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XCEL SHOULD ACQUIRE ADDITIONAL WIND POWER RESOURCES

BOULDER-

The Colorado Public Utilities Commission (PUC) this week is hearing arguments surrounding the next round of power plants to meet the growing electric needs of the customers of Xcel Energy (formerly Public Service Company of Colorado). In its "preferred" resource plan, Xcel plans to acquire nearly 2000 megawatts (enough energy to provide electricity to 2000 homes) of natural gas-fired generation. This will comprise over one-third of Xcel's total resources. As a means of mitigating the fuel costs to the developers of these power plants, Xcel plans to pass the cost of natural gas on to electricity consumers. This comes at a time when natural gas prices have risen dramatically and no one knows for sure when they will come down again.

One of the alternative proposals rejected by Xcel is a 162 megawatt wind farm to be located near Lamar, Colorado. "Our analysis indicates that this wind proposal is not only cost competitive with the gas resources Xcel is planning to acquire, but also will mitigate the environmental and public health impacts of burning fossil fuels such as natural gas," states John Nielsen, Energy Project Co-Director at the Land and Water Fund of the Rockies.

In addition, this resource can be brought on line in time for peaking electricity demands in the summer of 2002, when Xcel's proposed portfolio falls short of projected minimum capacity needs by 75 MW. The utility's alternative in 2002 will be to rely on purchases in the competitive wholesale market which involves the risk of price spikes.

Wind power will help to diversify Xcel's resource base away from almost total reliance on fossil fuels (coal and natural gas). In addition, Denver is flirting with non-attainment levels of ozone pollution. As a zero emission resource, wind energy is the only option available to Xcel that will not exacerbate metro area air quality problems. Finally, the wind project would provide an economic boost to southeastern Colorado where economic development has lagged.

According to Nielsen, "The Commission should order Xcel to add the Lamar wind energy project to its preferred portfolio of resources. Because Xcel has consistently underestimated its growth in demand, the availability of the wind resource in the short term (there is a lengthy process required to site and build a gas plant), is a sensible strategy for being ready for peak demands in 2002."