

Tackling Utility Transformation

Brett KenCairn discusses Boulder's journey towards utility municipalization, and how cities are only one piece of the energy system transformation puzzle.



Q. Since 2013, you have led or participated in 9 USDN and CNCA funded projects or peer exchanges that explore systematic energy transformation. Were you already in the process of municipalizing your local utilities when you started leveraging support from these networks on this topic? Where did this journey begin for you?

A. In the early 2000's, Boulder was leading a collaborative process in all segments of the community to develop high-impact climate strategies.

Initiatives were primarily focused on energy efficiency (EE) and solar implementation at that time. These programs were given a huge boost locally when the Obama-era American Recovery and Reinvestment Act (ARRA) funds were block granted. That infusion of resources was responsible for helping Boulder codify and implement robust energy efficiency programs in collaboration with Boulder County.

Simultaneously, the franchise extension process with our investor owned utility (Xcel Energy) was making it clear that we would not reach a compromise, but would instead pursue municipalizing our local utility. I was hired in 2013 to oversee the update of Boulder's climate action plan. We had just begun to realize that energy efficiency would not get us as far as we needed to go, so we had started pursuing energy source change.

Decarbonizing our fuel source became a major part of my job. However, there has been little city capacity to advance our other goal areas, like solar, electric vehicle infrastructure, and natural gas replacement. So, I did what I have done for most of my career: I started looking for resources and partners to build a portfolio of energy system change pilot projects. For instance, we have a current DOE grant to pursue energy system resilience through solar + storage at 2 sites.

The USDN and CNCA grants are essential to this strategy. Having the ability to work with progressive peer cities has legitimized Boulder's pursuit of aggressive climate action. The first USDN grant convened cities to develop a framework for the energy systems transformation, which was more of a conceptual exercise (products [here](#)) to get us thinking strategically. Then, we began to target specific elements from that framework. Boulder started to focus on eliminating natural gas use, for instance.

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Q. You have been through a long process already on this path to utility municipalization (chronicled [here](#)). What will your local November vote determine?

A. When we started down this road, our legal team concluded that we could go directly to the Federal Energy Regulatory Commission (FERC) and the courts to begin the process of condemnation and stranded asset negotiations. This was not the case; we had to go to the Utility Commission (UC) first. It was an early legal loss that raised questions of competence and direction. That UC review ended in September.

The process could have stopped with the UC. They could have made it so onerous that we could not satisfy the metrics of takeover that the voters have approved. We do have to do some UC mandated items that add costs, like replicating substations rather than sharing them with Xcel. Nonetheless, we are going into the November vote knowing we can legally move forward with condemnation. In November, the community is being asked to continue to support the ongoing municipalization effort. There are still points in the process where we may have to take an off-ramp. It is far from over.

We have seen more aggressive local candidate promotion than ever before, primarily of candidates who oppose municipalization. It is not clear, even if the community votes in November to continue, if council will still be willing to proceed after their election. The vote will be close, and if we were not a university town, we likely would not have a chance. New Era mobilizes young voters around essential topics. We do not formally support or strategize with them, but we realize they have played a huge role in getting younger and more progressively minded voters to the polls.

Q. When this process is over and you have your own municipal utility, like some of your neighboring cities, will this action alone enable you to achieve all of Boulder's [carbon neutrality goals](#)?

A. This transition effort has embodied, to a certain extent, Boulder's climate commitment. They are deeply invested in climate as a central priority. This whole initiative launched 10 years ago, when we thought we could stop climate change. It is now starting to register that we are living in a world where climate change is happening. We must now adapt as well as mitigate. It is a crisis in world view when we realize that even if municipalizing happens, it still will not be enough.

One of the most important facets of having control of your own utility is that you then can influence the system from top to bottom. It is a 100-year-old system infrastructure upgrade process. It's not a matter of technology anymore. Instead, it is all about financial structures. The first fork in the road becomes moving towards all renewable energy (RE). The second fork in the road becomes building new financial structures. After RE is in place, how is it structured and owned? We can easily design a new RE system within the existing profit structure. We know there is profit in utility operation, because currently \$300,000,000 leaves the city each year in utility investor profits. But, we need to be intentional about structuring this new revenue opportunity equitably.

We also need to structure it from a grid security standpoint. What happens when we are grid attacked? Centralized power generation and distribution systems leave communities vulnerable. We don't value the economic equity or security opportunities as much as we should.

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One of the things we did in Boulder was try to simplify the context of climate change and climate action by showing 3 realms of action: energy system change, ecosystem renewal, and economic resources. One of the things that came out of this framing is that equity was missing from the conversation. The Just Transition group has helped us put the equity questions into our energy system transformation. What does it look like in terms of burden, opportunity, ownership?

Q. What advice do you have for sustainability directors as they contemplate their own paths to energy system transformation?

A. A friend just sent me a Paul Hawken webinar ([here](#)) that I find interesting and useful, because he talks about how we have missed the boat in our messaging around sustainability. I have been personally compelled to soul search about the concept of sustainability recently. I conclude that the early critics were right. Sustainability was co-opted into the service of sustaining competence in a growth-based economy, which enables and allows the concentration of wealth. It is a contradiction. Our current system is simply not sustainable.

The term “sustainability” has been developed by people who are blind to things they do not have to relate to, like poverty. Who cares about carbon when you are just trying to survive? The thing I found so fascinating about the recent “Make America Great Again” campaign is that it is basically people from both parties voting for Trump because the current system does not work for them.

My wish for me and my colleagues is that we can have a frank conversation about the structure of the economic and political systems we are working in - an open critique on how the economy is structured and a call for change. If we don't do this, we will not get close to this world we are trying to create.

We need to force the economy to balance externalities. We need to be honest about what people need. Do they need carbon emissions reduction? No, they need to warm their house and still be healthy. What does it mean to the average community member when we say that we want a sustainable community? We think if we just show them, they will come along. We must keep developing the message in terms that are accessible and compelling to average people.

Q. What is needed next to collaboratively advance energy system transformation?

A. Cities have now been given this sense that they are leaders in the energy transformation. This is true in that they are assuming moral leadership. When the U.S. was not a part of the Kyoto Protocol, cities made Climate Action Plans. Now, the U.S. is not in the Paris Agreement, so cities are making their own plans to meet the terms of the Paris Agreement anyway. But these are still aspirational statements without a lot of clarity.

Around energy systems changes, there is a whole set of entities and rules that must change to change to enable cities to go where they want to go. We need massive utility reform at the state level, especially in states that control building codes. We cannot go it alone and hope the systems will change.

Lastly, I want to note that we talk about the 3 D's: decarbonize, decentralize, and democratize. But we default to focusing on carbon emissions reductions. Decarbonization will not be enough to divert the impacts of climate change. Carbon drawdown is important. We must think about reversing what is out there now, not just mitigating our future outputs. We have opportunities to restore and renew ecosystems to decarbonize.