TOWN OF VAIL

Memorandum

To: Mayor and Town Council

From: Greg Clifton, Town Manager

Date: August 2, 2018

Subject: CC4CA 2018-19 Policy

I. SUMMARY

Council, the Town of Vail is an active member of the Colorado Coalition for Climate Action – a consortium of 19 Colorado cities and counties. Council approved the policy agenda for CC4CA last year, and we are going through the same exercise this year. The policy agenda for 2018-19 is appended hereto, and I invite you to read it to gain a clear understanding of the advocacy efforts and objectives. Of course this largely aligns with your own goals and actions as set forth in the Town Council 2015-17 Action Plan, and the pending 2018-20 Town Council Action Plan.

The matter is being slated as a consent agenda item, but can be pulled off and discussed in more detail if necessary. Thank you.

2018-2019 Policy Agenda

Adopted by the CC4CA Steering Committee on June 28, 2018, for final sign-off by member jurisdictions

Colorado Communities for Climate Action is a coalition of local governments advocating for policies that protect Colorado's climate for current and future generations. CC4CA's policy priorities for 2018-2019 reflect unanimous agreement among the coalition members on steps that should be taken at the state and federal level, often in partnership with local governments, to enable Colorado and its communities to lead in protecting the climate. These steps would complement the strong local climate actions CC4CA members already have underway.

General Policy Principles

These general principles guide the specific policies for which Colorado Communities for Climate Action advocates:

CC4CA supports collaboration between state and federal government agencies and Colorado's local governments to advance local climate protection.

CC4CA supports state and federal programs to reduce carbon pollution, including adequate and ongoing funding of those programs.

CC4CA supports analyses, financial incentives, and enabling policies for the development and deployment of clean energy technologies.

CC4CA supports locally driven, locally designed programs to support communities impacted by the clean energy transformation.

Policy Positions

Colorado Communities for Climate Action supports the following policy positions:

Local Climate Programs

1. Supports state-level actions to remove barriers and promote opportunities that allow counties and municipalities to maximize the deployment of local clean energy options.

The deployment of local energy generation and technology will continue to be a critical component of Colorado communities' climate efforts. In many cases, regulatory or legislative limitations exist that will need to be removed for communities to fully explore new local program options and technologies that can effectively reduce fossil fuel use, increase energy resilience, and support community values related to climate protection. For example, the integration of local renewable energy, storage technologies, and microgrids all support a local jurisdiction's ability to address the supply side of energy-related emissions.

2. Supports requiring local governments with adopted building codes to include the most current or appropriate International Energy Conservation Code, or provisions substantially similar to it, in their building codes and to develop a process for updating the energy code on a regular basis.

More than 40 percent of the energy consumed in the United States is tied to the use of buildings. Building codes, consequently, are among the most powerful tools available for reducing carbon pollution (and, not incidentally, saving money in both residential and commercial buildings). For instance, the Southwest Energy Efficiency Project estimates the incremental cost for constructing a new home to meet the 2015 IECC versus the 2006 IECC is about $2,400; with annual energy savings of $390, this efficiency upgrade results in a six-year simple payback.

While some jurisdictions across Colorado are keeping up with changes to the International Energy Conservation Code, many communities have not done so. CC4CA supports the adoption of the most current IECC or amendments to older codes that have comparable energy efficiency and consumption impacts.

3. Supports state government actions to enable local governments to obtain the energy use and other data they need to effectively address climate change.

Local governments need convenient and consistent access to data that is essential for developing and administering local programs that address clean and efficient energy and reductions in heat-trapping emissions. For example, access to uniform data from electric and gas utilities is critical for implementing building energy use disclosure and benchmarking programs designed to make sure building owners, tenants, and others can be fully informed about energy performance. Local governments also struggle to get consistent data regarding waste collection and disposal, oil and gas operations, and other sources of heat-trapping emissions. CC4CA supports state government actions and

policies that lead to uniform systems for collection and distribution of data from investor-owned and public utilities that is easily accessible to local governments, while still protective of data privacy for residents and businesses.

State Climate-Specific Programs

4. Supports statutory codification of aggressive and enforceable goals to reduce net statewide heat-trapping emissions, including the goal of reducing emissions by more than 26 percent by 2025, compared to 2005 levels, as established by Governor John Hickenlooper through executive order, and including a further goal of reducing emissions by at least 80 percent by 2050, compared to 2005 levels.
In July 2017, Governor Hickenlooper issued Executive Order D 2017-015. Among other provisions, it set an official state goal of reducing statewide carbon pollution by more than 26 percent by 2025, compared to 2005 levels. CC4CA applauded the governor for his action, which provides an essential framework for shaping climate protection actions in Colorado. Meeting this goal would mean that Colorado achieved its share of the national commitment the United States made under the Paris Agreement.

CC4CA also supports an additional goal of reducing emissions by at least 80 percent by 2050, building on the goal established in 2008 by then-governor Bill Ritter, Jr. in Executive Order D 004 08. Meeting this goal would mean that Colorado achieved its share of the global emission reductions scientists say must be achieved or exceeded to protect the climate from dangerous human interference.

CC4CA supports the codification of the state's emission reduction goals in statute, as other states have done, so that they remain the cornerstone of state climate protection actions over time, including following transitions from one governor to another.

5. Supports legislative, regulatory, and administrative actions by the Colorado state government to achieve the state's emission reduction goals and to implement the Colorado Climate Plan, and requests an opportunity for meaningful, sustained engagement by CC4CA in developing those specific steps.
In order to meet the emission reduction goals established by Governor Hickenlooper and to implement the governor's 2015 Colorado Climate Plan, the state will need to take additional action. The Colorado Climate Plan is a high-level overview document of state actions for adapting to future climate change impacts and reducing carbon pollution. CC4CA believes it essential that the state government provide an opportunity for meaningful, sustained collaboration with local governments in developing specific climate actions tied to this climate plan, and proposes that representatives of CC4CA be included in that process. Following the July 2017 release of Governor Hickenlooper's executive order, CC4CA initiated a letter to the governor through which 75 local elected officials expressed support for the executive order and its goals and stated their readiness and willingness to help his administration shape and implement concrete, measurable actions that will be needed to meet these goals.

6. Supports the development of a new forecast of future heat-trapping emissions reflecting Colorado laws and Colorado-specific information by the Colorado Department of Public Health and Environment, with input from local government and other stakeholders.

The "Colorado Greenhouse Gas Inventory: 2014 Update Including Projections to 2020 & 2030," prepared by the Colorado Department of Public Health and Environment, includes a forecast of statewide emissions that utilizes federal Environmental Protection Agency nationwide assumptions about future emissions policies. As a result, the inventory does not reflect currently adopted Colorado laws and policies, such as our Renewable Energy Standard. Without this information, it is impossible to ascertain what progress Colorado is making (or not) in its effort to reduce carbon pollution. CC4CA in July 2017 sent a letter to CDPHE recommending the development of a new Colorado inventory of greenhouse gas emissions that incorporates existing Colorado law and policy in order to more accurately track the state's progress in achieving its emissions reduction goals, and will continue working for that action.

7. Supports a comprehensive market-based policy to reduce Colorado's heat-trapping emissions.

Climate change is considered a market failure by economists because it imposes huge costs on society—so-called external costs—that are not normally reflected in the prices of the goods and services causing the cost. To overcome this market failure, CC4CA supports an effort to internalize the costs by putting a price on heat-trapping emissions and allowing that price to help drive emission reductions. Such a market-based approach could be undertaken at national, regional, or state levels, and could take different forms. One approach would be a tax on greenhouse gas emissions. Another would be a cap-and-trade program that allows trading of limited emission rights that are sold and then could be traded to achieve economically efficient emission reductions. Examples include the Regional Greenhouse Gas Initiative covering ten northeastern U.S. states and California's statewide cap-and-trade program.

Electricity Generation

8. Supports concrete state government actions to reduce emissions from the electricity sector in Colorado by at least 25 percent by 2025 and at least 35 percent by 2030, compared to 2012 levels, consistent with the goals established by Governor John Hickenlooper through executive order.

Executive Order D 2017-015 established new state goals for reducing emissions from the electricity sector that are consistent with what Colorado was considering to comply with the U.S. Environmental Protection Agency's Clean Power Plan under the Obama administration. CC4CA believes that greater emission reductions are possible than called for in the executive order and that further reductions are needed into mid-century, especially given the more ambitious targets that Xcel Energy has identified as achievable in its Colorado Energy Plan currently under consideration by the Public Utilities Commission. CC4CA supports concrete actions by the Colorado Public Utilities

Commission and the Colorado Department of Public Health and Environment to ensure that we achieve and exceed these goals.

9. Supports the accelerated retirement of existing fossil fuel based generation facilities and their replacement with cost-effective and reliable clean energy supplies, through means that protect both utilities and consumers.

CC4CA supports actions in Colorado to enable the early retirement of fossil fuel-based power plants and their replacement with clean energy sources, while protecting the economic interests of both the utilities owning the power plants and electricity customers.

CC4CA has previously supported legislation to allow refinancing of older, less efficient power plants, by way of ratepayer-backed bonding, that could make it possible to retire those plants in favor of newer, cleaner sources while protecting the economic interests of both utilities and consumers. In August 2017, Xcel Energy and more than a dozen other entities (including the City of Boulder, a CC4CA member) announced an agreement to seek approval from the Public Utilities Commission of a proposal to retire two old, coal-fired generators at the Comanche power plant in Pueblo, to be replaced with newer energy sources with lower (or no) heat-trapping emissions. The coalition said the proposal is predicated on the cost of the new energy sources meeting or beating the current cost of power from the power plants to be retired.

Across the nation, the generation of electricity is rapidly shifting from coal-fired power plants to less polluting plants, driven primarily by economic forces but sometimes also by governmental policies and actions, from climate action plans to new authority for refinancing existing plants. The shift to cleaner electricity generation is driving down greenhouse gas emissions from that sector and holding down overall national emissions.

10. Supports expanded ability of electric cooperatives to independently purchase local renewable electricity.

Tri-State Generation and Transmission Association has tried to prevent its customer electric cooperatives from purchasing electricity generated from local renewable sources by other suppliers, both directly through attempts to impose contractual limitations and indirectly through attempts to impose fees. In decisions involving Tri-State and Delta Montrose Electric Association, the Federal Energy Regulatory Commission has found these attempts to be in violation of the Public Utilities Regulatory Policy Act, which actually requires a coop to purchase such electricity, and has blocked Tri-State from preventing those purchases. CC4CA supports the ability of electric cooperatives to purchase non-polluting electricity free from these or any similar limitations.

11. Supports state legislation to incrementally increase the Renewable Energy Standard.

Colorado's current Renewable Energy Standard requires electricity providers to obtain these minimum percentages of their power from renewable energy sources:

- Investor-owned utilities: 30 percent by 2020, of which 3 percent must come from distributed energy resources.
- Large rural electric cooperatives: 20 percent by 2020.
- Municipal utilities and small rural electric cooperatives: 10 percent by 2020.

This standard has been one of the most effective state policies in facilitating the transition from carbon-intensive fossil fuel electricity sources to renewable sources, and CC4CA supports giving consideration to incrementally increasing the standard for all three types of utilities.

12. Supports state legislation to require the Public Utilities Commission to consider all environmental and health costs of the fuels used by investor-owned utilities to generate electricity.

Electric utilities should be required to include the costs of carbon pollution when developing their long-term integrated resource plans, as would have been required under a bill considered in the 2016 session of the Colorado General Assembly. The "social cost of carbon" is the economic cost of the impacts of carbon pollution, which can be used to compare the overall costs and benefits of alternative energy sources. Legislation requiring utilities to generate at least one scenario identifying the impacts of carbon pollution would enable utilities, regulators, ratepayers, and others to better understand the true costs of different choices for electricity generation.

13. Supports grid modernization policies and funding that support distributed generation, energy storage, high levels of renewable energy generation (distributed and utility-scale), and appropriate technologies.

A wide array of grid modernization policies and actions are available to utilities that can reduce energy consumption, better align availability of electricity to demand, expand renewable energy generation, and collectively reduce carbon pollution from the power generation sector (while also improving reliability and reducing cost). CC4CA supports policies and funding that result in these types of grid modernization efforts in Colorado.

Net metering is one example of a policy structure that can result in reduced greenhouse gas emissions, greater reliability for individual energy users and across the grid, improved grid resilience, and reduced cost for both utilities and electricity consumers. Colorado's current net metering policies allow electric customers who invest in distributed energy technologies to net their solar energy production against their consumption. Available in at least 40 states, this simple billing arrangement is one of the most important policies for encouraging rooftop solar and other on-site clean energy options. Net metering also helps foster the voluntary reduction of heat-trapping emissions, contributes to the reliability of the electricity supply and distribution systems, supports the residential and small-commercial renewable energy industry, and helps to

more quickly replace coal-fired power plants with cleaner sources of energy. In recent years utilities have sought approval from regulatory bodies in many states to either abandon or reduce net metering rates.

CC4CA supports grid modernization policies like these and opposes efforts to weaken or eliminate them where they already exist.

Energy Efficiency

14. Supports legislative, regulatory, and administrative actions for electric utilities to achieve energy efficiency savings of 2 percent per year beyond 2020, building on the 2020 goal established by Governor Hickenlooper through executive order. Municipal and cooperative utilities should also adopt and achieve similar efficiency targets.
In the 2017 session of the Colorado General Assembly, CC4CA supported HB 17-1227, which was enacted to extend an existing law requiring regulated utilities to achieve electricity savings of five percent of retail sales from 2018–2028. Colorado utilities have already demonstrated that they can readily exceed this modest goal. The Southwest Energy Efficiency Project reports that from 2008–16 Xcel Energy and Black Hills Energy achieved ten percent savings, well over one percent per year, with an overall benefit-to-cost ratio of more than two-to-one. Colorado households and businesses saved nearly $1.4 billion net over that time period. Governor Hickenlooper's Executive Order D 2017-015 set a new goal to achieve two percent per year energy efficiency by 2020, which is readily achievable and should be extended beyond that date.

15. Supports ongoing and sustainable funding for the Weatherization Assistance Program.
Low-income and vulnerable households spend a disproportionately large percentage of their income on energy utility bills. The federal Weatherization Assistance Program was created in 1976 to address this problem. Administered here by the Colorado Energy Office, WAP provides funding to locally administered home weatherization programs to provide free weatherization services to Colorado's low-income residents in order to improve the energy efficiency of their homes. Colorado supplements its annual federal WAP allocation with state severance tax dollars, both of which can be volatile sources of revenue. A stable revenue stream for Colorado's eight WAP programs would support the dual goals of assisting families in reducing their energy bills while promoting safe, comfortable, and energy-efficient housing.

16. Supports state enabling legislation to provide counties and statutory cities and towns with the same authority held by home rule cities to implement local energy conservation policies and programs.
Unlike their home rule municipal peers, Colorado counties and statutory cities and towns in many cases lack authority to adopt and implement energy conservation policies and programs. For example, only Colorado home rule cities have statutory authorization to enact energy conservation ordinances despite how effective they are

for improving the energy efficiency and performance of existing residential and commercial buildings. Enabling legislation is needed to provide Colorado's counties and statutory cities and towns with the authority necessary to enact policies and programs that can support and promote energy conservation within their jurisdictions.

Transportation

17. Supports Colorado's adoption of motor vehicle emission standards, including requirements for low-emission and zero-emission vehicles, and collaborative efforts for effective implementation, that are equal to or exceed those already adopted by California.

The federal Clean Air Act provides authority for California to adopt its own stringent emissions standards for new motor vehicles and for other states to adopt the California standards. Twelve states plus Washington, D.C. have adopted California's basic emission standards. These states represent about 35 percent of the nation's population and the same share of new motor vehicle sales. Nine of these states have also adopted the additional California standards requiring manufacturers to achieve specified sales of zero tailpipe-emission vehicles (i.e., battery-only electric vehicles).

California's vehicle standards have enjoyed unusual bipartisan support, including among Colorado's congressional delegation, both as an example of cooperative federalism among federal and state governments and as important for protecting the climate. A June 2017 letter to the Administrator of the U.S. Environmental Protection Agency supporting continuation of the EPA waivers under the Clean Air Act for the California standards was signed by Rep. Mike Coffman, Republican of Colorado, and Rep. Jared Polis, Democrat of Colorado, along with other Members of Congress from both parties.

In recent years, the basic California standards have been synchronized with federal emission and fuel efficiency standards. However, the Trump administration is now planning to weaken the federal standards, which would dramatically undermine Colorado's efforts to meet our statewide carbon pollution goals. Reducing emissions from the transportation sector, which has become the sector responsible for the largest share of greenhouse gases, has to be a centerpiece of climate action in the state.

At the urging of a wide range of interests across the state, including CC4CA, Governor Hickenlooper's June 2018 executive order (B 2018 006) directs the Colorado Department of Public Health and Environment to develop an advanced clean car standards rule and formally propose adoption of this rule by the Colorado Air Quality Control Commission. CC4CA supports Colorado adopting the California vehicle standards, including the so-called ZEV (zero-emissions vehicle) standards, and CC4CA supports the kinds of flexible approaches to implementing the ZEV standard here in Colorado that we have seen adopted in other ZEV states.

18. Supports implementation of the Colorado Electric Vehicle Plan, including new state government actions to accelerate the purchase and use of zero emission vehicles.
Nationally, transportation has become the sector responsible for the most carbon pollution. Colorado's recent population growth has led to a commensurate increase in vehicle miles traveled, which has overtaken the emissions reductions made possible through the increasing fuel efficiency of the statewide vehicle fleet. Electrification of light- and heavy-duty vehicles, as well as other emerging zero-emissions technologies, holds perhaps the greatest promise for emissions reductions in this sector. CC4CA supports legislative, regulatory, and administrative action to increase the adoption of electric vehicles by investing in electric vehicle charging stations, educating customers about EVs, and providing customer incentives. CC4CA also supports the current plan to commit a portion of Colorado's share of the Volkswagen emissions control violations settlement to the construction of electric vehicle charging infrastructure across Colorado, and adoption of the California motor vehicle emission standards (see #17 above), including their provisions on sales of zero-emission vehicles.

Fossil Fuel Extraction Activities

19. Supports legislative, administrative, and regulatory actions to expand the monitoring of and reduce the full life cycle emissions from fossil fuel extractive industry activities.
The mining and extraction of fossil fuels can result in significant levels of carbon pollution. One primary culprit is methane. Methane has a shorter-lived but much more potent heat-trapping effect than carbon dioxide; thus, reducing methane emissions is a highly effective way to buy time to implement more comprehensive actions to reduce industry-wide carbon dioxide emissions. As one example, in 2014 Colorado adopted rules to limit methane emissions from oil and gas operations by requiring oil and gas companies to find and fix methane leaks in its extraction and delivery infrastructure. The rules also require industry to capture methane and volatile organic compounds, both of which contribute to ground-level ozone pollution.

CC4CA supports legislative, administrative, and regulatory actions like these to reduce greenhouse gas emissions throughout the entire extraction and transportation processes involving raw fossil fuels. CC4CA also supports expanded monitoring of the full life cycle emissions from these activities.

Solid Waste Reduction

20. Supports adoption and implementation of a plan by the Colorado Department of Public Health and Environment to achieve the statewide waste diversion goals established by the Solid and Hazardous Waste Commission.
Recycling and composting reduce emissions of both methane and carbon dioxide. Colorado has a low solid waste diversion rate of 19 percent, compared with the national average of 34 percent. In August 2017, the Colorado Solid and Hazardous Waste

Commission adopted new statewide and regional municipal solid waste diversion goals, including separate goals for 11 Front Range counties and for the remainder of the state for the years 2021, 2026, and 2036. Statewide, the goal is to increase the diversion rate to 45 percent by 2036. CC4CA supports CDPHE's efforts to increase solid waste diversion rates.

General

21. Supports the protections and authorities currently provided under environmental laws like the Clean Air Act and the Clean Water Act.

Protecting Colorado's air, water, and land is vital to its environment, economy, and people. The protections and authorities afforded by landmark federal laws such as the Clean Air Act and Clean Water Act are foundational to the fight against climate change. For example, the 2007 ruling by the U.S. Supreme Court that heat trapping emissions are air pollutants and thus subject to regulation under the Clean Air Act, and the subsequent 2009 U.S. Environmental Protection Agency endangerment finding that indeed, heat trapping emissions present a danger to public health, obligate our federal government to utilize the protections provided by the Clean Air Act to take action to limit emissions. Local governments rely on these protections and can be critical allies in this effort, as scores of communities across Colorado already are implementing a broad array of initiatives to advance climate protection at the local level, and often doing so in collaboration with the state and federal governments. But we know more must be done. CC4CA communities support the protections and authorities provided under the body of existing environmental law, including the Clean Air Act and Clean Water Act, and will strongly oppose legislative, regulatory, and other efforts to roll back or diminish them.