



Speakout: Xcel can save Coloradans \$1 billion

**By Howard Geller, Special to the News
October 13, 2003**

Colorado's energy consumers will be hard hit by the recently approved increase in natural gas prices. But the pain could be relieved if Xcel Energy would treat energy consumers in Colorado the same way it treats consumers in Minnesota, its home state. Xcel could save Colorado's businesses and residents more than \$1 billion on their energy bills - and protect their health and the environment at the same time.

In Minnesota, Xcel spends \$40 million a year on programs that encourage greater energy efficiency. These programs include education, training and technical assistance on ways to save money by conserving energy. The programs also include cash incentives to encourage consumers to purchase efficient furnaces, water heaters and air conditioners, and cash incentives for businesses that purchase efficiency measures of all types. By its own accounting, Xcel's efficiency programs save households and businesses in Minnesota more than \$200 million each year.

But Xcel spends only \$15 million on energy efficiency programs in Colorado, even though it serves more customers in Colorado than in Minnesota. Even worse, Xcel plans to terminate its Colorado efficiency programs after 2005 - in spite of the fact that the programs save Colorado consumers money and yield other benefits. To its credit, Xcel has begun an ad campaign to encourage consumers in Colorado to conserve energy this winter. But an ad campaign is no substitute for the cash incentives and technical assistance Xcel provides in Minnesota.

Xcel recently announced that it is planning to build a new coal-fired power plant to meet Colorado's growing energy needs. If Xcel expanded its energy efficiency programs, this costly and polluting power plant could be deferred or avoided altogether. By spending \$40 million a year on efficiency programs in Colorado - the same amount it spends in Minnesota - Xcel could stimulate energy savings within a decade equivalent to the power supplied by a large, 500-megawatt power plant.

Avoiding a new coal plant of this size would save around \$750 million in construction costs. These costs, along with fuel and operating costs, ultimately would be passed on to consumers.

So instead of building an expensive power plant, Xcel could save itself and its consumers a bundle by taking the energy efficiency path. If Xcel made a strong commitment to efficiency programs in Colorado, consumers and businesses could save more than \$1 billion on their energy bills between 2004 and 2020. That's money Coloradans could use to pay down their debt, invest in their homes and businesses, spend on recreation, etc.

As side benefits, taking the energy efficiency path would reduce power plant operations and thus pollutant emissions, emissions that are a known cause of asthma and other respiratory diseases. Energy efficiency also saves precious water resources because coal-fired power plants consume large amounts of water in their cooling systems. For example, a 500 megawatt coal-fired power plant uses around 1.8 billion gallons of water per year, equivalent to the water use of about 10,000 households.

If Xcel is not willing to voluntarily expand its energy efficiency programs, the Colorado legislature should require the company to do so.

In fact this is how efficiency programs got established in Minnesota, where legislation adopted in 1991 requires utilities to operate well-funded efficiency programs. This legislation also allows utilities to make a substantial profit on these programs if they are cost-effective and benefit consumers. The same approach should be taken in Colorado, making energy efficiency a "win-win" proposition for consumers and utilities.

At a time when energy prices are skyrocketing and the economy is down, it makes sense to expand energy efficiency programs in Colorado. Doing so would help consumers and businesses lower their energy bills, reduce air pollution and lower water use. Xcel Energy operates robust energy efficiency programs for its customers in Minnesota, and it should do the same for its customers in Colorado.

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