



## **COLORADO CLEAN AIR, CLEAN JOBS ACT** Good for Colorado Air, Colorado Jobs, and Colorado Consumers

The Colorado Clean Air, Clean Jobs Act (CACJA) was signed into law on April 19, 2010 providing a roadmap to reduce emissions from older coal-fired power plants. This significant legislation transcended traditional political party lines and received support from a broad spectrum of interest groups. This law was enacted in part, because Colorado is currently out of compliance with National Ambient Air Quality Standard for Ozone. The U.S. Environmental Protection Agency (EPA) has threatened to propose more stringent standards. The Colorado Department of Public Health and Environment (CDPHE) must develop a State Implementation Plan (SIP) that could look at every permitted source, which will cause significant cost increases to businesses and impact the quality of life for consumers. CACJA provides a framework to reduce air pollution from power plants in a way that will be less expensive than any other course.

### **KEY COMPONENTS**

- CACJA required Public Service Company of Colorado (PSCo) to submit a plan to reduce emissions standards and into compliance with reasonable foreseeable state and federal regulations from certain coal-fired plants along the front-range. This includes a 70 to 80 percent reduction in nitrogen oxide levels by 2017.
- On August 13, 2010 PSCo presented numerous scenarios to the Public Utilities Commission (PUC) which incorporated retrofitting power plants with emissions- control equipment, refueling existing coal-fired generation with natural gas, or retiring and replacing plants with natural gas and other energy efficiency programs. PUC took public comment and allowed for nearly 40 interested parties to express their views and articulate in the plan selection process.
- After careful consideration, the PUC approved the final plan on December 9, 2010. Although PSCo was not required to use a specific fuel type, they were encouraged to increase utilization of natural gas. Under this plan PSCo will:
  - Retire 550 megawatts of coal generation by closing three units at its Cherokee plant in Denver, one in the Arapahoe plant in Denver, and the Valmont plant in Boulder by the end of 2017
  - Construct a new natural-gas fired unit at the Cherokee site
  - Convert a coal-fired unit at Arapahoe, and a fourth unit at Cherokee to natural gas generation
  - Install additional emissions controls in the Pawnee and Hayden power plants



## **COLORADO CLEAN AIR, CLEAN JOBS ACT** Good for Colorado Air, Colorado Jobs, and Colorado Consumers

### **KEY CONCLUSIONS**

- **Natural gas will not drive increased costs.** CACJA provided for consumer protection as well as includes a long term fixed price contract between the utility company and natural gas producers. This contract is similar to current agreements with coal producers and provides for additional price stability.
- **Natural gas will not add costs to consumers.** Colorado must improve air quality, so emissions from these power plants had to be reduced one way or another, including more expensive add-on controls for existing plants. Without CACJA, the likelihood of additional controls, coupled with the difficulty in coordinating planning across state agencies, would drive increased consumer costs. The plan ensures coal is and will continue to be in the mix; renewables are an increasing percentage of the fuel mix as well.
- **Natural gas is a safe, clean, affordable, and abundant Colorado energy source that is both dependable and environmentally responsible.** Over a 100-year supply has been made available through technological innovation. Additionally, the natural gas industry supports over 137,000 jobs and \$18.3 billion in annual contribution to the economy. More natural gas generation will result in more gas-related jobs in Colorado.
- **Colorado wins.** Retiring some of the oldest power plants, emissions controls, and retrofitting power plants will lead to more efficiency and provides numerous benefits to Colorado including greater net economic development, air quality and public health improvements, and modernization of the state's electric system.

Updated 6/14/11