

guest commentary

The cheapest energy is that which isn't consumed

By Kirpal Singh and Howard Geller
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Are energy costs taking up an increasing part of your budget? If so, you're not alone. Increasingly throughout Colorado, energy costs are eating up a growing portion of household budgets, causing hardship especially for low- and moderate-income families.

Last year Colorado took an important step to addressing this issue by passing legislation that directs investor-owned utilities like Xcel Energy to expand energy-efficiency programs for their customers. In response to this legislation, Xcel has proposed investing more than \$60 million per year in energy-efficiency programs. The utility estimates that over the next 13 years, these programs will save consumers and businesses \$1.3 billion while eliminating the need for at least one large and polluting power plant.

Investor-owned utilities supply about 60 percent of the electricity consumed in Colorado. The rest is provided by municipal utilities and rural electric co-ops. A few of these utilities, such as the Delta Montrose co-op and the Fort Collins municipal utility, offer a broad range of energy-efficiency programs for their customers. But most municipal utilities and co-ops do not. This results in electricity waste and high-demand growth, forcing utilities to invest in costly new sources of power and raise their electric rates. Tri-State Generation and Transmission, the main supplier of electric power to rural electric co-ops in the state, raised its wholesale power rates by 48 percent in the last four years alone. Furthermore, inefficient energy use leads to unnecessary pollution from power plants.

Investing in energy efficiency is a better deal for consumers and the environment. As Gov. Bill Ritter has stated, "The cheapest watt of electricity is the watt that isn't consumed at all. It's called the negawatt."

Fort Collins' municipal utility is demonstrating that this really is the case. Its efficiency programs save energy at an average cost of 1.5 cents per kWh, one-quarter the cost of electricity supply.

Fortunately, the Colorado legislature is working to address this problem. House Bill 1107, sponsored by Rep. Claire Levy, will expand energy-efficiency programs implemented by municipal utilities and rural electric cooperatives in Colorado. It complements the legislation targeted to investor-owned utilities passed by the legislature last year.

HB 1107 directs covered utilities to spend at least 2 percent of their sales revenues on cost-effective energy-efficiency programs for their customers starting in 2010, programs such as low-cost energy audits, rebates on high efficiency appliances, and cost reductions for compact fluorescent light bulbs. The bill applies to 30 electric utilities in the state, serving more than 900,000 customers.

HB 1107 will lead covered utilities to spend at least \$32 million per year on energy-efficiency programs. Each utility is given the flexibility to decide which energy-efficiency programs to offer. The estimated savings are significant: 420 megawatts of reduced peak power demand and 1.5 billion kilowatt-hours per year less electricity use by 2020. The latter is equivalent to the electricity use of more than 170,000 typical households in Colorado.

If this legislation is adopted, consumers and businesses in these service territories will realize \$600 million in net economic benefits as a result of efficiency measures installed from 2008 to 2020, bringing the same benefits enjoyed by the rest of Colorado. And the environment will benefit too. In particular, carbon dioxide emissions by power plants will decline 1.4 million metric tons per year by 2020.

It is time for all utilities in Colorado to make promoting energy efficiency a top priority. And we aren't the only ones saying so. The same message was just delivered to utilities across the country by three of Wall Street's biggest investment banks — Citigroup, J.P. Morgan Chase, and Morgan Stanley. By enacting House Bill 1107, the legislature can advance energy efficiency in Colorado, thereby aiding families struggling with rising energy bills and cutting air pollution at the same time.

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