



Climate Change Solutions



Land and Water Fund of the Rockies Markets Green Power

To encourage the use of clean and renewable energy, the Land and Water Fund of the Rockies (LAW Fund), a nonprofit environmental organization in Boulder, Colorado, developed a grassroots, community-based approach to marketing wind power. To date, the LAW Fund in partnership with Public Service Company of Colorado (PSCo) and other utilities around the state has succeeded in signing up approximately 18,000 residential customers and more than 500 commercial, industrial, state, and municipal customers for green power statewide.

The wind energy that LAW Fund markets drove the development of Ponnequin Wind Farm, Colorado's first wind installation. Ponnequin supplies wind energy to PSCo and a number of other utility wind programs in Colorado. By purchasing clean power, customers are reducing the amount of electricity generated from fossil fuels. The combustion of fossil fuels produces carbon dioxide, a major contributor to global climate change.

Because of the strong customer support for wind power, utilities in Colorado have committed to producing an additional 80 megawatts of wind power capacity by 2004. The LAW Fund is applying the valuable lessons learned in Colorado to promote solar and wind power in Arizona, Utah, and New Mexico, and to help organizations in other states establish similar community-based marketing programs.

Blueprint for Renewable Energy

The LAW Fund was founded in 1990 to provide legal and policy assistance to community groups throughout the Rocky Mountains and the desert area of the Southwest. The LAW Fund established its Energy Project in 1991 to work for sustainable energy policies and practices.

Today, the Energy Project is active in Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming—a rapidly developing area that is expected to need an additional 15,000 megawatts of new electricity capacity by 2015 at a cost of more than \$15 billion. In light of this growth and the increasing environmental problems faced by the region, the LAW Fund developed a comprehensive blueprint for a sustainable energy future.

To achieve the goals of the blueprint, the LAW Fund believes that a grassroots approach to marketing is



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essential. The LAW Fund aims to develop a community ethic in support of clean power. Beginning with Boulder County and later broadening to other communities, the LAW Fund used this approach to aggregate demand for power above and beyond the demand generated by utilities' traditional marketing.

Utility wind programs are examples of green pricing—charging consumers slightly higher prices for an environmentally preferable product. In this case, consumers can purchase wind-generated electricity in blocks of 100 kilowatt-hours for a premium (additional charge) of \$2.50 a month.

The wind-generated electricity is delivered via the communal power grid; that is, there are no direct power lines from the wind farm to the consumer. Colorado now has 20 utilities whose customers can choose to purchase some or all of their electricity needs from wind power. In the case of PSCo, the portion of the customer's bill associated with wind energy is protected from changes in rate that might occur due to changing costs of fossil fuels, which utilities normally pass on to consumers.

RESULTS AT A GLANCE

- Approximately 80 megawatts of wind power is expected to be on line in Colorado by the end of 2004.
- A total of more than 450 businesses, 49 public sector groups, and approximately 18,000 residential customers have made a commitment of more than \$1 million to purchase 201,751 megawatt-hours (MWh) of wind power annually. Annual capacity of 119,758 MWh is already online, and an additional capacity of 81,994 MWh is in progress.
- This level of demand for wind power is already reducing emissions of carbon dioxide (CO₂) by 118,560 tons each year. In addition, 293 tons of nitrogen oxide (NO_x) emissions and 327 tons of sulfur dioxide (SO₂) emissions are being eliminated annually. When all the planned capacity comes online, total annual savings will be 199,733 tons CO₂, 493 tons NO_x, and 551 tons SO₂.
- The community-based marketing plan has had a significant impact on customer response to green pricing. Boulder County, where the campaign was initiated, represents only 5 percent of PSCo's customer base, yet almost 40 percent of residential wind power purchases and more than half of the small business purchases are from Boulder County.

Marketing Strategies

One of the most successful aspects of the Grassroots Campaign for Wind Power is the partnership between PSCo and the LAW Fund. The participation of a nonprofit group like the LAW Fund (with no financial stake in the outcome) adds credibility to the campaign, while a large for-profit supplier like PSCo has the resources to employ traditional marketing techniques. The LAW Fund uses secondary partnerships with governmental, nonprofit, and private organizations to strengthen and add leverage to the campaign and create a broad-based, community-wide marketing strategy. Elements of the strategy are described below.

Leadership by the Governor

In addition to creating a Renewable Energy Task Force in 1996, former Colorado Governor Roy Romer enthusiastically supported wind power for the governor's mansion and held a press conference to commend PSCo, environmental partner groups, and businesses that had purchased wind power.

Through the end of his term in January 1999, Governor Romer continued to urge diversification of power sources and awarded a grant to the LAW Fund to expand the community-based marketing campaign by training and funding other nonprofits to undertake similar grassroots marketing efforts. These actions garnered extensive media coverage and successfully encouraged businesses and other municipalities to follow the governor's example.

Municipalities

Purchases of wind power by municipalities strengthen the program in more than one way. The purchases can be quite large compared with individual purchases by small businesses and residential customers. Furthermore, city and town participation sparks media attention, raises public awareness of green power, and sets an example for local citizens. Municipalities often have a strong network of outreach channels such as public access television, newsletters, and municipal legislation on issues like water quality and sewage treatment that generate news in the mainstream press. Denver and Boulder purchased substantial amounts of wind power and publicized their purchases extensively.

Paying the extra premium for wind power is cost-effective when compared with future bills for environmental cleanup, according to Basalt City Councilman Chris Lane, as reported in *The Aspen Times*. "When you look at the big picture," Lane said, "it's not costing us anything."

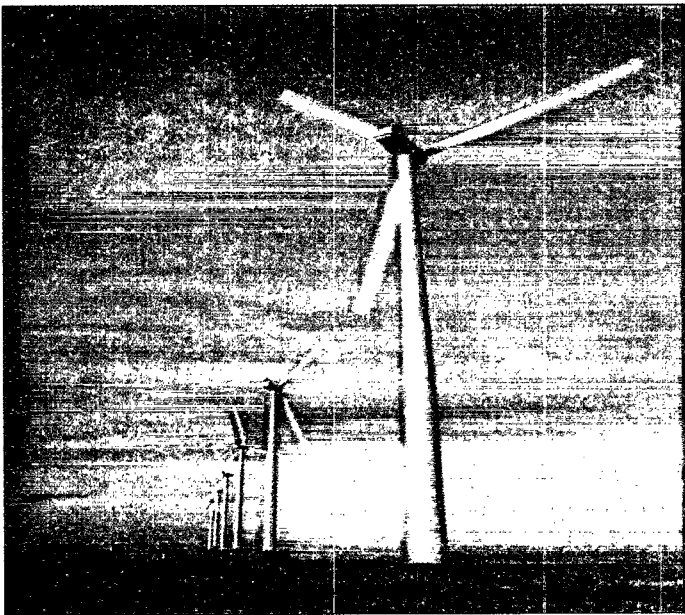
Businesses

Private-sector purchases of wind power create media attention and foster a sense of community stewardship. Businesses can promote the use of renewable energy to their customers, employees, and suppliers, and thereby increase demand. Often, businesses are eager to purchase wind power to improve their environmental image. The LAW Fund designed a personalized approach to appeal to specific business owners and kinds of companies.

Among small businesses, high-profile service organizations and businesses (hospitals, churches, restaurants, etc.) and businesses that serve environmentally minded customers (natural food stores, outdoor equipment retailers, etc.) were targeted as being the most likely to purchase green power. Small businesses were contacted initially via a letter, followed by a phone call and personal visit. In dense commercial districts, a street team of canvassers made contact with a large number of business owners in a relatively short time. When possible, support from the local chamber of commerce was used to encourage participation.

With large companies, those with an existing environmental ethic were targeted first in order to save time and enhance the likelihood of success. Each firm was researched to facilitate the development of a marketing proposal that would demonstrate to company officials the value of purchasing wind power. Large companies also were asked to partner with the LAW Fund to market wind power internally to their employees.

Although the additional costs were the most common reason given for declining to purchase wind power, large and small companies agreed that the public relations and publicity benefits received from purchasing wind power far outweigh the additional energy costs.



Ponnequin Wind Farm is Colorado's first wind installation.

As reported in *The Sunday Camera*, Jonathan Beggs, owner of the Bucking Brown Trout Co., a hiking and fly fishing store in Nederland, Colorado, said, "The additional cost was a concern. But I think that the benefits outweigh the cost of paying a little extra. I did it because [wind power]—being a pollution-free way of generating electricity—is appealing to me and I wanted to support it."

Residential Customers

The bulk of utilities' marketing is directed to residential customers. Marketing efforts include updates and other information mailed out as inserts with monthly bills or as separate direct mailings. The LAW Fund supplements these strategies by staffing tables at community events, making presentations to civic groups, and persuading environmental groups to include information about wind power in their newsletters. These activities serve mainly to educate consumers in the hope that they will consider purchasing some or all of their power from wind in the future.

The LAW Fund developed a Colorado Wind Power website with information about each of the 20 wind power programs in Colorado. The site provides facts about wind power, a list of participating businesses, and an interactive calculator of emissions savings. Customers who want to buy green power are able to sign up online.

Lessons Learned

The campaign proved that it is possible to generate demand for green power through grassroots marketing. The LAW Fund will apply the lessons learned as it takes its grassroots campaign to new markets.

Demand creates the need for more resource acquisition

The demand created by the grassroots campaign was an important factor in PSCo's decision to build an additional 25 megawatts of wind capacity to anticipate future demand from its customers. The popularity of the program shows that customer support can be a strong driving force for the implementation of renewable energy sources.

Participation can be diverse

Many green-pricing programs focus on residential customers. This project demonstrates that many businesses and public entities also are willing to pay for clean energy. The LAW Fund found this willingness among groups in a variety of geographic settings, as well as among organizations and companies with varying ideological viewpoints and economic status.

The message needs to appeal to values

Grassroots marketing of green power should emphasize the community ethic of purchasing clean and renewable energy. This message is similar to the approach used in the recycling campaigns that have become institutionalized in many communities. This type of ethic not only develops demand for green power, but also sustains that demand.

"The key to our success is an approach that develops a community ethic in support of wind power so that when people flip a light switch, they understand the link to air quality and the environment," says Rudd Mayer, director of the LAW Fund's Grassroots Campaign for Wind Power.

Transferability is essential

Grassroots marketing techniques should be transferable to virtually any location, technology, or market structure. The LAW Fund is working with groups in Utah and New Mexico to develop green pricing in those states, and it plans to work with groups in Arizona to market solar power.

Outside funding may be needed

A successful community-based approach may require funding from outside sources such as foundations and the federal government. Most community and nonprofit groups do not have the budget or resources to perform the required education, outreach, and marketing needed to succeed. To maintain credibility, funding for the community-based marketing effort should not come from the participating utility.

Partnering may present challenges

Unfortunately, some of the community and nonprofit groups best equipped to tackle a grassroots campaign may have an adversarial history with the participating utility company that could damage the marketing campaign. Working together on the green pricing issue, however, may serve to facilitate discourse on other environmental issues. However, it is important that the public is aware that the utility is not funding the marketing program.

Environmental groups may not receive credit

The participating utility may be reluctant to advertise its partnership with environmental groups because of past adversarial histories or the company's desire to be acknowledged for independent actions. Environmental groups that have dedicated time and effort to marketing wind power may become frustrated if they are not publicly recognized for their actions.

Training leaders can be expensive

An effective campaign requires people who are familiar with the utility industry and passionate about clean energy. Training new leaders if the campaign is expanded or transferred to other locations can be time-consuming and expensive.

Future green suppliers may be hindered

The grassroots campaign helps utilities establish their brand (name recognition) as green suppliers. When competition arrives in a community, the new green power providers may find it difficult to attract customers. But the benefits of current green pricing programs in reducing emissions and building community awareness may outweigh such potential problems.

Internal divisions may arise

Environmental groups disagree regarding green pricing. Some groups contend that marketing programs take time away from efforts to obtain public policy in support of renewable energy. The LAW Fund believes that green pricing has allowed it to provide critically important education and awareness in the community and does not detract from its legislative and regulatory efforts to promote clean energy use.

Looking Ahead

The Land and Water Fund plans to continue its work on the grassroots campaign with special emphasis on Denver businesses and large corporate customers. In addition, the LAW Fund hopes to spread its success by helping groups in other states organize similar programs. The LAW Fund is working to establish community-based campaigns in Arizona, New Mexico, and Utah. It is also proposing creative ways to help community-based programs stand on their own without financial support from grants, such as tapping into public funds that are being established in restructured electricity markets.

"Arizona, New Mexico, and Utah are three markets that are opening up, and we hope to use the things we learned in Colorado in those states," says Mayer. "Using clean energy is a small and easy, but important, thing to do to make the world a better place."

For More Information

Land and Water Fund of the Rockies

2260 Baseline Road, Suite 200
Boulder, Colorado 80302
Tel: 303-444-1188; Fax: 303-786-8054
E-mail: landwater@lawfund.org
Website: <http://www.lawfund.org>

Grassroots Campaign for Clean Power

Rudd Mayer
Green Marketing Program Director
Land and Water Fund of the Rockies
2260 Baseline Road, Suite 200
Boulder, Colorado 80302
Tel: 303-444-1188, ext. 227
Fax: 303-786-8054
E-mail: rudd@lawfund.org
Website: <http://www.cogreenpower.org>

U.S. Environmental Protection Agency State and Local Climate Change Program

Ariel Rios Building (6205J)
1200 Pennsylvania Ave, NW
Washington, DC 20460
Phone: 202-564-9410; Fax: 202-565-2095
Website: <http://www.epa.gov/globalwarming/actions/state>
Email: denny.andrea@epa.gov

