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MEMORANDUM

TO: Mayor Hutchinson and City Councilmembers

THRU: Darin Atteberry, City Manager *De*
Diane Jones, Deputy City Manager

FROM: Lucinda Smith, Sr. Environmental Planner

CC: Marty Heffernan, CPRE Director
John Stokes, NRD Director
Brian Janonis, Utilities Executive Director
Patty Bigner, Utilities Customer/Electrical Relations Manager

DATE: October 31, 2008

SUBJECT: October 28, 2008 Work Session Summary – Climate Action Plan

On October 28, 2008, City Council held a work session to discuss the draft Fort Collins Climate Action Plan. All Councilmembers were present except Councilman Diggs Brown. In addition to Lucinda Smith, Brian Janonis, John Phelan, Susie Gordon and several other staff members were present in the audience in case questions arose.

Because of its focus on local action and removal of RECs as a carbon reduction strategy, the draft plan presented to Council did not contain enough strategies to fully meet the 2012 reduction intent or the 2020 goal. A majority of Council expressed interest in seeing an alternative plan that contains enough strategies to meet the 2012 and 2020 reduction objectives, without including over-reaching strategies.

Specific Council comments on the draft plan included:

- A request for staff to revisit the assumptions in the “Community Climate Challenge” to see if they were overly conservative.
- Concerns about the “Time of Sale Energy Ordinance” that appears in the plan as a qualitative strategy.
- An interest in proactively addressing low income concerns (which the new Energy Policy implementation plans will address).
- Interest in having a waste stream diversion study.
- Concern about the possibility of increased truck traffic associated with potential curbside yard waste recycling (which could be addressed by an alternative truck scheduling).

- Request that the climate plan and the City integrate plans for electricity and natural gas strategies into a more integrated focus on energy.
- Questions about the carbon reduction calculations for the natural gas franchise fee.
- To the extent possible, the climate plan should incorporate systems-approach thinking.
- Support for tree planting, recycling initiatives; infill and refill development.
- Provide further information about the Colorado Carbon Fund and how that would compare to a local carbon offset program.
- Question about the appropriateness of a carbon neutral goal.
- Question about how funding that was used for REC contracts will be reinvested as these REC contracts expire.
- Request that the plan explicitly acknowledge the Climate Task Force, citizens, boards and commissions and the Fort Collins Sustainability Group for their roles in the plan.

Many Council members expressed interest in taking actions to begin implementing the plan, once adopted, and looking forward to successes.

Some Council members asked more broadly that the City endeavor to incorporate sustainability and carbon reduction objectives in all planning processes and that these processes are as integrated as possible.


Next Steps



- Complete three short white papers on the Colorado Carbon Fund, the natural gas franchise fee concept, and the pros and cons of becoming carbon neutral.
- Prepare a response to the question about how the revenue from expiring REC contracts will be reinvested.
- Prepare a climate action plan alternative that provides a pathway to attain the 2012 reduction intent and the 2020 goal for Council consideration on December 2, 2008.



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TO: Mayor Hutchinson and City Councilmembers

THROUGH: Darin Atteberry, City Manager 

FROM: Brian Janonis, Utilities Executive Director 
Steve Catanach, Light and Power Manager 

CC: Patty Bigner, Utilities Customer and Employee Relations Manager
Jenny Lopez Filkins, Assistant City Attorney
Brian Moeck, General Manager, Platte River Power Authority (“Platte River”)
Joe Wilson, General Counsel, Platte River
John Bleem, Division Manager, Customer and Environmental Services, Platte River
Mike Dahl, Division Manager, Electric Operations, Platte River

DATE: October 29, 2008

SUBJECT: October 28, 2008 Work Session Summary – PRPA Organic Contract and Energy and Power Supply Agreement.

During the August 19th Council meeting, the Amended and Restated Organic Contract (the “Organic Contract”) and Amended Contract for the Supply of Electric Power and Energy (the “Energy Supply Contract”) were removed from the agenda in order to discuss the items at a scheduled work session. On October 28, 2008 City Council held a work session to review, discuss and provide direction to staff.

Key Discussion Points

Brian Moeck, Platte River’s General Manager, presented a brief history of the partnership between Fort Collins, Longmont, Loveland and Estes Park in the establishment of Platte River. The basic function and governance model of Platte River were also discussed.

The initial discussion clarified that the proposed change to the Electric Article of the Code addressing the City’s electrical service territory and the ability of another entity to make retail electric sales within the City’s service area was not at issue in the evening’s discussion. It was communicated that Staff has made significant changes to the proposed Code change and would be presenting those to the Electric Board in November and then bringing the proposed language to Council. The process for establishing a buy/sell arrangement to facilitate third party retail sales of energy generated with renewable resources will be handled through an Inter-Governmental Agreement (IGA) between the City and Platte River. A draft of the IGA will be presented to Council along with the proposed code change.

The next item of discussion was the amended Energy Supply Contract which contains new language that allows the City to develop and own generation to serve its own electric energy demands. The previous Energy Supply Contract limited the City's ability to self generate to zero. The revised contract proposes a limit of one percent of peak, which amounts to approximately 3,000 kW of generation (about 60% of the load for all city facilities). Council expressed concern over the 1% cap and asked why it couldn't be 2%, 3% or even greater. Joe Wilson, Platte Rivers' General Counsel, provided a detailed explanation. Previous bonds sold by Platte River were sold with a commitment to the buyers that Platte River would be the sole provider to the four cities. Platte River has been aware of the cities desire to support, provide, and develop renewable resources. Discussions with Platte River's Bond Counsel resulted in an agreement that the 1% cap could be considered de minimis. To address Council concern about the 1% limit Platte River explained that should any one of the cities reach the 1% cap prior to the renegotiation of the Contract in ten years, the issue of accommodating additional municipal generation would be discussed. At that time Platte River would approach their Bond Counsel for an expansion of the limit.

Council also commented on a document Brian Moeck handed out before the meeting detailing Platte River's commitment to environmental concerns and stewardship. Council complimented Platte River on their efforts, and asked if language could be added to the "whereas" clauses and the "purpose" section of the Organic Contract reflecting that in addition to providing cost-effective service, they will also reflect Platte Rivers' commitment to environmental Stewardship. Initially Brian Moeck expressed hesitancy to add new language to the Organic Contract because it had been approved in its current form by two other member municipalities but after consultation with Joe Wilson, Mr. Moeck indicated that modifications that are not viewed as substantial can be made to the Organic Contract without having to seek approval from the two other members and that even if the modifications are viewed as substantial, Platte River would seek approval of the revised agreement with the other member municipalities.

Next Steps

1. Provide a list of the specific projects designated for the \$120M in bonds Platte River is pursuing.
2. Provide a brief summary of the Windy Gap project.
3. Revise Organic Contract to include language clarifying Platte River's commitment to sustainability and environmental stewardship, and addressing re-negotiation of the 1% cap should the limit be reached prior to the next scheduled contract revision.
4. Provide a graph detailing Platte River's debt since 1973 along with the revenues collected by Platte River from each of the member Cities.
5. Return the revised Organic and Energy Supply Contracts to Council for consideration at the December 2, 2008 regular meeting, including red line copies.

Bring the proposed Code Change along with a draft inter-governmental agreement for establishing a buy / sell arrangement between a third party retail electric seller, the City and Platte River to Council.