



Southwest Energy Efficiency Project

Saving Money and Reducing Pollution through Energy Conservation

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 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.