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NEWS RELEASE

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JOB LOSSES, HIGHER ELECTRICITY RATES WILL RESULT FROM SWITCH TO GAS

HB 1365 Will Not Solve Colorado's Air Quality Problems

The Colorado Mining Association (CMA) today condemned the passage of legislation to retire existing coal fired power plants along the Front Range and replace them with higher cost natural gas. The bill passed after extensive floor debate, in which several senators offered amendments that would have resulted in additional time to study its provisions. Thirteen senators voted against the bill, including ten Republicans and three Democrats.

CMA President Stuart Sanderson said, "Passage of this legislation will result in production losses of at least 2.6 million tons of clean, high quality Colorado coal that is currently utilized in the Front Range power stations," an amount equal to nearly 25 percent of the in-state market for Colorado coal. "This bill will also result in the loss of more than 500 jobs and royalties for public schools," he added. "It also won't deliver what it promises – cleaner air for Colorado," he emphasized. Rural economies will be among the biggest losers, as the bill will result in job losses for coal mine workers, who earn average wages and benefits in excess of \$96,000 annually. And Colorado's coal industry won't be able to make up production losses on the export market, which has declined by more than 20 percent in the last five years.

"What energy consumers will get are dramatically higher electricity rates," Sanderson said, "as natural gas supplies are constrained and average costs exceed that of coal by more than 300%." "It's ironic," Sanderson added, "that Xcel Energy announced

an eight percent rate hike, approximately \$52.7 million, attributable to gas costs on the day this legislation was introduced.”

“Gas simply is not a viable replacement fuel for electricity generation,” CMA reported. “A recent study by the Congressional Research Service concludes that gas is at best capable of displacing only about nine percent of electricity generation from coal. This bill is a dangerous gamble that will compromise Colorado’s future energy security,” CMA added.

“Finally, the bill will not solve Colorado’s air quality problems, as it only focuses on one source – coal fired power plants.” It ignores mobile (automobiles) and other sources that contribute to air quality problems on the Front Range, something EPA is sure not to ignore in its review of implementation plans for regional haze and other pollutants. “Lower cost alternatives exist,” Sanderson concluded. “A recent study by Thomas Hewson, Principal, Energy Ventures Analysis, shows that Colorado may reduce oxides of nitrogen by installing additional pollution control equipment on the power stations while continuing to use coal.” The bill also ignores emerging clean coal technologies, including co-firing with biomass from pine beetle killed trees, to reduce carbon emissions.

“It makes no sense to ignore coal as an energy source,” Sanderson said. “The United States has 28 percent of the world’s coal, more than any other nation and more energy than all the oil in the Middle East,” he added. The industry is evaluating all options to limit the impact of this bill, and will contemplate further action when Xcel submits its resource plan to the Public Utilities Commission by August 15. Meanwhile, the industry will continue to demand that Xcel Energy include emissions control technologies in its resource planning, in lieu of the path currently chosen that will lead to energy poverty in Colorado.

CMA thanked the senators who voted against this bill and in favor of consumer protection. “Ratepayers and the hard working men and women whose jobs will be placed at risk by this bill should applaud your courage in opposing this bill,” CMA said.

CMA is an industry organization – founded in 1876 – whose more than 900 members include both producers and consumers of electricity. In addition to coal, individuals and organizations that produce molybdenum, gold, gypsum, sodium bicarbonate, uranium, limestone and construction minerals are members. CMA’s membership also includes organizations that provide services and supplies to Colorado’s industry, which produces more than \$8 billion annually in economic benefits for Colorado.

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