

Energize Denver Task Force – Meeting #8 (Final Meeting)

August 19, 2021 – via Zoom

Prepared by the Consensus Building Institute (CBI)

Meeting in Brief

The Task Force approved its final recommendations for a Building Performance Policy that prioritizes equitable impacts while achieving Net Zero Energy for Denver’s existing buildings by 2040. The Task Force reviewed and addressed final edits based on stakeholder input during the community outreach effort in July, as well as final comments and suggestions from Task Force members over the past month.

Click [here](#) for the full meeting presentation and materials, Task Force Charter and membership, a video recording of the meeting, and other Task Force materials.

Background Context

CBI Facilitator Ryan Golten reminded the everyone this is the final meeting of the Task Force in which we will seek final consensus agreement on final Net Zero Energy Building Performance Policy recommendations. See ‘Wrap Up and Next Steps’ below for an explanation for what’s next once the Task Force approves the final policy recommendations.

Discussion of Final Edits to the Policy Recommendations

Minor ‘Tweaks’ Based on Stakeholder Input

Katrina Managan briefly reminded the group of the discussion at the August 9 Task Force briefing (and in the recommendations circulated August 4) regarding stakeholder input from the July outreach effort. This included several relatively minor updates to the draft policy recommendations based on the input received. Click [here](#) for the full presentation, including the summary of stakeholder input.

The Task Force was supportive of the minor updates. Members’ comments included the following, building on the discussion at the August 9th briefing:

- As heard by many of us during the July outreach period, there are many building-specific questions about the policy, including anxiety about capital costs. *One of the City’s first steps will be to develop case studies, including for under-resourced buildings, regarding typical issues and compliance paths for energy efficiency/renewable energy and electrification.*
- As we’ve emphasized since the beginning, stakeholders would like the City to evaluate impacts and adjust and/or ratchet up the policy as needed in coming years, based in part on technology improvements.

Final Remaining Issues to Resolve

The discussion turned to three key issues to resolve: 1) potential exceptions to the partial electrification requirement where not economically feasible due to unusual circumstances, and 2) how to address the partial electrification requirements where furnaces and AC compressors are not being replaced at the same time, and 3) the start date and building size threshold for small buildings to comply with lighting and/or solar requirements.

1) Exceptions where partial electrification is not economically feasible (e.g., water heaters)

The discussion focus on how to define ‘infeasibility’ in such a way that the exception did not swallow the rule. As reflected in the final policy recommendations, **the Task Force agreed the policy should state** ‘An economic feasibility analysis should be based on a comparison of a like-for-like system replacement plus the social cost of

carbon of that system, as compared to the cost of the partially electric system including all incentives.’ Comments included the following:

- Some easy-to-electrify systems are actually at times quite challenging (e.g., when panel upgrades would be required, or when they would need expensive structural changes).
- Task Force members suggested asking the City to study this and consider requiring multiple competitive quotes. The focus should be on flexibility and an adaptive approach, as opposed to rigidity w/ unintended consequences. One member also reminded the group that the costs of not electrifying are passed onto all residents.
- For further definition of ‘economic infeasibility,’ see the meeting presentation (p.17) on the [Task Force website](#).

2) Partial electrification where furnaces and AC compressors are not being replaced at the same time

The City explained that the cost numbers in the Renewable Heating and Cooling Plan, on which the Task Force based its earlier recommendations, assumed both systems were being replaced, which is a 0-18% cost increase over like-for-like replacement. But because these systems are not usually replaced at the same time, current options include: 1) forcing the combined replacement, which has a lower total cost than replacement at different times, but forces upfront full cost; or 2) not requiring these systems to be electrified because they are rarely replaced at the same time, and a heat pump is a merging of the systems so necessitates the replacement of both in most cases.

The Task Force agreed that:

- For split system AC condenser/furnaces and roof top units, ‘primary heating source’ means the heat pump is the lead heating source, and gas only turns on when the heat pump can’t cover the load. For these system types, 70-80% of heating needs should be able to be met by heat pumps cost effectively.
- The policy pertaining to split system AC condenser/furnaces should specifically require heat pumps as the primary source of heating for all projects where the air conditioner or both the furnace and air conditioner are being replaced. However, the policy should allow an exception for instances where the furnace alone is being replaced; in this event the existing furnace may be replaced by a gas condensing furnace.

Additional comments and considerations included:

- This option helps buildings move forward without making it too onerous for buildings with less capacity and lower budgets (e.g., restaurants/retail). It will be important to work with Xcel to see if there are ways to support smaller buildings with creative incentives for these replacements.
- In some cases, a condenser may go out but a building may want to leave the furnace in place. Replacing the condenser with a heat pump reduces need for the furnace and extends its lifetime. In those cases, we're also keeping some materials out of landfill when their life cycle isn't over.
- We don't want to make people replace a condensing unit if it's relatively new.
- Some members have concerns about locking in gas furnaces, although at some point each building has to address its AC compressor, which significantly decreases emissions.
- The City could also consider raising permit fees for new gas systems or finding other ways to offset the costs of these systems.

3) Start date and size threshold for small buildings to comply with lighting and/or solar requirements

The sub-group that met following the July Task Force meeting recommended that small buildings be required to adopt LED lights or solar on site to meet 20% of electricity usage, which adds 1 million metric tons of savings (in

addition to the ~8 million metric tons of cumulative greenhouse gas savings by 2040 from the other energy efficiency and renewable energy policy recommendations in the policy.) The City asked the Task Force for approval of this recommendation and what the start date and building size should be. **The Task Force agreed with this policy and recommended it include:**

- All buildings under 25,000 sq ft phased in over time down to 5,000 sq ft.
- A 2025 start date
- The possibility of purchasing off-site solar
- The City should only dedicate resources (e.g., staff) to the implementation of this requirement that are proportional to the savings it will achieve.

Additional comments included:

- The policy should consider phased inclusion of smaller buildings, starting with the larger buildings (up to 25,000 square feet) that have more capital and bigger margins.
- Emphasize this should save energy bill costs. The goal is not to fine buildings but to support them in order to help them comply.

Additional Task Force Member Suggestions

The City shared several suggestions based on Task Force input following the July meeting, as described in today's presentation (pp. 20-25) on the [Task Force website](#). The Task Force **agreed** with all of the suggested changes, which included (emphasis added):

- For under-resourced buildings, 'the City should identify under-resourced buildings that have **affordability covenants** and if a property has 5 years or less remaining in their affordability covenant, CCD should engage with these building owners about the program to incentivize a renewal of the covenant but not offer additional incentives *unless a long-term commitment is made to providing affordable housing.*'
- In the energy efficiency/renewable policy, for retail, warehouse, or other building types where building owners often don't have control of energy systems per the lease, 'the City will look further into these **lease clauses** to determine if we need an exemption for owners in some cases.'
- For easier-to-electrify systems, 'heat pumps should not be required in any of these systems if another similarly low carbon electric system that **should not increase tenant energy costs** is available, likely through the installation of solar panels paired with equipment controls and/or on-site storage.'
- For financial incentives, 'the City should design City incentives so they have a clear **prescriptive incentive structure** and can easily be **combined** with other building rehab funding sources for affordable housing and should **partner** with key organizations like CHFA, EOC, DOLA, HOST and others to **leverage existing programs** for larger impact. The City should ensure that the extra technical assistance for under resourced buildings is coordinated with the helping people use incentives.'
- For implementation, 'the City should begin robust **outreach** to the building owners, managers, and contractors as soon as the ordinance is in place to help the community understand the ordinance, how it applies to them, and to enable them to begin planning for compliance.'

Consensus Reached on Final Task Force Recommendations

Following the discussion, Ryan asked each Task Force member at the meeting if he or she was able to support (or if not, able to live with) the final policy recommendations as outlined today. **There was a full consensus of Task Force members in support of the policy.** While not always perfect, Task Force members felt it was an effective and successful compromise to reach the Net Zero Energy and Equity goals they had been given, consistent with the guiding principles they outlined at the outset (see Charter and Meeting #1 Summary on [Task Force website](#)).

Implementation and Next Steps

As explained in the presentation, City staff will work with the Mayor's office to take the the Task Force recommendations to City Council in the form of a draft Ordinance, to be supplemented by Rules and Regulations, extensive outreach to building owners, managers and tenants, an equity-focused incentive design program, a Technical Advisory Committee to oversee and evaluate implementation, a Building Resource Hub, and mailing of individual compliance notices.

The City asked for Task Force volunteers to act as spokespeople to the media and City Council. The **following members volunteered:**

- Aaron Martinez
- Jennie Gonzales
- Stephen Shepard
- Kathie Barstnar
- Frank Arellano
- Christine Brinker
- Celeste Cizik
- Lori Pace
- Jenny Willford (volunteered by Emily Gedeon)

Immediate next steps include:

- Final recommendations will be emailed to the Task Force on 8/20; please review and email any final comments by mid next week
- Staff to follow up with and volunteer spokespeople in upcoming couple of weeks
- Task Force members are welcome to share the news that the Task Force has reached consensus. Please emphasize the City will be making a formal press announcement in the next 2-3 weeks.
- Task Force members to share the press briefing with constituents and partners.
- Expect a community briefing to follow.

Final Wrap Up and Process Reflection

Task Force members shared their appreciation to each other and the City for an extraordinarily respectful, civil, and effective process in which people listened to and heard each other and sought creative compromise solutions. Many reported being 'blown away' by the experience, stating it was an example of what a successful process involving extremely diverse interests could look like, particularly one involving so much passion and commitment. Several members emphasized the importance of having the policy focus on equity in such a meaningful and central way, considering we're still learning how to do this well. Several expressed appreciation for the friendships and relationships that will last beyond the Task Force, particularly as the hard work of implementation gets underway. They commended the City and its facilitation/consultant team for the behind-the-scenes work to make the process successful, particularly given the challenges of having to do all-virtual meetings.

Meeting Attendees

The meeting was attended by the following Task Force members, City staff and consultants:

City of Denver – Office of Climate Action, Sustainability and Resilience

Katrina Managan, Buildings Team and Task Force lead

Jan Keleher, Building Electrification Lead

Maria Thompson, Buildings Program Administrator

Ryan Golten, Consensus Building Institute (facilitator)
 Ben Silverman, Institute for Market Transformation (City consultant)

Task Force Members

Present			
x	Arellano	Frank	LBA Realty
x	Barstnar	Kathie	NAIOP Colorado
x	Brinker	Christine	Southwest Energy Efficiency Project (SWEEP)
	Buerge	Jon	Urban Villages
	Bustamante	Eddie	LiUNA! Local 720
	Cappelli	Jonathan	Neighborhood Development Collaborative
x	Cizik	Celeste	Group 14 Engineering
X	Clark	Jolon	Denver City Council District 7
x	Cordova	Sergio	Pipefitters Local Union No. 208
	Dyers	Monique	Ensign Energy Consulting, LLC
x	Fletcher	Angela	Denver Housing Authority
x	Gonzales	Jennie	IBEW 68
x	Gonzalez	Ariana	Natural Resources Defense Council (Alejandra Mejia Cunningham attended for NRDC)
x	Gremmert	Jennifer	Energy Outreach Colorado
x	Knaizer	Sam	BPX Energy, BP America
	Kruger	Mike	Colorado Solar and Storage Association (COSSA)
x	Martinez	Aaron	Urban Land Conservancy
	Mayhew	Amie	Colorado Hotel & Lodging Association
x	Morgan	Steve	Rocky Mountain Association of Energy Engineers
x	Muccio	Peter	Apartment Association of Metro Denver
x	Pace	Lori	Denver Metro Association of Realtors
x	Prestidge	Scott	Colorado Oil and Gas Association
x	Smith	Tyler	Xcel Energy
x	Shephard	Stephen	Denver Metro BOMA
x	Gideon	Emily	Colorado Sierra Club