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Public Utilities Commission Approves Wind Contract Order paves way for 3rd-largest wind plant in U.S.

Boulder, CO— The Colorado Public Utilities Commission (PUC) last week approved a contract between Xcel Energy and GE Wind that paves the way for a construction of a large new wind farm near Lamar, Colorado. The ruling confirmed an earlier PUC decision that the wind farm was cost-competitive with fossil-fueled power plants and would save customers money. As part of the contract approval, Xcel will be allowed to fully recover the costs of the wind facility. At 162 megawatts, the new wind farm will be the third-largest in the nation and will produce enough electricity each year to meet the needs of roughly 75,000 homes.

The Land and Water Fund of the Rockies, a regional environmental law and policy center and a leading proponent of the Lamar wind facility, commended the PUC for its decision. "This is great news for Xcel's customers and Colorado citizens in general. This wind farm will save Xcel's ratepayers nearly \$7 million dollars and will help protect consumers from the risk of rising natural gas prices," said Energy Project Director John Nielsen. He noted that the wind plant does not emit harmful air pollutants and, unlike many fossil-fuel power plants, does not require water for cooling. This is an additional benefit, given recent drought conditions in the state. The Land and Water Fund has been active in the PUC proceedings involving the wind project, and it participated in the settlement discussions on the wind contract.

Residents of Southeastern Colorado were also pleased with the PUC's order. Southeastern Colorado has among the lowest per capita income of any region in the state and the \$160-million project is expected to bring substantial economic benefits to the region. "We are in desperate need of new economic development that will mitigate the almost ruinous results of the drought in this region which is so dependent on agricultural products and cattle. The Lamar Wind Project will provide a much-needed boost for the economic conditions of the hard-working folks in this region," said Leon Sparks, Superintendent of the Lamar Utilities Board. Southeastern Colorado has some of the nation's best wind resources. The Lamar Utility Board is planning its own 5-megawatt project in the area, as well.

The contract negotiations over the wind farm were the result of a February 2001 PUC decision in which the PUC ordered Xcel to enter into negotiations with Enron Wind Corp, the originally sponsor of the project. The PUC decision was based on the economic benefits of the wind plant, and was enacted over Xcel's objections. However, the wind project was jeopardized earlier this year, when Enron Wind's parent company Enron Corp, filed for bankruptcy. Talks were resumed and a new contract was successfully negotiated when GE Power Systems purchased Enron Wind and committed to move forward with the project.

According to the Land and Water Fund's Nielsen, Xcel deserves credit for seeing the deal through to the end. "Given the Enron situation, Xcel had several opportunities to pull back from the project. However, despite their initial objections to the plant, they pushed ahead with the negotiations and closed the deal."

Nielsen also praised the PUC Staff, the Colorado Office of Consumer Counsel, and GE Wind for their efforts. "Wind farms are different from natural gas plants in that they can't simply be turned on and off in response to demand fluctuations. This required some non-standard provisions in the contract that were closely analyzed by both Staff and the OCC. But all parties worked to resolve their concerns so that the contract could be put in place."

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