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Locals question Xcel's coal plant plans

Critics say company should focus on energy conservation

By Todd Neff, Camera Staff Writer
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The proposed coal plant is 140 miles from Boulder, but its potential impact on the environment — and on wallets — has local people lining up in opposition.

The \$1.3 billion, 750-megawatt coal-fired power plant planned by Xcel Energy in Pueblo would generate enough electricity for about 750,000 households once completed in 2009. Xcel says it needs a third Pueblo coal plant to feed the Front Range's growing hunger for electricity.

The plant is part of a 10-year "Least-Cost Resource Plan" that Xcel Energy has put before the Colorado Public Utilities Commission. The plan explains how Xcel wants to generate power over the next decade.

"This case has generated more interest and participation than any other I can recall, and probably for good reason," said Public Utilities Commission spokesman Terry Bote.

The power plant — and the plan in general — has attracted a diverse group of critics, ranging from environmental advocates to independent energy producers. The public has a chance to comment today in Pueblo City Hall and on Monday in Denver. Formal hearings start Nov. 1.

One point emphasized by critics is that the plant's costs would hit Xcel customers' energy bills in January 2005 — at least four years before it goes on line.

Xcel would charge residential customers 89 cents a month to pay for the plant. Businesses would pay \$1.89 a month. That shifts the financial risk from Xcel shareholders to customers, said Mark Detsky, energy attorney with Environment Colorado in Denver.

Xcel also wants to skip the competitive-bid process usually mandated by the Public Utilities Commission and build the plant itself. Critics say that would increase costs.

Xcel spokeswoman Margarita Alarcon said Xcel was charging customers in advance to reduce the long-term cost of financing the plant, and the move would eventually lower bills as a result. She said the no-bid contract would end up cheaper because of Xcel's experience in building power plants.

The city of Boulder, the Southwest Energy Efficiency Project, Western Resource Advocates and the Boulder Renewable Energy & Energy Efficiency Working Group are among local organizations opposing the plan.

Coal plants produce pollutants such as acid-rain-causing sulfur dioxide as well as mercury, which is toxic to developing human brains. Coal plants are also major emitters of greenhouse gases, and building the new plant in Pueblo would commit Colorado to greater carbon-dioxide emissions decades into the future.

In addition, it could cost the ratepayers later.

The United States eventually will join the international efforts to cut carbon emissions, said Eric Guidry, staff attorney with Western Resource Advocates. When that happens, Xcel could end up spending more on environmental regulatory costs, he said.

In addition to building more wind capacity, environmental advocates say the coming years will make currently expensive solar energy more economical. Amendment 37, the renewable-energy initiative on November's ballot, would require Xcel to provide 10 percent of its Colorado energy through renewable sources by 2015. A 2percent solar requirement would be a part of the law.

"By the time they get Pueblo built, photovoltaics will be cost-competitive, and probably a lot cheaper than burning coal," said Leslie Glustrom, a climate-change activist in Boulder. "It's \$1 billion going down the wrong road."

Xcel's plans also give short shrift to energy conservation, said Howard Geller, executive director of Boulder's Southwest Energy Efficiency Project.

Although the plan contains language to allow Xcel to bid out energy conservation projects, it lets expire a five-year, \$75 million Colorado program including things such as rebates for high-efficiency air conditioners. Geller said that plan is on track to cut peak demand by 124 megawatts.

Electricity conservation programs — called demand-side management — that Xcel runs in Minnesota have cut peak demand by more than 110 megawatts annually. Geller estimates that if Xcel spent \$250 million on energy conservation between 2005 and 2010, peak demand would fall enough to avoid the need for the new coal plant.

Geller says it all boils down to money. Coal plants are massive investments, and regulators calculate the profit Xcel is allowed to earn as a percentage of the value of its capital investments, or rate base. The more capital, the higher the rate base, the more profit, he said.

"A large, capital-intensive coal-fired power plant is designed to benefit Xcel Energy's shareholders, and not the customers," Geller said.

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