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Xcel: Colo. bid rule imperils plant plans

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Xcel Energy will drop its proposal for a new coal-fired power plant in Pueblo if Colorado regulators don't exempt the utility from state bidding rules.

Xcel CEO Wayne Brunetti said Wednesday that Xcel is the only logical company to build the \$1.3 billion power plant.

Said Brunetti, "We would walk away from it" if the Colorado Public Utilities Commission doesn't approve Xcel's request for an exemption from competitive-bidding requirements.

Xcel proposed this year the 750-megawatt expansion of the Comanche generating station in Pueblo as the biggest single component of a new plan to provide power for Colorado's growing needs.

State regulations adopted in 2002, and supported then by Xcel, require competitive bids for the construction of any power station of more than 250 megawatts.

One megawatt serves about 1,000 people.

Xcel's request for a bidding exemption is being contested by the Colorado Independent Energy Association, a group of unregulated power producers.

Nick Muller, executive director of the group, said Xcel's threat to withdraw from the project is intended to put pressure on the PUC.

"If it's a good project for the ratepayers, it ought to be able to withstand the competition that comes from the bidding rules," Muller said.

But Brunetti said Xcel is the only entity with the financial power and expertise to build the plant.

"We are the logical builders," he said. "We run coal plants extremely well."

The commission is expected to rule on Xcel's bidding-exemption request in November.

"The decision will be based on the facts of the case and not by any ultimatum issued by a regulated company," the PUC's Barbara Fernandez said.

Brunetti's remarks came before a speech he gave Wednesday in Denver to the World Renewable Energy Congress.

Xcel is touting its "green energy" credentials even as it seeks defeat of a renewable-energy initiative on November's ballot.

Brunetti said the utility is committed to increasing its share of electricity generation from renewable sources such as wind and waste materials.

But in prepared remarks, Brunetti said Xcel's support for renewable energy stops when it runs the risk of harming the utility's system reliability or costs.

"If renewable energy is going to be truly viable for the future, we have to do it right," he said. "We have to balance the obligations to customers with our commitment to protect the environment."

Xcel is proposing to add 500 megawatts of wind-generated power in Colorado as part of a new resource plan that also includes the new coal-fired power plant in Pueblo.

A Colorado environmental group issued a report Wednesday criticizing Xcel's coal plant proposal and the company's opposition to Amendment 37, which would require state utilities to generate 10 percent of their power from renewables by 2015.

"Wayne (Brunetti) can't have it both ways," said Mark Detsky, an energy attorney with Environment Colorado. "You can't pursue renewable energy and proclaim yourself as a champion of renewable energy and at the same time pursue the largest coal plant in Colorado in the last three decades."

The report by Denver-based Environment Colorado and the Southwest Energy Efficiency Project in Boulder said the proposed coal plant would contribute to global warming, emit toxic mercury and consume large quantities of water.

The report said that by using renewable power and efficiency incentives instead of the coal plant, Xcel could save customers \$2 billion over 20 years.

Xcel has said the plant is needed to meet the fast-growing demand for power at a time when prices for natural gas - another major generating fuel - are rising. The coal plant would use the best available emissions technology, officials said.

Xcel officials said the utility is opposed to the ballot measure because it requires customers to pay for renewables regardless of cost. In addition, it is unneeded, they say, because of Xcel's proposal to triple existing wind-power capacity with the addition of 500 megawatts.

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