementing a residential TOU electric rate on energy use, community-wide peak electric demand, customer acceptance, and Utility Department revenue. The study found that – correcting for various study effects – a TOU rate would reduce energy use by 2.5% compared to the current tiered electric rate.

After gaining additional clarification from Utilities staff beyond what is provided in the Work Session Item, the FCSG provisionally accepts the validity of these results pending our review of the full study.

2. The TOU pilot study did NOT evaluate the impact of the TOU rate on community-wide GHG emissions, despite the fact that the Utilities Department offered assurances to the FCSG and others (see appended e-message) before the study began that such an evaluation would be conducted. Doing this is important, because shifting electric use from on-peak to off-peak periods will likely result in using more carbon-intensive sources of generation, offsetting at least some of the benefit of reduced electric use on GHG emissions. **The FCSG recommends that council require the Utilities Department to analyze the impact on GHG emissions of the proposed TOU rate compared to the current tiered rate before moving forward with implementation of a TOU rate structure.**
3. Finally, the staff presentation states that the “TOU rate would reduce the compensation to net-metering customers for energy pushed back onto the distribution system [by solar arrays] in the off peak hours of the early afternoon.” **Since solar energy production is important to meeting our community GHG emissions reduction goals, the FCSG recommends that Council require the Utilities Department to develop a tariff rider for net-metering customers that would at least partially compensate them for any loss in revenue associated with a new TOU rate.**

March 3rd update: During the February 28th work session,

1. A majority of council members expressed support for using the words “climate” and “action” in future messaging concerning the Climate Action Plan.
2. The City Manager stated that council will discuss potential mid-cycle budget offers related to the CAP at its retreat in May.
3. Three council members wanted to see more data (on GHG emissions, impact on low-income customers, and impact on people with solar PV systems) before moving forward with a TOU residential electric rate.

E-message from Fort Collins Utilities committing to quantify GHG impacts of TOU pilot electric rate

From: Leslie Prassas

Sent: Thursday, September 03, 2015 4:02 PM

To: Kevin Cross; Phil Friedman; Ross Cunniff; Gino Campana

Cc: CCSL; Kevin Gertig; Lisa Rosintoski; Lance Smith; Robin Pierce

Subject: TOU pilot study, possible control groups (SAR #30763)

Dear Mr. Cross, Mr. Friedman, and Councilmembers Campana and Cunniff,

Please see the following response provided by Lisa Rosintoski, Utilities Customer Connections Manager, on Mr. Atteberry's behalf regarding the several points in response to the reply on the TOU pilot study :

Dear Mr. Cross,

I appreciate your patience as we discussed your email dated August 29. Fort Collins Utilities can certainly quantify, through existing energy services modeling, and with Platte River, how the time-of-use pilot (TOU) and current Utilities programs, such as demand response, contribute to GHG reductions. The intended purpose of the TOU pilot was to ensure the rate provided a price signal during the times our price from the generation resource is the highest in order to understand customer response to quantify:

- 1) revenues are not adversely impacted;

- 2) rate class cost inequity does not occur, and
- 3) comparing which TOU pilot is beneficial in our community.

The additional benefit is tracking GHG reductions, which we commit to quantify as well through the Resource Conservation division.

Thank you for your patience and please feel free to contact John Phelan (416-2539) or Randy Reuscher (221-6748) if we can clarify further. I also attached a link to a recent report from Sacramento Municipal Utility District and their experience with implementing TOU.

<http://www.utilitydive.com/news/smud-time-of-use-is-the-future-of-rate-design/397098/>