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To Members of Council,

The City of Denver is currently negotiating with Public Service Company (Xcel Energy) to update and renew the Franchise Agreement, which is set to expire at the end of 2026. A Franchise Agreement negotiated between the City and Xcel must be approved by voters at the ballot, and the City is intending to take a first shot at voter approval on the 2025 ballot, with the 2026 ballot as a backup option should the first negotiated agreement fall through.

These negotiations with Xcel are a critically important test of the City of Denver's climate commitments, as well as an opportunity for Denver to shine as a model for other municipalities in Colorado and beyond with similar goals, and we are reaching out to Council with our concerns and considerations relating to this Agreement and the City's clean energy future.

Beyond climate policy, the Franchise Agreement also provides an opportunity to review the other touch points between Xcel's service delivery and the concerns of our constituents. Those are elaborated further below.

We hope you consider these inputs in your role as the body that refers a negotiated Agreement to the wider public, in the hopes that the Franchise Agreement can be sent to the ballot for passage with the support of climate and consumer advocates.

First, we want to commend city officials for their climate conscious values. Many jurisdictions do not have a dedicated agency of climate professionals who can bring innovative and collaborative ideas to these negotiations. City Council has stated and restated its commitment to bringing an "emergency" approach to climate matters, and we want to see that urgency and gravity reflected in the Agreement with the City's sole energy provider.

That being said, we would like to raise a process concern about how little involvement the wider community has had in these negotiations, which have been ongoing for months. The sole formal opportunity for advocate input on these negotiations came in an April 4th, 2025 briefing offered by Denver's Climate Action, Sustainability, and Resiliency agency (CASR) to community climate advocates, where a near-completed framework was presented with little meaningful opportunity for community to weigh in on the direction of the negotiations. Professional expertise is necessary to securing a successful agreement, but community buy-in is also critical, especially when the Agreement must secure voter approval.

Beyond process concerns around the negotiation, we write you to provide a list of proposals that we believe would improve the Agreement and the resultant outcomes for Denverites. We recognize the tenuous nature of negotiations, and the difficulty in securing commitments from Xcel, but we also believe the City has an obligation to secure the best deal for its residents, and that the residents have the final say on what is an acceptable deal. We believe these ideas bolster the case to the public that the City has secured the best deal it can, with certainty, accountability, choices for clean energy and pathways to climate equity for all its neighborhoods.

- We propose the creation of an Equity Fund, modeled off San Diego's move in 2021, to secure some amount of funds for climate equity and for access to solar for underserved communities, paid by shareholder funds, not ratepayer funds. San Diego secured \$20m and \$10m for each, respectively --- Denver should demand a similar fund from Xcel. These funds would be used to support solar for interested income-qualified households for whom the cost of solar installation will be an untenable barrier.
- We propose that Xcel be given some responsibility in the Agreement for renovating city facilities and operationalizing associated microgrids, and that Xcel's responsibilities be described using specific performance metrics. Microgrids are an important piece of modernizing our energy system, improving resilience and reliability while allowing more localized control of energy.
  - Include provisions that support creation of grid resiliency zones. To prepare for prolonged high-heat public emergencies, increase resiliency of public facilities (Rec Centers, etc.) to grid stress/outages, so that they can serve as emergency respite sites for vulnerable populations.
- We propose the establishment of an Economic Retention Rate Pilot, requiring Xcel to provide customer data, and request the utility to calculate the marginal cost of serving this customer group. Explore rate design changes that can assist currently struggling retailers (e.g., restaurants), particularly downtown and where electricity is a significant operating cost. Within the franchise agreement, include

provisions to secure access to relevant data from Xcel, enabling city and utility to analyze different billing approaches for target retailers (bundling, avoidance of demand spikes, etc.) and to ultimately pilot a new rate design.

- We propose that the utility step up and formalize its commitment to assuring access to electricity. Recognizing that electricity is critical to living in Denver, we call for the utility to deliver (first as a pilot project) a subsistence level of electricity to income-eligible households at marginal cost - a price that covers the utility's customer-specific costs providing service and making the electricity as affordable as possible.
- We propose the City include a provision to objectively measure performance regarding customer service, both residential and commercial, and to provide that power outage frequency and duration above a certain threshold trigger mandatory bill credits for affected consumers. The Public Utilities Commission has [taken notice](#) of this issue, but Denver should act on its own during these negotiations to add protections for its residents when Xcel falls short on its core commitments.
- Increase customer choice and customer incentives to invest in on-site clean generation and storage and explore how the local (distribution) grid can function more in support of “transactions,” allowing customers more ways to sell/trade electricity.
- Finally, we propose that the City decrease the length of the franchise agreement from 20 years to 10 years. While historically, Franchise Agreements are struck with long terms to facilitate stability and certainty for residents, in the rapidly changing world of energy in a climate crisis, the long-term stability of a 20-year agreement has the downside of restrict the adaptability of the City to pivot as conditions change at the state, national, and international levels. In the alternative, consider developing “check-in” points regarding performance (every 5 years) where the Agreement or certain terms can be renegotiated in the event of non-performance.

As a global matter throughout the Agreement, we recommend that performance metrics be developed for all measurable terms of the agreement—whether to support periodic formal performance assessment points as described above, or simply to promote public and policymaker understanding of performance.

Thank you to members of Council for hearing our proposals, we believe the inclusion of all or even a few of these provisions would improve the chances for success at the ballot and show Denverites the seriousness with which the City leadership is fighting for them.

In gratitude,

**Sierra Club**

**Together Colorado**

**Green Latinos**

**Wind & Solar Denver**

**Cultivando**

**Colorado Jobs with Justice**

**Colorado Jewish Climate Action**

**9 to 5 Colorado**

