

## Colorado's Electricity Future: Our Perspective

Howard Geller, SWEEP  
Ron Lehr, AWEA Western Representative

Reliable, affordable, and cleaner sources of electricity are vital to Colorado's economic health and social well-being. The new report by the Colorado Energy Forum, *Colorado's Electricity Future*, is correct in pointing out that Colorado will need new electricity resources over the next 20 years. The key question before us is which resources to choose.

We believe the choice should be renewable sources of electricity such as wind and solar power, and improving the efficiency of electricity use. Taken together, these are Colorado's most cost-effective, environmentally benign, and reliable new resources. If aggressively pursued, these resources can meet all of our growing energy service requirements over the next 10-20 years. Increased reliance on conventional coal-fired power plants, on the other hand, is a high-cost, high risk strategy that should be avoided.

A forward-looking electricity policy Colorado should focus on:

- Maximizing the implementation of cost-effective energy efficiency measures, which could save consumers and businesses over \$1 billion net. Leading states and utilities are reducing electricity use by 1% per year through energy efficiency programs, more than twice the level of savings now being achieved in Colorado. Vigorous energy efficiency efforts also, like those supported by Governor Huntsman in Utah, would reduce pressure on Colorado's strained electricity transmission and distribution grids, in addition to saving money.
- Expanding renewable electricity production from wind power, solar, and biomass-based power well beyond the amounts now required. Xcel Energy claims it will meet Amendment 37's 10% renewables requirement in 2007, eight years early. It is time to raise the bar. Leading states such as Nevada, California, and Hawaii are requiring utilities to obtain at least 20% of their power from renewable energy sources, twice the requirement now in place in Colorado. Colorado has plentiful renewable resources at reasonable cost.

Building additional conventional coal-fired power plants should not be part of Colorado's electricity future, considering the following factors:

- Colorado already gets about 75% of its electricity from coal-fired power plants. Adding more coal plants will not diversify Colorado's electricity supply.
- New conventional coal-fired power plants are very expensive and time-consuming to build. Tri-State's recently built 400 MW coal-fired power plant (Springerville 3 unit) in Arizona cost over \$800 million, more than \$2,000 per kW. Xcel Energy is currently seeking a 10% rate increase to pay, in part, for its new coal plant in Pueblo.

- Conventional coal-fired power plants emit vast amounts of carbon dioxide (CO<sub>2</sub>), the main pollutant causing global warming. States such as California are starting to adopt regulations on CO<sub>2</sub> emissions from power plants; national regulations on CO<sub>2</sub> emissions and/or CO<sub>2</sub> emissions taxes are likely in the coming years. Such regulations and/or taxes will further increase the cost of electricity from coal-fired power plants. In addition, it is worth noting that Idaho has placed a moratorium on the construction of new coal plants, and Texas and New Mexico rejected proposed coal plants, due to concerns about increased pollutant emissions.
- Coal prices are rising and are now more than twice the level of a few years ago. Building new coal-fired power plants in Colorado and other western states would place further upward pressure on coal prices, and thus increase our electricity bills. There are also concerns about the reliability of coal supply given problems in coal transport by rail.

The Colorado Energy Forum's report devotes a good deal of attention to the adverse economic impacts of rising electricity prices and rising utility bills. Fortunately, we can limit further increases in utility bills through much greater reliance on cost-effective energy efficiency and renewable energy technologies, technologies which have proven their many benefits to consumers in recent years.

**Bottom line: Energy efficiency and renewable energy, not conventional coal-fired power plants, are the best choices for Colorado's electricity future from the perspective of saving money, improving reliability, limiting risk, and protecting the environment.**