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Report critical of Tri-State's construction plans

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MONTROSE — A plan to build \$5 billion in new electrical power plants could hit local utility customers in the pocketbook, according to a recent report.

Tri-State Generation and Transmission Association provides electrical power to 44 cooperative members, including the Delta-Montrose Electrical Association. Since the early 1990s, the organization has proposed building a new coal-fired power plant in eastern Colorado, along with two other projects. The recent population increases in its service area, which includes Colorado, Nebraska, Wyoming and New Mexico, have placed supply pressures on the organization.

"We have been experiencing constant growth for years," Tri-State spokesman Jim Van Someren said.

At the Aug. 5, 2005 meeting, Tri-State's board of directors approved \$5 billion in new power generation. The organization believes the new plants are the best way to provide quality, consistent power to its members.

Van Someren said the organization is already reaching capacity and has been purchasing electricity on the open market to meet demand. He said it is more cost effective to build new power plants than to purchase.

Rick Gilliam, senior energy policy advisor for Western Resource Advocates, said Tri-State has other options than building giant coal-fired plants. Gilliam, along with Howard Geller of Southwest Energy Efficiency Project, recently produced a report that analyzed Tri-State's projects and looked at other methods to achieve the needed power.

"They don't have the load growth to justify (the new plant construction)," Gilliam said.

He said his analysis showed that wholesale electrical rates could increase 65 percent in the next few years because of the new construction. He said the increase does not take into account the natural increase in electrical rates, which have gone up over 20 percent in recent years.

DMEA spokesman Tom Polikalas said about 60 percent of wholesale increases are passed on to residential customers. So, a \$1 increase in wholesale rates means a 60-cent increase to DMEA members.

Gilliam said Tri-State could achieve the same goals with increased conservation and management of its electrical contracts. He said the organization sells power to other utilities in the region but he said many of these contracts expire in the next 10 years. Once the contracts are finished, Tri-State can bring the excess capacity back to its cooperative members.

He said a report issued recently by Tri-State only justifies the decision to build new coal-powered power plants and does not look at other alternatives, including wind and solar power generation.

“Energy efficiency can help bring things more in line with demand,” Gilliam said.

Van Someren said Tri-State disagrees with Gilliam and Geller’s report.

“They don’t have the data to support that,” he said.

He said rates will increase in the next few years but not as drastically as predicted by the report. Tri-State estimates that wholesale utility costs to its members will increase 7 to 12 percent annually for the next three to five years.

“It does show some immediate upward pressure,” Van Someren said, adding, “I do not doubt that our rates will increase in 2007.”

Tri-State has increased wholesale prices four of the last five years.

Van Someren said Tri-State is not responsible for encouraging reduction in energy consumption. He said it does have some conservation programs but its primary mission is to provide power to its members.

DMEA General Manager Dan McClendon said he understands both sides of the debate. He said Tri-State must provide reliable power to its members but it also has a responsibility to look at all the alternatives.

“DMEA supports having an adequate power supply,” McClendon said.

He said Tri-State is not pursuing other alternatives because of its history. It was created in the 1950s to provide power to rural communities and is built on the model of large power plants.

“That’s what they have been in the past, and I guess what they will be in the future,” McClendon said.

He said Tri-State should coordinate with its members to encourage the use of new technology to reduce power consumption. McClendon said DMEA “strongly voiced our input” but he said it appears the majority of the 44 members on the board want to move forward with the new plants.

McClendon said he has heard the price of wholesale power will increase 40 percent over the next six years. He said Tri-State must be accurate in its forecast for projected demand increases. If excess power is created and no demand exists, Tri-State’s members will get stuck with the bill.

To reduce its risk, McClendon said DMEA wants more flexibility in the purchase of power. It would like to build renewable power generation on the Western Slope but Tri-State has not been receptive to the idea.

“We don’t have the ability because of the contract,” McClendon.

He said DMEA has considered lobbying for federal legislation, in order to get the flexibility it desired.

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