



Testimony

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Before the Public Utilities Commission**

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Docket 10M-245E

Public Service Company of Colorado Compliance with HB 10-1365 –Clean Air-Clean Jobs Act

On behalf of the Rocky Mountain Climate Organization (RMCO), I am testifying in support of the plan proposed by Public Service Company of Colorado (Xcel Energy) to comply with the provisions of House Bill 10-1365. This bill, was one of the most important steps that the General Assembly took during this year to reduce Colorado's contribution to climate disruption.

HB 10-1365 partially implements one of the recommendations of the blue-ribbon Climate Action Panel (CAP) that RMCO convened to recommend ways to reduce our state's contributions and vulnerabilities to climate change. Governor Ritter has adopted as state policy the emission-reduction goals recommended by the Climate Action Panel. RMCO now supports actions to reach those goals, including both the action items in Governor Ritter's Colorado Climate Action Plan and the other actions recommended by the CAP.

First, though, some background on RMCO and our Climate Action Panel. RMCO is a mainstream coalition with 26 partner organizations, including 14 local governments, Colorado's largest water provider, 5 businesses, and 6 nonprofit organizations. We work to keep the West a special place by reducing climate disruption and its effects here.

RMCO convened the Climate Action Panel to recommend actions to reduce Colorado's contribution and vulnerability to climate change. Patterned after projects to develop climate action agendas in other states, including many in the West, the Climate Action Panel was the first in the nation to be convened by a non-profit organization. We designated as Project Directors Mayors John Hickenlooper of Denver, Doug Hutchinson of Fort Collins, and Steve Burkholder of Lakewood; Summit County Commissioner Tom Long; Matt Baker of Environment Colorado; former Senator Gary Hart, now at the University of Colorado-Denver; Gail Klapper of the Colorado Forum; Pat Vincent, then the head of Xcel Energy's operations in Colorado; and Al Yates, the former president of Colorado State University. The Project Directors then appointed 34 leaders from the state's public, private, and non-profit sectors to serve on the Climate Action Panel. Additional experts and representatives of various sectors in the state assisted the panel by participating in six Policy Work Groups that developed draft recommendations for the consideration of the full panel. Altogether, considering members and alternates of the panel and the Policy Work Groups, 116 Coloradans worked for a year to develop the panel's recommendations. They were supported by technical and cost-effectiveness analysis provided by a team of substantive experts working for the Center for Climate Strategies, just as similar state-government panels across the country have been supported by CCS and its experts.

The CAP recommended 70 actions to be taken in Colorado, consisting of 55 recommendations to reduce heat-trapping greenhouse gases and 15 recommendations to prepare the state for the changes that may be coming. The year-long process built a strong consensus, with 61 of the 70 recommendations agreed to unanimously, with seven others agreed to by super-majority votes (with five or fewer dissents). The Panel's full report is available at www.coloradoclimate.org.

The centerpieces of the CAP recommendations and the official Colorado Climate Action Plan that Governor Ritter announced right after the panel's report are identical. As recommended by our panel, Governor Ritter adopted as state policy the goals of reducing Colorado's emissions of heat-trapping gases 20 percent by 2020 and 80 percent by 2050, compared to 2005 levels. Achieving the 2020 goal will require a 37 percent reduction in the emissions that are forecast to otherwise occur that year under laws and practices in effect in September 2007.

To continue the consensus-building success of the CAP, RMCO is now in the second stage of the Colorado Climate Project, in which we are continuing to work with diverse organizations and interests to flesh out details for implementation of the CAP recommendations, to build broad public support for those recommendations and for the Governor's Climate Action Plan, and to get them adopted. Two of the CAP's most important recommendations to achieve the state's goals for reducing heat-trapping gases were addressed by the General Assembly during its 2010 session. HB 10 – 1001 strengthens by 50 percent the current renewable portfolio standard (RPS) and HB 10 – 1365 requires electric utilities to replace older coal plants with sources at least as efficient as a modern high-efficiency gas plant. While the CAP recommendations (numbered ES-2 and ES-15 in the panel's report) apply to all electric utilities, including rural electric cooperatives and municipal utilities, these two new laws apply only to investor-owned utilities. Also, the CAP's generation standard applies to all new non-peaking power plants, in addition to replacement of aging coal plants. Full implementation of the CAP generation standard, alone, would achieve an estimated 4 percent of the emission reductions needed to meet the state's goal for 2020. That represents an estimated reduction in carbon dioxide emissions of 2.3 million metric tons in the year 2020, compared to emissions under a 2007 baseline, at a cost savings of \$1 per ton of carbon dioxide avoided. The experts analyzing the effects of fully implementing both of these measures concluded that there would be overlapping effects between these measures, but that together they could cover as much as 9 percent of the emission reductions needed to achieve the state's 2020 goal.

Of the 55 recommendations made by the Panel related to emissions reductions, 33 were analyzed quantitatively in terms of their effects on emissions. Those 33 alone would achieve three-quarters of the reductions needed to meet the 2020 goal recommended by the Panel and adopted by the Governor. Other recommendations that were not analyzed quantitatively would also lead to emission reductions. Actions by the federal government also can reduce emissions. The Panel concluded that emissions can be reduced enough to meet the goals.

The best news is that taking the steps recommended by the Panel would strengthen Colorado's economy. Of the 33 measures that were analyzed quantitatively, 27 were analyzed in terms of their cost-effectiveness. As a whole, those 27 actions would save Coloradans a total of \$2.6 billion by 2020. Additional economic benefits would also accrue to the state in terms of job creation as taking the actions recommended by the Panel would make Colorado a leader in the new energy economy that is rapidly evolving in the nation and the world.

Doing our part to reduce emissions is also important to reduce Colorado's vulnerabilities to a disrupted climate. The most important of those vulnerabilities probably is a projected likely decrease in water supplies. Although there is a range of projections about the possible effects of an altered climate on our water supplies, most projections are for decreases in overall water flow. If that occurs, it will be that much harder to meet our state's water needs, especially as our population continues to grow. Among the many other likely impacts of climate change here are increases in insect infestations in our forests, such as the mountain pine beetle epidemic now killing virtually all of the mature lodgepole pine trees in the state; more wildfires; more heat waves; and more prevalence of illnesses such as West Nile disease. What we do in Colorado, by itself, obviously cannot be enough to prevent those impacts. But we certainly can do our share. And we can help lead the way and show the nation and world what can be done.

Let us be clear that, although there are many benefits to the actions that we can take here, such as those recommended by our Climate Action Panel, neither these actions nor the benefits flowing from them will occur automatically. Under current law our emissions of climate-changing pollutants are projected to continue rising. It will take many new policies and many new actions to reduce emissions enough to meet Colorado's official state goals.

To meet those goals, the adoption of new policies to reduce emissions of heat-trapping gases from the ways we meet our energy supply needs must play a key role. The inventory and forecast of greenhouse gas emissions that was performed for the state government and the CAP showed that in 2005 about 37 percent of total emissions came from electricity consumption. By 2020, this sector's emissions were projected to rise 23 percent from the 2007 baseline.

We applaud the Commission's comprehensive approach to working with the state's electricity generators to pursue an integrated suite of actions to meet energy needs while at the same time meeting goals and standards for air quality and carbon dioxide emission reductions. We are especially impressed that Xcel's analyses of its preferred HB 1365 compliance plan includes the integration of clean renewable sources of energy as well as of energy efficiency through more aggressive Demand Side Management programs. Those analyses point out that under the plan carbon dioxide emissions would be reduced by more than 20 percent by 2016, compared to 2005 levels, exceeding by four years the 2020 goal proposed in the Governor's Climate Action Plan. By 2023, a 30 percent decrease in carbon dioxide emissions is projected. In addition, Xcel's analyses project the preferred plan will put it on track to meet the new 30 percent RPS standard.

Achievement of these goals would represent significant accomplishments in meeting and even surpassing the goals and targets set by the Governor's Climate Action Plan and the recommendations of the Climate Action Panel convened by RMCO. We generally support Xcel's preferred plan and encourage the PUC to work with the company and key stakeholders in working out the details needed to achieve at least the reductions in heat-trapping gases the plan identifies.

Thank you for the opportunity to offer our testimony.