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EXPERTS HIGHLIGHT ALTERNATIVES TO TIGHTENING NATURAL GAS SUPPLIES/HIGH PRICES

Renewables and Efficiency Technologies Offer Real Solutions

DENVER—North American production of natural gas is flat or declining, despite misleading claims that the Rocky Mountains are a “Persian Gulf of natural gas,” a panel of energy experts said today. Speaking at the Colorado School of Mines after a hearing held by Congressman Beauprez on a proposal to fast-track environmentally questionable oil and gas projects, the panel concluded that the laws of supply and demand will continue to push gas prices up. However, impacts on gas and electric bills could be minimized if the state’s power generators improved energy efficiency and developed more renewable energy projects. The group cited new evidence about the impacts these energy sources have on electricity rates.

Energy consultant and natural gas specialist Steve Andrews pointed to the media’s recent coverage of a burgeoning gas “crisis,” where prices were expected to rise dramatically by this coming winter. However, despite declining production of natural gas in North America, spot-market prices have moderated due to a temporary increase in stored gas. This in turn is thanks to the luck of “weather roulette”—mild spring and early-summer weather in the heavily populated regions of the country—plus “demand destruction” or economically damaging declines in gas consumption by the nation’s industrial sector. But prices are expected to rise again this winter. “This rollercoaster just illustrates the instability of natural gas as a primary fuel for power plants,” Andrews, the co-author of “Methane Madness,” said.

“The simple fact is that gas demand is rising rapidly in the United States and production is stable or declining,” Andrews said. “And there are limits to increasing gas imports in the near future due to limited infrastructure such as liquid natural gas facilities. So gas markets are expected to remain tight and prices will stay high for a number of years. New drilling is also not a long-term answer, as most North American gas fields are now yielding diminishing returns, and the ability to increase drilling is constrained by limited rig availability and lack of skilled labor. The richest, most accessible fields have already been drilled. Many new fields would be located in pristine regions or other areas that are either expensive to access and drill or slower to produce than the ‘big-easy’ fields of our natural gas hey-day.”

According to Rick Gilliam, Senior Energy Policy Advisor for Western Resource Advocates (WRA), renewables and increased efficiency have driven customers’ bills down. “We now have hard data showing a direct relationship between more renewables and lower power bills. Xcel calculates that the wind farm planned near Lamar will save consumers \$4.6 million in a single year. Five of these farms would save us 3 - 4 million MCF (or MMBTU) of gas annually. There is no reason why Coloradans should pay more for a shaky gas supply when there are other options.”

“Gas companies operate comprehensive energy conservation programs in at least nine states, but not in Colorado,” said Mark Ruzzin, of the Southwest Energy Efficiency Project (SWEET). “In fact, Xcel Energy operates well-funded, effective gas conservation programs in Minnesota, including rebates for consumers and businesses that purchase energy-efficient products or weatherize their homes or commercial buildings. Xcel should be able transfer this know-how to Colorado relatively quickly. And expanding electricity conservation programs in the state will also reduce gas use since gas is the fuel type “on the margin” for electricity production much of the time,” Ruzzin added.

Ruzzin noted that money saved on electric bills gets spent elsewhere in the state economy, whether for tuition, consumer goods, or services.

Gilliam also pointed out that investing in energy efficiency and renewable energy provides other benefits including reduced air pollutant emissions and lessened damage to our lands from gas drilling or coal production. Energy efficiency and renewable energy measures also support many more jobs than conventional energy technologies, thereby boosting the local and state economy.

“Clearly, rising power bills are not inevitable for Coloradans,” Andrews concluded. “Accelerating energy efficiency efforts and renewable energy investments can take the edge off the so-called ‘gas crisis’ — without the need for new fossil-fuels plants or a drilling frenzy that short-cuts necessary environmental protections.”

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