

## OP-ED

# Why rush natural gas bill?

When lawmakers appear hell-bent on passing an important and complex bill as quickly as possible, maybe we should wonder why.

What's the rush?

On Monday, the Colorado House advanced a plan that is likely to result in Xcel Energy converting three coal plants to natural gas. Most House members only heard of the scheme a couple of weeks ago. They didn't even see the bill until last week. And yet, 53 of 65 representatives — Democrats and Republicans alike — were quickly satisfied that it's a splendid deal.

So what will it cost ratepayers? Don't ask anyone who voted for it, because they couldn't possibly know. But hey, when you're carrying water for the natural gas industry or environmental lobby, who's got time for grubby details?

I'm as big a fan as anyone of using natural gas as a "bridge" fuel to a greener economy, and have made the case more than once. Gas is much cleaner burning than coal, and drilling advances have brought huge new gas fields into play that should moderate the price volatility that has sometimes soured consumers on the fuel in the past. A few months ago, I welcomed Gov. Bill Ritter into the fold, noting his belated appreciation of the critical role of natural gas in future energy production.

Still, it's one thing to use natural gas to expand base-load electricity or as a backup for wind power and solar, and quite another to actually replace existing coal plants with gas-fired stations. Maybe House Bill 1365 is good policy and maybe it isn't, but the verdict hinges mightily on its ultimate cost.

HB 1365 is not primarily a global



VINCENT CARROLL  
Denver Post  
Columnist

warming bill, by the way, although it refers to greenhouse gases. It is designed to address the ozone and regional haze standards enforced by the Environmental Protection Agency — an outfit lawmakers suggest is populated by merciless bureaucrats eager to hammer Colorado for the slightest infraction.

"If you fight with the EPA, you are not going to win," warned Rep. Frank McNulty, R-Highlands Ranch. Rep. Judy Solano, D-Brighton, boasted that "we're not waiting for Washington ... We're not going to wait for the feds to force us to pay hefty fines."

Fight with the EPA? Who's suggesting that tack? Pay hefty fines? Since when has the EPA levied fines on the state?

It can hold back grant money if it likes, but rarely does. Over the past four decades, the Denver region has been in violation of air-quality laws many times, and for long periods, and the EPA has almost always worked with state officials rather than slam their knuckles.

But back to Xcel's poor ratepayers. Xcel, which supports the bill, offers the "ballpark" estimate of a 4 to 6 percent hike in bills. But even assuming a 6 percent hike is a trifle we should all absorb without complaint (once upon a time, Colorado's office of consumer counsel would have dissented), how much confidence should we place in Xcel's projection?

The coal industry, its ax grinding,

maintains that natural gas is two to three times as expensive as coal for base-load electricity. For a contrasting view, I consulted John Christiansen, manager of external communications at Anadarko Petroleum Corp.

"As for the fuel price difference between coal and natural gas," he replied, "the power price fuel component for coal at the Front Range power plants under review is about \$0.023 [per kilowatt-hour]. We estimate that natural gas would translate to \$0.035 to \$0.040/Kwh at current spot market prices." That's a price differential of up to 74 percent.

There's more to the story, however. "Currently, Xcel, like most utilities, buys its natural gas supplies under indexed contracts where the price moves up and down with market conditions" and seasonal demand, Christiansen explains. "In contrast, coal contracts are more commonly fixed-price and long-dated in structure. The proposed legislation provides regulatory certainty for Xcel to be able to enter into long-term, fixed-price contracts with gas producers."

He also notes that many existing gas-fired turbines in Colorado sit idle half the time, and could be used with little additional capital investment.

In short, Christiansen is optimistic about the potential for his industry to supply a competitively priced fuel. Yet uncertainty abounds. When all is said and done, what will those fixed-price contracts come in at?

Back when Colorado lawmakers still cared about energy prices, they might have paused to wonder, too.

E-mail: Vincent Carroll at  
vcarroll@denverpost.com.