PRESS RELEASE

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NATURAL GAS CONSERVATION CAN OFFSET RISING PRICES
Group Outlines Effective Programs to Protect Consumers

(Boulder, CO) -- Natural gas prices in Colorado are now triple the level they were last year. When gas demand climbs during the coming heating season, gas prices are expected to head even higher. What should be done to protect Colorado’s consumers and businesses from a serious “gas price shock” this winter and in the coming years?

It is not possible for policy makers to lower the price of natural gas, because it is set by the marketplace, which considers supply and demand at the regional and national levels. And it is too late to expand gas supply significantly in the short run, given the time needed to develop new natural gas supply infrastructure.

But it is possible help consumers and businesses lower their natural gas use, and thus their natural gas bills, through stepped up energy conservation efforts. In fact, consumers could save 20 percent or more through these measures. The Southwest Energy Efficiency Project (SWEEP) has called on the main gas utility in Colorado, Xcel Energy, and state policy makers to initiate major new gas conservation programs starting this winter. “Most households and businesses can reduce their natural gas use by 20 percent or more by adopting practical, cost-effective efficiency measures such as higher efficiency furnaces and water heaters, better building insulation, better windows, programmable thermostats, sealing leaky buildings and air ducts, and the like,” said Howard Geller, SWEEP’s Executive Director.

SWEEP urges Xcel Energy and other gas utilities in Colorado to help their customers identify and adopt these energy efficiency measures by offering a combination of information, low-interest loans, and financial incentives. “Gas companies operate comprehensive energy conservation programs along these lines in at least nine states, but not in Colorado,” said Geller. “In fact, Xcel Energy operates well-funded, effective gas conservation programs in Minnesota, and they should be able to transfer this know-how to Colorado relatively quickly.”

SWEEP has urged Xcel Energy to develop and implement comprehensive gas conservation programs in Colorado this winter, with the cost recovered through a utility bill surcharge as is now the case for its electricity conservation programs. Despite this surcharge, customers as a whole will see lower energy bills due to conservation. SWEEP also has urged Gov. Owens’s

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energy advisor and the state Public Utilities Commission to support such an effort. "The natural
gas crisis comes at a time when the economy is down and many households and businesses are
struggling financially," Geller added. "Gas utilities and state officials should do everything they
can to minimize the hardship caused by skyrocketing natural gas prices." To date Xcel Energy
and state officials have not responded to SWEEP’s proposal, but the groups are planning to meet
to discuss the situation.

Based on experience elsewhere, programs for encouraging conservation include:

- Paying a portion of the cost of energy audits for households and smaller businesses to
  assess where each could save energy;
- Certifying energy auditors and retrofitters, and helping to promote the services of
certified auditing and retrofitting firms;
- Increasing co-funding for weatherizing low-income households;
- Offering low-interest loans to finance major energy retrofit projects by households and
  businesses;
- Providing financial incentives, such as rebates, to those purchasing proven gas
  conservation measures, including high-efficiency gas furnaces and boilers, high-
efficiency gas water heaters, heating system tune-ups, air duct sealing, ENERGY
  STAR® clothes washers and dishwashers, and programmable thermostats; and
- Giving away low-cost gas conservation measures such as low-flow showerheads, faucet
  aerators, and water heater insulation wraps.

Given the gas conservation potential that exists and the program experience in other states,
SWEEP recommends that gas utilities in Colorado spend at least $20 million per year on gas
conservation programs. In addition, SWEEP recommends that electric utilities including Xcel
Energy expand their electricity conservation programs, since this will reduce natural gas use for
power generation and also help consumers and businesses lower their utility bills. "Energy
conservation is the best way to take the sting out of rising gas and electricity prices," Geller
concluded.

About SWEEP: The Southwest Energy Efficiency Project (SWEEP) is a public interest organization
dedicated to advancing energy in Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming. For
more information, visit the SWEEP website at www.swenergy.org.

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