

Guest Commentary: Efficiency that saves money, cuts pollution

By Howard Geller

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The plan to retire a number of Xcel Energy's older coal-fired power plants and replace them with cleaner natural gas-fired power plants will dramatically reduce pollutant emissions by power plants in the metro Denver region, thereby improving air quality and public health.

On the flip side, Xcel Energy estimates it will cost about \$1.3 billion to implement the plan, leading to about 2.4 percent higher electricity rates after 10 years.

Lost in the debate over how to achieve cleaner air in the metro area is the role that increasing energy efficiency can play. Energy efficiency measures — such as Energy Star appliances, efficient light bulbs, better-insulated, tighter buildings, and more efficient cooling systems — lower the utility bills paid by households and businesses. They also result in power plants burning less fuel and emitting fewer air pollutants. And jobs are created to manufacture, sell and install energy-efficiency measures.

As a result of 2007 legislation and subsequent policies adopted by the Colorado Public Utilities Commission (PUC), Xcel Energy ramped up its energy-efficiency programs starting in 2009. These programs educate consumers and businesses, provide technical assistance, and help pay for the purchase and installation of many types of efficiency measures. The programs save electricity at a cost far below that of supplying electricity from new power plants, so that all customers benefit from the energy-efficiency programs.

The impacts are significant. Xcel Energy estimates that energy-efficiency programs implemented in 2009-10 alone are saving about 475 million kWh per year, equivalent to the electricity consumed by over 60,000 typical households. These programs are expected to save customers about \$430 million — after accounting for the cost of the programs and efficiency measures, as well as for the profit that Xcel earns by investing in energy efficiency. In addition, the 2009-10 energy-efficiency programs are expected to reduce carbon dioxide emissions by about 4.2 million tons and sulfur dioxide emissions by 2.9 million pounds.

The PUC is now reviewing the long-term energy and peak demand savings goals for Xcel's energy-efficiency programs. These goals should be increased to the highest levels that are technically feasible and economically justified. By 2020, two or three large power plants can be avoided if ambitious energy savings and peak reduction goals are adopted and met. At the

same time, the commission should ensure that Xcel is not penalized financially and is able to earn a reasonable profit when it helps its customers save energy.

The Colorado legislature also can take steps to support higher energy efficiency. It should require all electric utilities in Colorado, not just Xcel Energy, to implement comprehensive and well-funded energy efficiency programs for consumers. The legislature should ensure that consumers and businesses have the information necessary to make an energy-efficient choice when purchasing or renting a home or commercial property. And it should direct cities and counties to adopt up-to-date energy codes for new buildings. All of these actions would save money, cut pollution, and create jobs — a powerful combination that should have broad political appeal.

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