

BILL 19-803 and Bill 19-805

Funding and creating Denver's Office of Climate Action, Sustainability, and Resiliency

Sponsored by:

Councilwoman Amanda Sandoval

Councilwoman Amanda Sawyer

Councilman Paul Kashmann

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Climate in the News

January 16, 2019: **'This is not controversial': Bipartisan group of economists calls for carbon tax**
Forty-five top economists from across the political spectrum are calling for the United States to put a tax on carbon, saying it is by far the best way for the nation to address climate change.

July 24 2019: **Climate change: 12 years to save the planet? Make that 18 months**
"The climate math is brutally clear: While the world can't be healed within the next few years, it may be fatally wounded by negligence until 2020,"

August 9, 2019: **EPA plans to downgrade Denver, northern Colorado to 'serious' violator of clean air rules**

"The EPA said it plans to downgrade Denver and eight other counties in northern Colorado from "moderate" to "serious." The classifications refer to how far out of compliance the area is with agency standards."

August 9, 2019: **Climate change isn't an intangible future risk. It's here now, and it's killing us.**

"July was the hottest month on record, said Petteri Taalas, secretary general of the World Meteorological Organization, as he discussed the record. "This is not science fiction. It is the reality of climate change," he said. "It is happening now, and it will worsen in the future without urgent climate action."

August 12, 2019: **West Antarctica is melting - and human caused climate change is to blame**

"The massive West Antarctic ice sheet holds something like 6 percent of the world's fresh water frozen in its guts. If it all melted away, global sea levels would rise by about 10 feet or more."

August 11, 2019: **Climate change 'getting worse faster than we are mobilizing to solve it'**

"The problem's getting worse faster than we are mobilizing to solve it."

Denver's Commitment to the Paris Climate Accord

“... A decision to withdraw from the Paris Agreement would threaten every American community's health and safety, not to mention impact our global alliances. Disengagement and failure to act not only demonstrates a lack of leadership on climate change, but it forfeits substantial opportunities to boost GDP, create thousands of good paying clean energy jobs and improve health.

Climate change is a serious threat to our economy and way of life in Colorado, as we see increasing wildfires, flooding, drought and decreasing snow cover. Poor air quality and extreme heat impacts public health, especially our most vulnerable populations.

Denver has been a leader in combating climate change and in growing the clean energy economy. ***We will not back down from our commitment to address this global threat and will continue the pledge to meet the targets of the Paris Agreement even in the absence of federal leadership.***”

To keep to 1.5°C

CO₂ emissions would have to decline by

45% before **2030**



renewable energy will need to supply

70-80% of power by **2050**

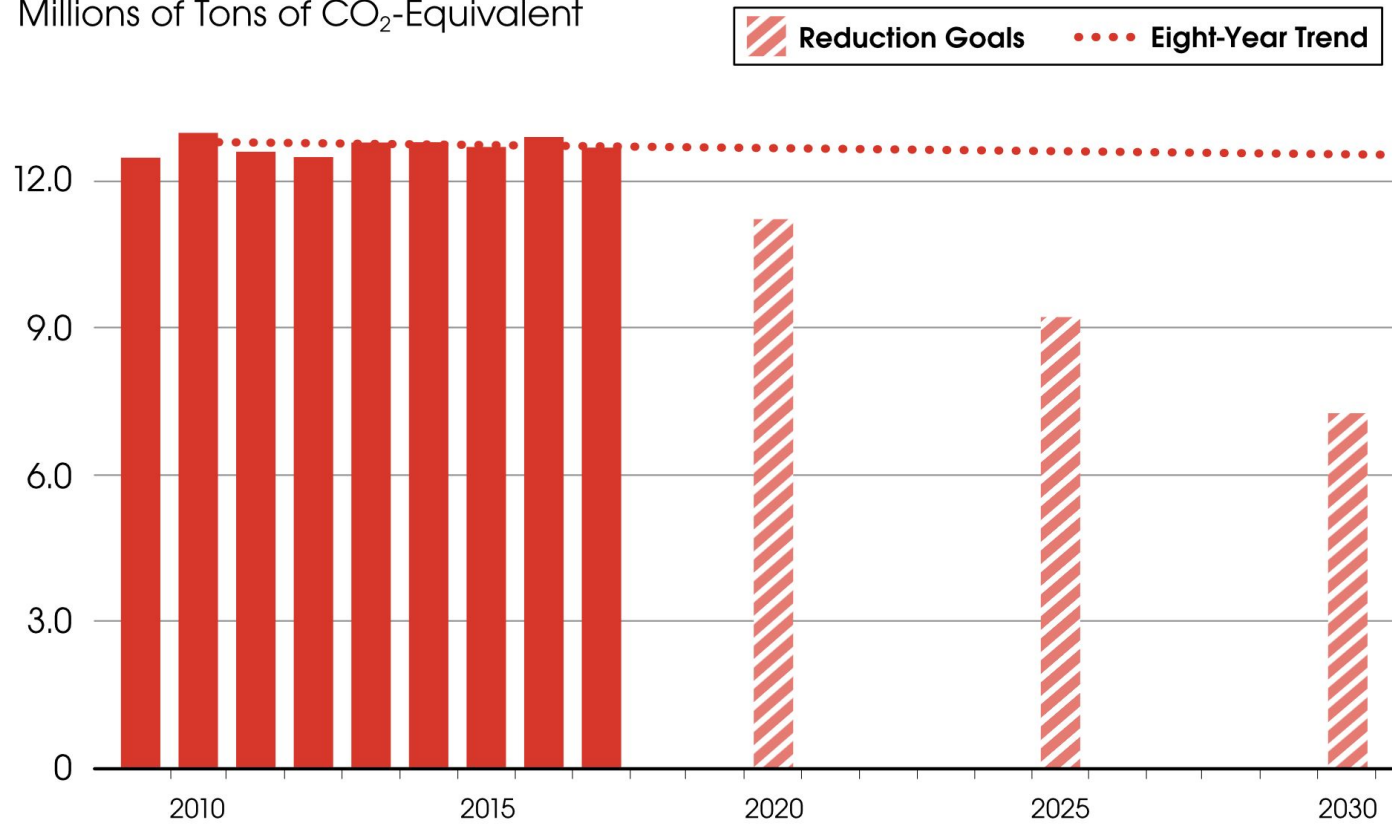


The United Nations Intergovernmental Panel on Climate Change (IPCC) warned there are only 11 years for global warming to be kept to a maximum of 1.5°C. **Urgent and unprecedented changes are needed** to reach the targets and goals set forth in the Paris Climate Accord.

Is Denver doing enough to mitigate climate change?

Reducing Denver's Greenhouse Gas Emissions

Annual Community-Wide Emissions in Millions of Tons of CO₂-Equivalent



Westword

Source: Denver Department of Public Health and Environment

Is Denver doing enough to mitigate climate change?

Source: 80x50 Climate Goal Stakeholder Report

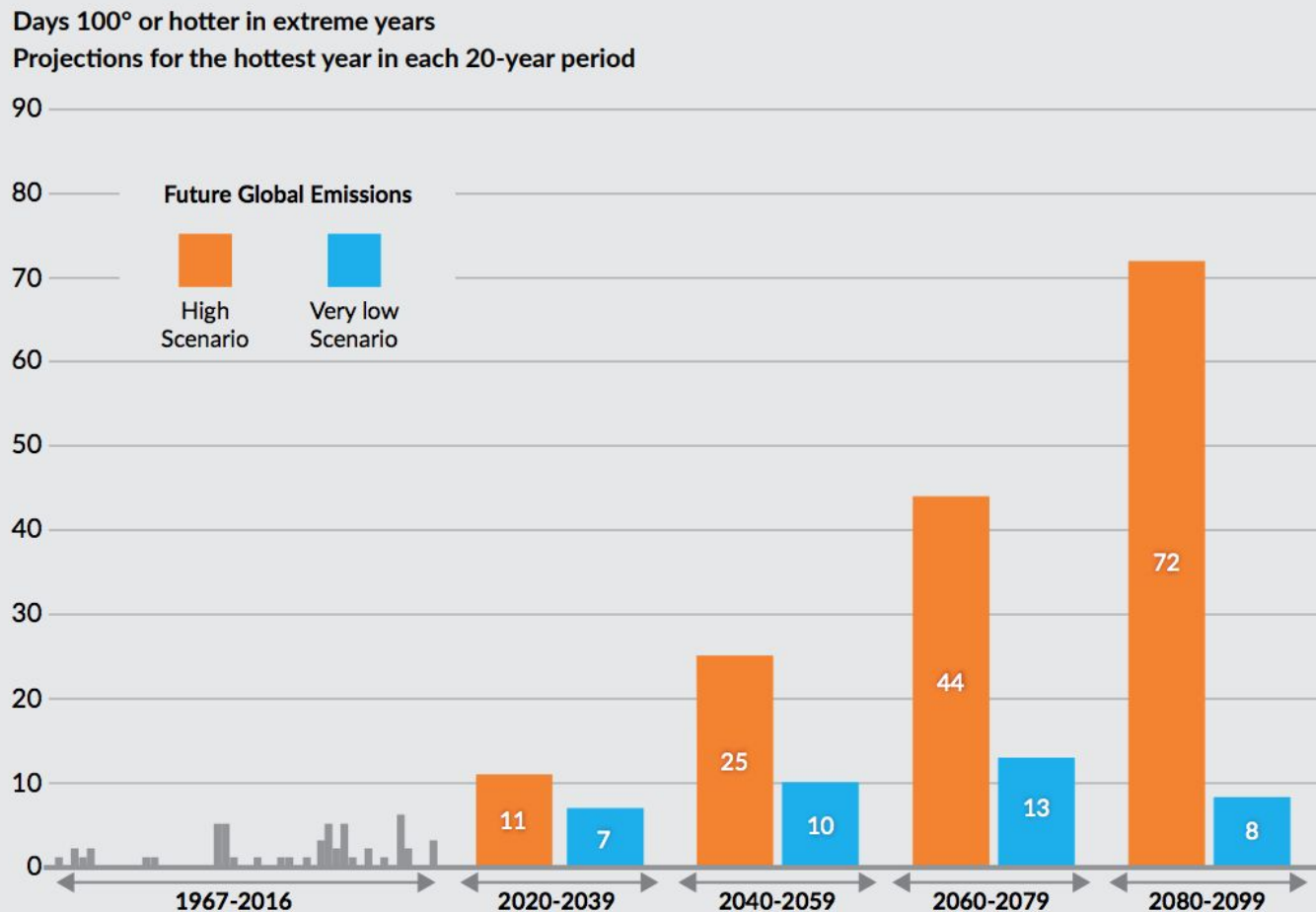


Figure 1

Number of days on average at or above 100 degrees in the hottest individual year in each of the 20-year periods for Denver.

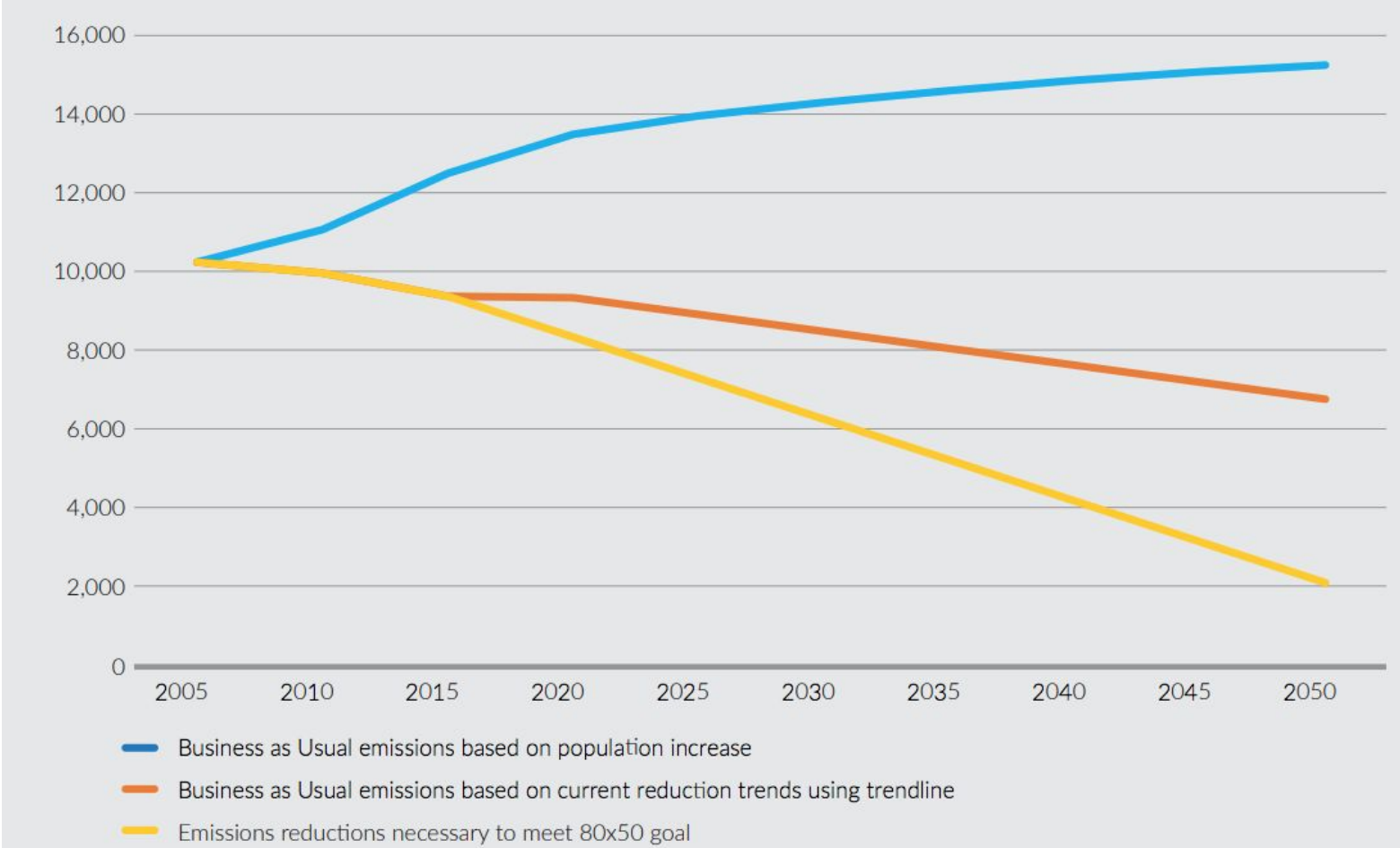


Figure 4

GHG trends and forecast

To ensure that Denver proactively works to meet all science-based targets for greenhouse gas emission reductions

The Proposal

1

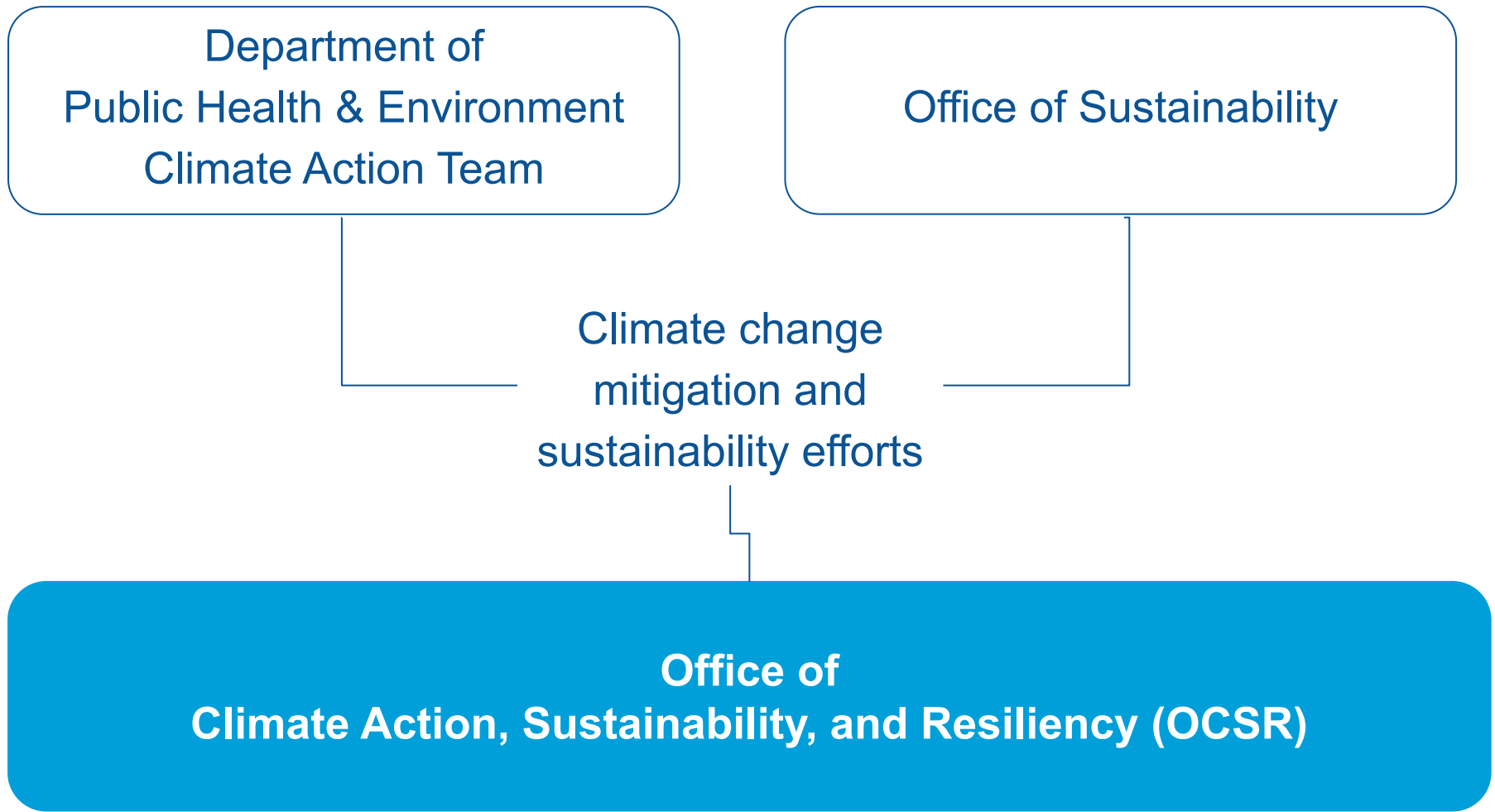
Establish the *Office of Climate Action, Sustainability, and Resiliency (OCSR)* as a new, separate office within the city

2

Refer to Denver voters a pollution tax on natural gas and electricity usage on commercial and industrial users to fund the work of the OCSR

1

The Office of Climate Action, Sustainability, and Resiliency (OCSR)



American Council of Energy Efficient Economy

2019 City Clean Energy Scorecard

- The report ranks 75 large U.S. cities on what they are doing to save energy
- 8 of the top 10 cities have separate departments for climate change

Separate Department, Agency, or Office

1. Boston
2. San Francisco
3. Seattle
4. Minneapolis
5. Washington D.C.
6. New York City
7. Los Angeles
9. Austin

No separate Department, Agency or Office

8. Denver
10. Portland* – Climate change mitigation is housed in Planning Department

2

Pollution Tax

Denver's first pollution tax dedicated to addressing climate change would establish a new **excise tax on electricity and natural gas for industrial and commercial users**



2

Pollution Tax

ELECTRICITY
RATE:

\$.0060
per kilowatt

NATURAL GAS
RATE *for Commercial*

\$.0300
per therm

NATURAL GAS
RATE *for Industrial*

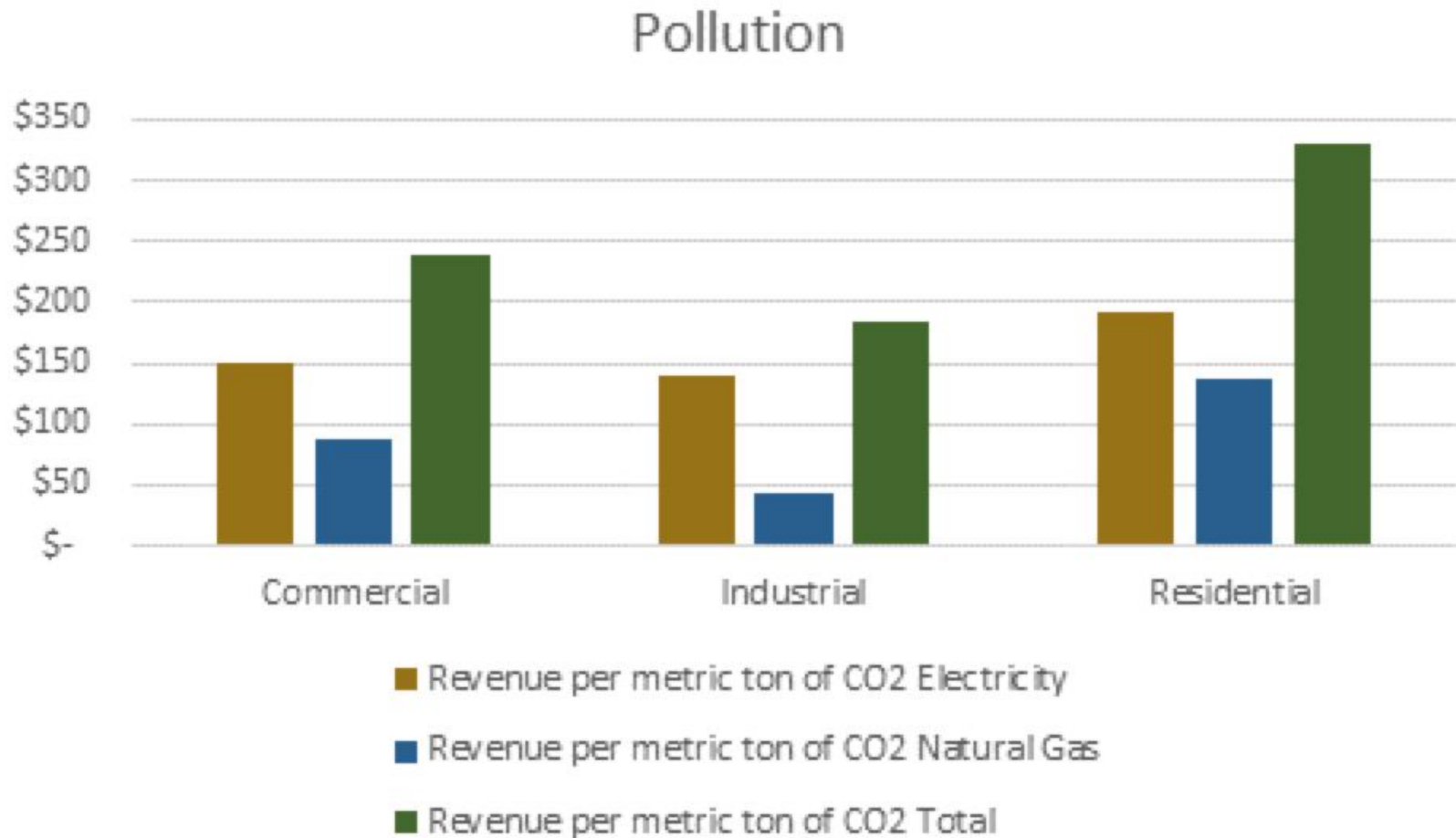
\$.0150
per therm



Generates

\$35 million annually

Pollution Cost by Sector



Source: Total emissions and revenues billed based on 2017 Annual Community Energy Report by Xcel Energy

2

Pollution Tax

Denver City Council Refers the Bill to the Voters

Subject to voter approval at the November 5, 2019 election

If passed, the new tax would go into effect July 1, 2020

The new excise tax on electricity and natural gas for industrial and commercial users would fund the work of the [Office of Climate Action, Sustainability, and Resiliency](#)

2

Pollution Tax - EXEMPTIONS

The OCSR will develop an application process for a **financial hardship exemption** that will allow for qualifying businesses to receive a partial or full rebate of the tax.



2

Pollution Tax - EXEMPTIONS

Businesses enrolled 100% in a renewable electricity program such as WindSource, Renewable Connect, Solar Rewards or equivalent programs



Small Business Impact

Small business customer will pay an additional \$167 per year on their gas bill.

Small business customer will pay an additional \$81 per year on their electricity bill.*



*Average usage stated in Denver Business Journal, Dec. 15, 2015

Example - Republic Plaza

- Monthly energy bill without the tax, 2017
 - \$143,000
- Monthly savings from energy efficiency in 2018
 - 8% more energy efficient
 - \$11,400 saved
- Estimated monthly tax in 2020
 - \$8,900



Example - Springhill Suites Denver Airport

- Monthly energy bill without the tax, 2017
 - \$7,700
- Monthly savings from energy efficiency in 2018
 - 22% more energy efficient
 - \$1,700 saved
- Estimated monthly tax in 2020
 - \$450



Example - King Soopers, 825 S. Colorado

- Monthly energy bill without the tax, 2017
 - \$13,000
- Monthly savings from energy efficiency in 2018
 - 7% more energy efficient
 - \$910 saved
- Estimated monthly tax in 2020
 - \$770



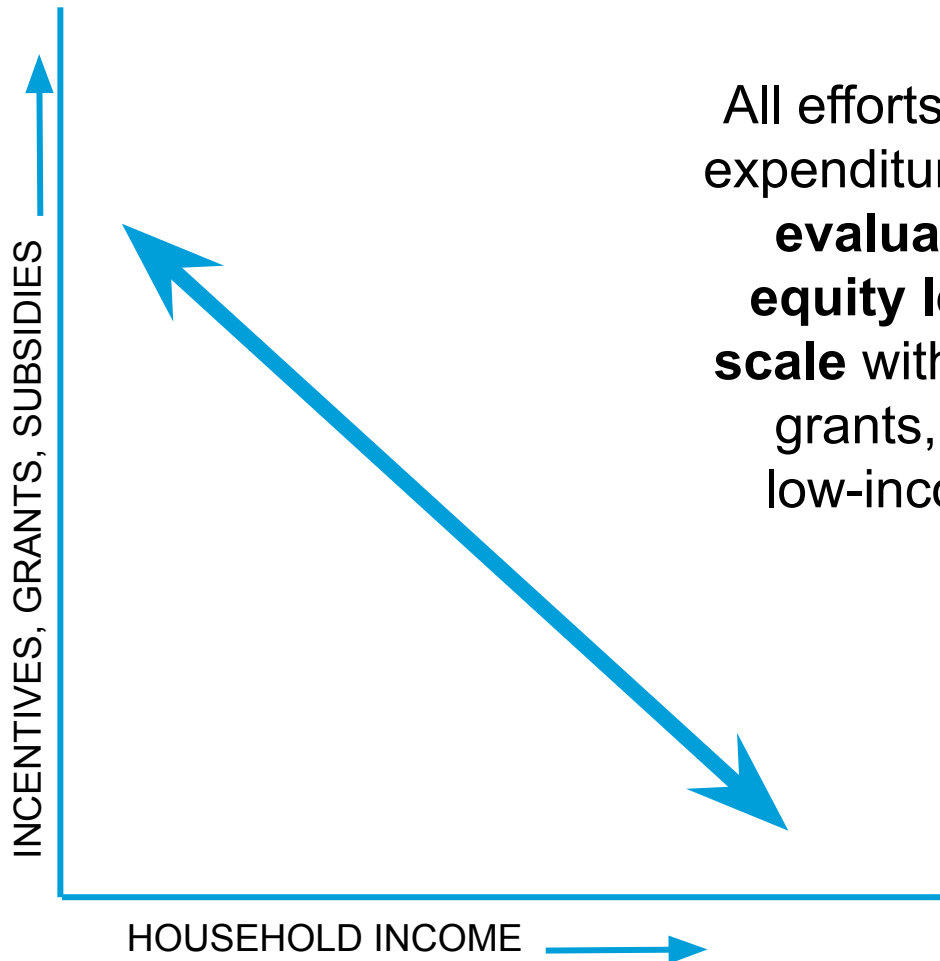
Expenditure of Funds

All efforts and expenditure of funds shall be evaluated *through an equity lens* on a sliding scale with larger incentives, grants, or subsidies for low-income households, and must be expended on the following:

- **Workforce Development** (targeting economically disadvantaged and traditionally underemployed workers, including people of color, women, persons with disabilities, the chronically underemployed, and retraining workers transitioning from current energy jobs to sustainable energy jobs)
- **Residential climate action** (incentives to increase energy and water efficiency, electrification, install solar panels and battery storage, and reduce carbon pollution from homes and multifamily buildings)
- **Commercial and industrial climate action** (incentives to increase energy and water efficiency, electrification, install solar panels and battery storage, waste diversion, and reduce carbon pollution from commercial and industrial buildings.)
- **Transportation carbon pollution reduction** (incentives for electric vehicles, charging infrastructure, reduction in total vehicle miles traveled, and mode shift education and outreach.)
- **Adaptation** to prepare for and respond to changing climate
- **Staffing**

1

The Office of Climate Action, Sustainability, and Resiliency (OCSR)



All efforts of the OCSR and expenditure of funds shall be **evaluated through an equity lens on a sliding scale** with larger incentives, grants, or subsidies for low-income households

Oversight Boards

Science Advisory Board

Advise on goals, strategies, and IPCC recommendations



Community Advisory Board

Oversee grant funds and grants distribution, ensuring funds are equitably distributed back to the community



The Director of the OCRS will hold at least **one public hearing and submit their plans, rules and regulations to City Council** within one year of adoption.

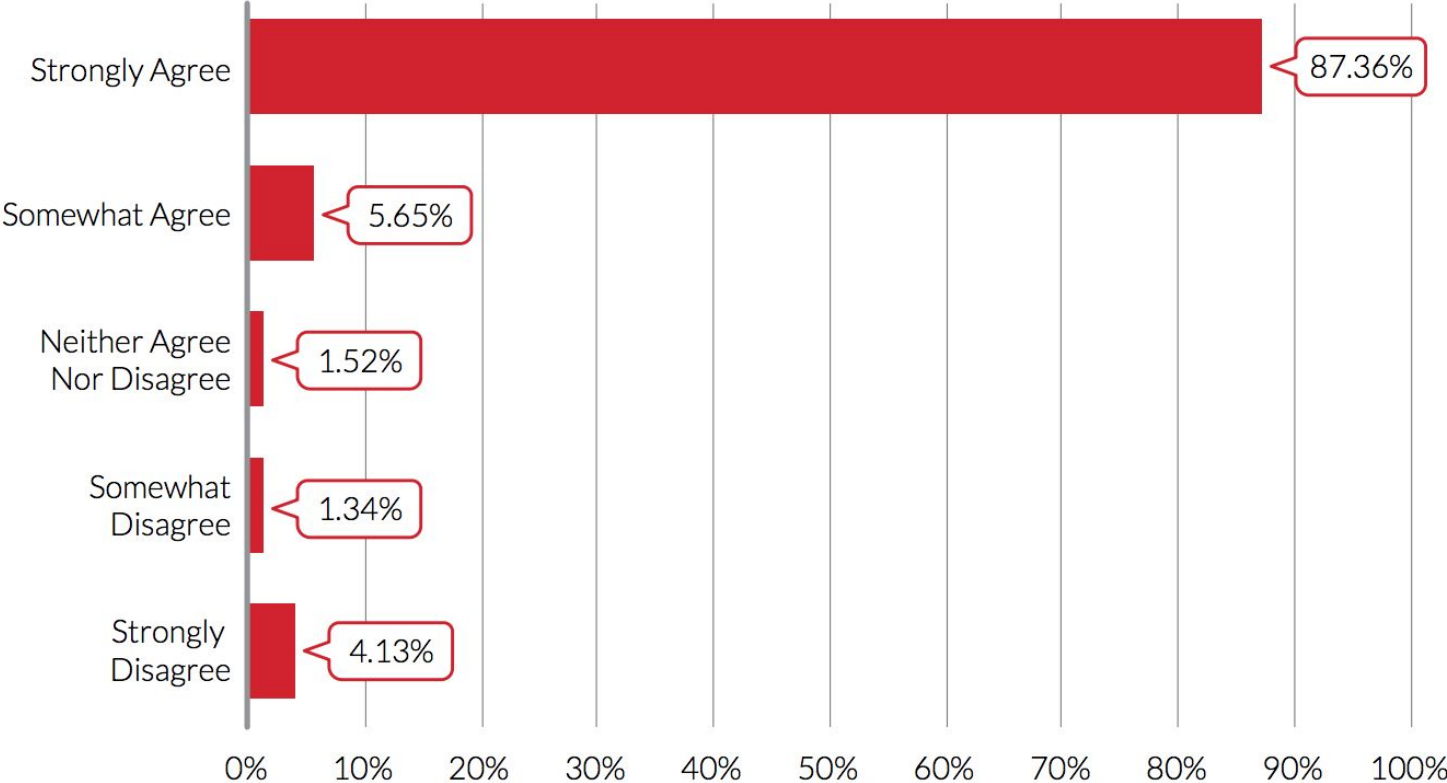
Both boards must be made up of diverse and representative individuals that reflect the demographic and socioeconomic makeup of Denver, including youth leaders

Other cities

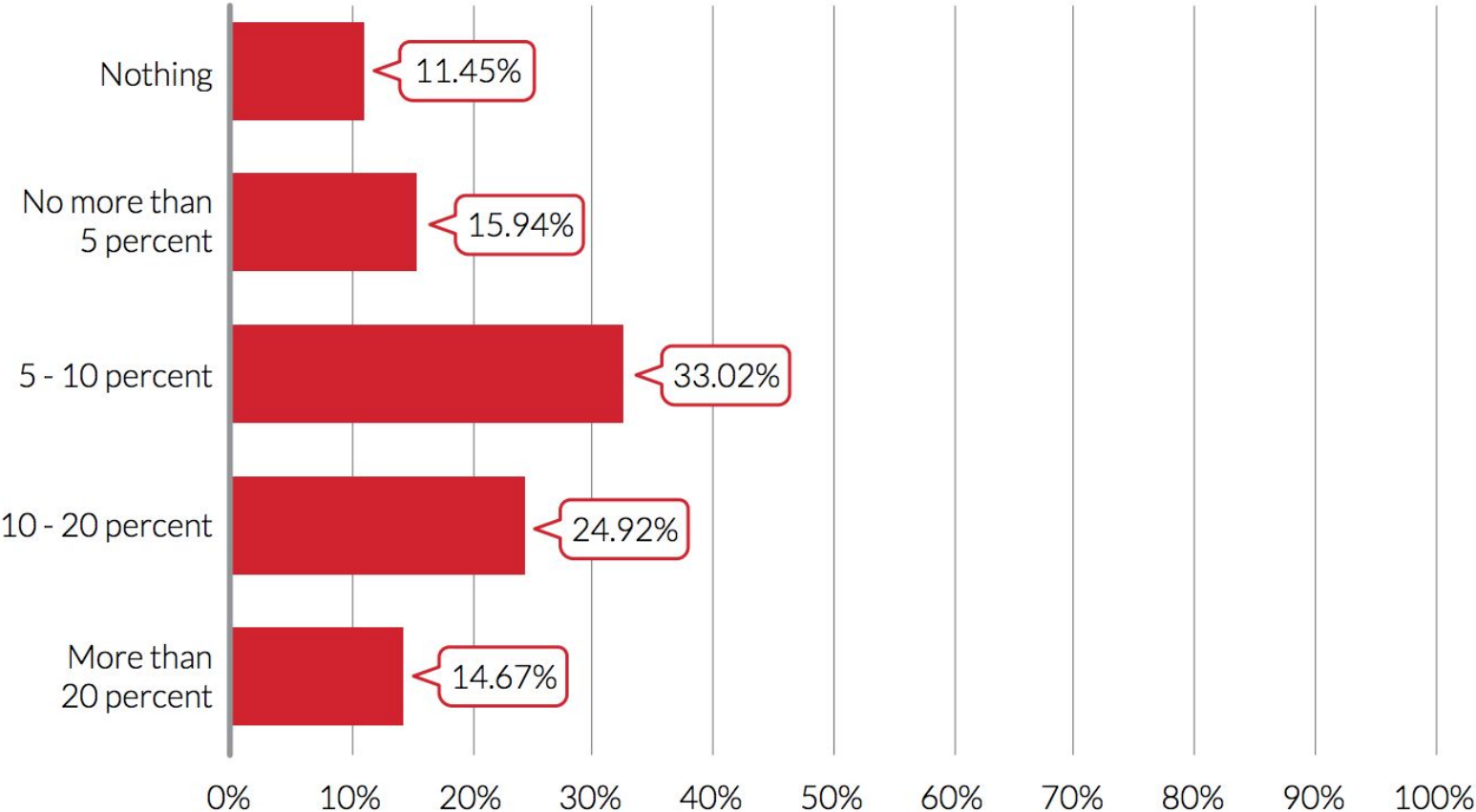
Source: Denver: 80X50 Climate Action Plan

More than **1,200 mayors, governors, and education and business leaders pledged** to abide by the terms of the Paris accord.

Denver should take aggressive local action to combat climate change.



How much extra on your utility bill would you be willing to pay to achieve 100 percent renewable (or very nearly 100 percent) energy?



New York City's Green New Deal

A package of bills to fight climate change known as the "Climate Mobilization Act."

- Requires buildings over 25,000 square feet to cut climate emissions 40% by 2030 and more than 80% by 2050.
- Committing to carbon neutrality and 100 percent clean electricity by 2050
- Requiring buildings to cut their emissions
- Banning new inefficient glass-walled buildings
- Hydro-powered city government
- Mandatory organics recycling
- Reducing waste and carbon-intensive consumption
- Aligning with U.N.'s Sustainable Development Goals.



Portland, Oregon's "Climate Action through Equity"

- To address social equity, Portland is **increasing access to transit options** including sidewalks and bike lanes; **reduce exposure to pollution and extreme heat**; **improve access to natural resources and parks**; and **reduce housing and energy costs** for low-income communities.
- **The Portland Clean Energy Fund**, passed by voters in 2018, authorized a 1% supplemental business license surcharge on large retail corporations that generate over \$1 billion a year in national revenue and \$500,000 in Portland sales. Revenue from groceries and medicine are exempted.



Boulder, Colorado's CAP Tax



In 2007, **Boulder** passed a Climate Action Plan (CAP) tax- the nation's first voter-approved tax dedicated to addressing climate change.

- The CAP tax is levied on city residents and businesses and is based on the amount of electricity they consume.
- The CAP tax generates approximately \$1.8 million each year for programs and services to reduce GHG emissions.
- Boulder residents voted to extend the tax in 2015 to continue through 2023.
- On July 23, 2019, Boulder City Council declared a climate emergency in the face of increasing impacts of climate change.

Seattle in the News



HEADLINE: Seattle Mayor Jenny Durkan pushes tax on home heating oil

- “Moving faster to convert Seattle’s homes off of dirty fossil fuels is good for our climate, our economy, and our children’s future,” Durkan said in a news release.
- Durkan’s proposed tax of 24 cents per gallon on heating oil providers would fund programs to help households switch to electric heat. The tax would take effect in July 2020, according to the news release. The legislation also calls for oil tanks to be decommissioned or upgraded by the end of 2028.

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QUESTIONS?

