

Questions on 19-0803 establishing an excise tax

For proponents:

1. Tell me the process for developing the proposal? Who was involved, how many meetings, over what period of time?

Councilman Clark was initially approached by a group in March 2019. The group included members from Sierra Club, The Alliance Center, Wind and Solar Denver, Climate Mobilization, Solar United Neighbors of Colorado, environmental consultants and citizen activists. They discussed putting forth ballot initiatives that included a ban on all natural gas installations, a phase out of natural gas heat by a specific date, phase out all gasoline powered vehicles by a certain date and requiring all buildings to be net-zero by 2020. The goals were aspirational, but would have been very hard to realistically implement. Councilman Clark worked with the group to move toward a bill that could be referred by Council that was feasible and satisfied the climate goals that the City has committed to. The group met with Councilman Clark and Councilman Kashmann and solicited feedback multiple times from over 130 community organizations including but not limited to faith, labor, education, health businesses, environmental and conservation, immigrant and refugee groups, and many others. Given the uncertainty of a Council Referral, Resilient Denver took a climate bill and filed it with the Clerk to begin gathering signatures for the 2019 November ballot. CM Clark reached out to the Mayor's office who shared that they were willing to meet with representatives of Resilient Denver, of the larger 130+ interested group, and Councilman Clark and Kashmann in order to see if there was a path forward on a 2019 climate bill. The weekly meetings started on July 1 and met four times. Unable to reach consensus and with the short timeline to make the 2019 ballot, Councilman Clark introduced the current bills. Both CM Clark and Resilient Denver support a separate office dedicated to climate change and a new funding source for the office.

2. How did you arrive at the figure of \$43,276,559 as the amount needed to address climate change in Denver?

That number is now \$34,535,970. It is nowhere near enough to solve the climate crisis we face but it is an initial start to begin making energy efficient changes in the residential, commercial and industrial sectors. Resilient Denver initially proposed a \$100 million budget.

a. How many industrial and commercial electric and gas customers are in Denver?

Per the 2017 Xcel Standard Community Report, there are 28,141 electric commercial customers and 3,251 industrial customers. For natural gas, there are 17,852 commercial customers and 3,116 industrial customers.

b. How much will be netted after paying the costs to Xcell to implement a new billing system that calculates cost based on a rolling three-year weather-normalized average and to collect and remit the tax to the City?

Xcel already does this for Boulder and does not charge extra at this time. The three-year weather-normalized average is no longer part of the bill.

c. Do you know what role the price of gas and electricity plays in a company's decision to locate or expand?

No, this is a question for Xcel.

3. The city currently has a climate action plan and a climate adaptability plan.

a. What are the gaps in the existing programs and planning?

The city is not on target to meet the goals as outlined in the Climate Action Plan and in The Climate Change Series presented in the Safety Committee on August 14, 2019.

a. Among other concerning data, Denver is not on track to reduce total emissions to 15 percent below 2005 levels. Denver's long-term climate action plan is to reduce greenhouse gas emissions 80% by 2050. IPCC says we must cut emissions in half by 2030 and be carbon free by 2050.

b. IPCC says that all new buildings must be net-zero by 2020. Denver has a goal for all new buildings achieve net zero energy by 2035, 15 years later than what scientists are recommending.

c. An 80x50 goal of reducing energy use by 10% by 2020 will fall short. Multi-family energy use declined by 1.15% and commercial actually increased by .26%.

b. What institutional capacity would be required to move more quickly?

A dedicated office that can focus exclusively on climate change mitigation. Our proposal is moving the climate action team and the office of sustainability into one office with a new funding source necessary to meet the goals of IPCC.

c. What additional funding is necessary to achieve the goals in this plan more quickly?

A new funding source is necessary to fund the work of the office which includes grants and incentives for businesses and Denver residents to make energy efficiency upgrades, install solar panels, convert to electric vehicles, and provide workforce development for transitioning employees from current energy jobs to sustainable energy jobs. A Jan. 2018 report by the National Institute of Building Sciences, found that for every dollar spent on grants aimed at improving disaster resilience, society saves six dollars. Per a report by the United States Building Energy Efficiency Retrofits and scaled to Denver numbers by the Climate Action Team, for every \$340 million invested in energy efficiency in buildings, \$1.3 billion can be saved in energy costs.

Questions for proponent 19-0805 Establishing an office of Climate Action:

1. Denver has a 2015 Climate Action Plan, a 2019 80x50 Climate Action Plan and a Climate Adaptability Plan. Where are these plans deficient?

See above.

The 2015 Climate Action Plan and the 2018 (not 2019) 80X50 Climate Action Plan and the Climate Adaptability Plan from 2014 no longer align with the IPCC goals.

2. I would like to turn to the issue of "equity" in this proposal.

a. The proposal defines the term equity to mean "equal." Why the redefinition?

The definition in the bill is written as 'Equity' means delivering the needed services, benefits, and protections to anyone, giving special consideration to vulnerable populations, resulting in equitable opportunities and outcomes where race can no longer be used to predict life

outcomes, and outcomes for all groups are improved.” This is the definition of equity adopted by the city’s HRCP from the Government Alliance on Racial Equity.

b. Share with me how you came up with the list of vulnerable populations?

Ensuring certain populations have access to resources is essential to adapt to climate change impacts that disproportionately affect low income populations, such as rising energy consumption and increased public health impacts. We solicited feedback from the 130 community groups mentioned above on the definition based on populations that are disproportionately affected by climate change.

c. Has any analysis been done of the unintended consequences? What is the possible impact on workers if commercial and industrial facilities move or no longer locate in Denver?

The increased rates will be passed on to consumers. Has there been any analysis of which industries will be the most effective and who will be impacted the most if the costs are passed on?

The excise and tax bill will add an average of 6% to energy bills for commercial and industrial customers. The cost of not doing anything on climate change is substantially higher. Without mitigation and adaptation efforts, the cost of climate change will be devastating to our economy, health, and quality of life. According to the study cited by marketwatch.com, climate change has already cost U.S. taxpayers over \$350 billion dollars over the past decade, and by 2050 will be \$35 billion dollars a year. Buildings that participated in the Benchmarking ordinance saved 4.5% in utility costs in the first year of the program. The additional cost for buildings can be quickly mitigated through energy efficiency work that this fund can also help pay for so that the utility bills can be reduced to below what they were before the tax and there is no additional cost to pass on.

3. The office must include all climate action team members in the DDPHE their budgets, contracts, grants. How many people are we talking about? How many contracts? And, what is the current budget?

4. Two boards are created – a science advisory board of 9 members and the 15-member citizen advisory board.

a. The first sentence says all members will be academics. The second sentence refers to researchers at federal government research institutions. If the researchers are not also associated with a university they would appear to be excluded. Also, researchers and scientists associated with non-academic institutions are excluded. This appears to exclude some of the top scientists and thinkers in the field such as Amory Lovins, Chief Scientist of the Rocky Mountain Institute here in Colorado. Amory has promoted energy

efficiency and the use of renewable energy sources for four decades. I think we are making a big mistake if we preclude experts like Amory.

This may be from an earlier version of the bill and is no longer how it is written. The science advisory board may include academia. There was a concern from our community stakeholders that adding academic to the citizen advisory board would create unequal power and ownership of the issues.

b. I am unclear on the selection process for the two boards. It appears there is a three-member selection committee – one appointed by the mayor, one appointed by city council (is this by the president of council, by a vote of council?) and one person the first two people pick. These three people pick the advisory boards?

There is no select committee. Each appointment to the two advisory boards must be made alternately first by the city council appointee (that is appointed by the City Council, which is consistent with other boards and commissions), then by the Mayoral appointee, then by the joint appointee in succession until all positions on both boards are filled.

c. The advisory boards adopt bylaws concerning governance and operation of their respective boards without review or input from any elected body. Is this correct?

Yes.

5. Section 11.5.9 (a) states how the *future* gas excise taxes in the climate action fund may be spent.

a. Section (b) states, “All money in the fund must be spent toward the above uses.” Is this saying that the funds from the electricity tax will be spent in the same manner as the funds gas excise tax?

Yes

b. Section (c) states that fund earnings stay with the fund. Can fund earnings be spent in the same manner?

Yes