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Utility eyes two new coal plants

Xcel chairman cites state's power needs

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It may take two new coal-fired generation plants at a cost of \$2 billion and another large wind farm to meet rising demand for power in Colorado.

Xcel Energy chairman and chief executive Wayne Brunetti acknowledged for the first time Thursday in Denver the potential need for a second new coal plant.

Economic developers most likely will favor the expensive new project for the jobs and tax revenues it would create, but environmentalists are anxious about the pollution it might generate.

In remarks to the National Western Mining Conference Thursday, Brunetti said Xcel needs to add 1,600 megawatts of new generation by 2012 and must renew existing purchase agreements with independent power producers whose natural gas-fired turbines supplement Xcel's coal, wind and hydroelectric facilities.

One megawatt supplies the electric needs of about 1,000 homes.

Until Thursday, Xcel had publicly discussed the likelihood of just one new coal plant to meet power demand during the next decade.

In an interview following his speech at the mining conference, Brunetti said a second coal-fired plant and another wind farm as large as the new Colorado Green wind facility south of Lamar may be necessary to meet growing power demand. The wind farm cost \$212 million.

The new coal plants could range in size from 500 to 750 megawatts, he said. A 750-megawatt coal-fired plant would cost about \$1 billion, Xcel officials said.

Brunetti said high costs of natural gas are steering the utility toward greater reliance on new coal and wind-power generation projects.

However, he said Xcel is cautious about making wind too big a part of its portfolio because wind is intermittent and doesn't provide a steady stream of power.

Xcel, through its Public Service Company of Colorado subsidiary, said last September in a filing to state regulators that it will consider a new coal-fired station at one of two existing power plants - the Pawnee station near Brush or the Comanche station near Pueblo.

Brunetti said the new plant could be ready to operate by 2010. He said there is no proposed time schedule for the possible second new coal-fired station.

Environmental advocacy groups have criticized Xcel for not using enough conservation and energy-efficiency mechanisms to avoid the need for building new power generation.

"The missing piece here is making reductions in energy demand through efficiency," said John Nielsen, energy program director of Boulder-based Western Resource Advocates. "If they could shave 1 percent off their projected energy demand, right there they could save one coal plant."

Although Brunetti said energy conservation is part of Xcel's planning process, Nielsen said the utility has resisted regulatory and legislative measures to mandate conservation and efficiency.

A bill introduced this year by Colorado lawmakers and backed by Boulder-based Southwest Energy Efficiency Project would have required Xcel to reduce its customers' total energy use by one-half percent each year for 15 years through incentives and energy-saving devices.

The bill died last week in committee.

Brunetti said that over the past decade, demand for power on Colorado's hottest summer days has grown 60 percent, primarily because of the growing popularity of home air conditioners.

He noted that when he and his wife moved to Colorado in 1994, they had trouble finding a home with air conditioning.

Now, he said, almost all new homes have central cooling, and many homeowners have retrofitted their older homes with air conditioning.