The Boulder Breakup

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EXECUTIVE SUMMARY

The City of Boulder, Colorado has for 10 years attempted to break up with its electric utility, Xcel Energy, in favor of forming its own municipal utility. Environmental proponents of the separation argue that a democratically accountable, local utility would be better suited to achieve Boulder's ambitious environmental and climate action goals. However, other environmentalists disagree and instead argue that Xcel Energy is a willing and capable environmental partner. This case examines this conflict in order to illustrate a divide in Boulder's environmental community, which mirrors a divide in the larger environmental movement, between structural environmentalists on the one hand and neoliberal environmentalists on the other. The case offers a review of the theoretical work that informs these conflicting perspectives. Finally, it analyzes structural and neoliberal sentiments expressed in the opinion pages of the city's newspaper in order to demonstrate how they intervene and shape Colorado electricity politics.

BACKGROUND INFORMATION

On July 17, 2014, the City of Boulder, Colorado moved to acquire the local assets of electric utility giant, Xcel Energy, a taking unprecedented in the history of electricity in the U.S. It would be the first time a city expropriated a private company's property for the purpose of addressing the environmental costs and climate changing effects of coal-powered electricity. It was the most confrontational moment in a decade-long conflict between the city and its investor-owned electricity provider.

Over the prior ten years, environmentalists from Boulder had engaged the company repeatedly, appealing to Xcel Energy to move beyond coal in favor of renewable sources of electricity, using tactics ranging from collaborative policymaking to rowdy protest. For its part, Xcel Energy developed a reputation as one of the greenest utilities in the nation, complementing its coal-dominant fuel portfolio with natural gas, and to a lesser extent, renewable sources of energy.

Despite the utility's efforts to adopt a greener fuel portfolio, some environmentalists in Boulder were left unsatisfied. In 2013, 56% of Boulder's electricity was still coming from coal-burning power plants (Xcel Energy, 2014) and 21.6% came from natural gas. In total, over three-quarters of Xcel Energy's portfolio remained tied to fossil fuels. Xcel Energy's commitment to environmental objectives and renewable energy was questioned further when it built Colorado's largest coal-fired power plant in 2009. In seeking permission to charge ratepayers for the cost of the new plant, the utility argued that it would run for 60 years, which meant Colorado would burn coal until at least 2069.

When the City of Boulder announced its intention to separate from its utility to form its own, Boulder's environmental community showed signs of a deep divide. While Boulder environmentalists generally agreed that greenhouse gas emissions associated with electricity production had to be curtailed, the community was split on whether Xcel Energy would be the best partner in achieving the goal. Some activists approached Xcel Energy antagonistically, using messaging and tactics that highlighted the utility's environmental shortcomings and arguing that Xcel Energy was structurally unable to adopt renewable energy as fast as the climate crisis required. They pointed, for example, to the utility's mandate to maximize returns to shareholders and its continuing investments in fossil fuels. In their view, the market was insufficiently competitive. As a result, they argued, the power of consumer demand was severely constrained. These environmentalists argued that the utility lacked motivation to pursue large amounts of renewable energy, and called for substantial change to transform the rules within which electricity utilities like Xcel Energy operate. Beyond renewable energy, these environmentalists were mistrustful of the utility and wanted more decision-making power themselves.

Yet, the sentiments of these *structural* environmentalists did not capture all of Boulder's environmental community. Others celebrated the strides the utility had taken to increase renewable energy in its fuel portfolio. These environmentalists argued that working with the experienced utility was more likely to garner larger, quicker action on climate change. This form of environmentalism, identified as *neoliberal* environmentalism, is rooted in an affinity for market-based solutions to environmental problems. In this view, individual consumers already have substantial power to demand renewable energy and competitive firms are motivated to respond to that demand.

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