

**Testimony of Craig Cox
Executive Director, Interwest Energy Alliance
to Joint Oversight Hearing of the
Subcommittee on National Parks, Forests and Public Lands
and the Subcommittee on Energy and Mineral Resources
of the U.S. House Committee on Natural Resources**

**“The West-Wide Energy Corridor Process: State and Community Impacts.”
15 April 2008**

Mr. Chairman, Mr. Vice Chairman and members of the Committee, thank you very much for the opportunity to testify before this joint oversight hearing today. My name is Craig Cox, and I am executive director of the Interwest Energy Alliance. Interwest is a trade association based in Colorado that represents the nation’s leading companies in the wind and utility-scale solar industries, bringing them together with the West’s advocacy community in pursuit of consensus-based, collaborative approaches to new market and transmission development. Together, our members support state-level public policies that harness the West’s abundant –and inexhaustible– renewable energy and energy efficiency resources. Currently, our primary states of focus are Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming. Our list of members is attached as Attachment A.

The West is rich in clean and renewable energy resources. The Western Governors’ Association’s (WGA) multi-stakeholder CDEAC (“Clean and Diversified Energy Advisory Committee”) process, conducted from 2004 to 2006, verified the West’s abundant —and deployable— renewable energy resource base:

- Wind 9,175 MW
- Solar 8,000 MW
- Biomass 10,000 MW
- Geothermal 5,600

These resource estimates were vetted by many, many different stakeholder parties representing a broad range of views, and several of these task force reports quantified vastly increased resource potentials for each technology given future policy changes and infrastructure improvements. Along with these impressive figures in renewable energy resource potential, the WGA CDEAC process also quantified the West’s energy efficiency potential as 48,000 MW. Taken together, these large renewable energy and energy efficiency resource bases offer huge possibilities for significant new clean energy development throughout the West.

The Western Interstate Energy Board estimates that the West will require 33,824 MW of new electricity generation capacity, adjusted to meet peak loads, by 2017. Renewable energy technologies, combined with energy efficiency, can meet a very large percentage of this new demand. As utilities throughout the region become more and more familiar with integrating ever-larger amounts of renewable energy into their systems, commensurately larger amounts of new renewable energy resources become feasible — and desirable.

It its recent resource acquisition filing with the Colorado Public Utilities Commission, Xcel Energy (Public Service Company of Colorado), laid out one of the nation's most aggressive goals for increasing utility intake of new renewable energy technologies along with energy efficiency. Xcel's plan anticipates adding approximately 1,075 megawatts of renewable generation by 2015: 800 MW of wind, 225 MW of solar and 50 MW of other renewable resources, such as biomass. In addition, Xcel anticipates achieving 694 MW of demand-side management (energy efficiency) by 2015 and, significantly, the company's plan calls for the retirement of two older, coal-fired power plants (totaling 229 MW). All of these new resource acquisitions are geared toward meeting climate action policies outlined in November by Colorado's Governor, Bill Ritter, whose important leadership in advancing a "new energy economy" has already helped catapult Colorado into a position of national leadership in clean energy technologies in less than 18 months since his election.

Global warming mitigation is not the only benefit of clean, renewable energy technologies. These technologies are also beneficial to the ratepayer. A "backcasting" econometric study that Interwest commissioned in 2006 documented the significant savings that wind energy is providing to Xcel Energy's customers...and quantifies the savings consumers would have enjoyed if Xcel Energy (Public Service Company of Colorado, or "PSCo") had acquired more wind energy during its solicitations in 1999, 2004 and 2005.

By comparing existing wind projects and wind projects that were proposed (but not built) in those three solicitations to the cost of natural gas generation (which wind energy most often displaces), the authors of our study, Jane Pater and Ron Binz, quantified the savings that wind energy generation has already provided Xcel Energy's consumers, and project what consumers would have saved if additional amounts of wind energy generation had been added to Xcel's power generation portfolio.

Significant findings from this study include:

- The cost savings for wind generation that PSCo has already acquired will produce more than \$251 million in fuel and emissions costs in savings for PSCo (Xcel) ratepayers.
- Had PSCo (Xcel) decided to acquire additional wind generation, this study calculates that Colorado ratepayers would have saved \$438 million over the life of these contracts, an additional \$186 million over the savings that will be achieved based on Xcel's past decisions.

Costs for all energy technologies, including wind, have risen, but the long-term cost stability of most renewable energy technologies will always provide a hedge against the increasing cost volatility of fossil fuels. In addition, most renewable technologies can be deployed on a modular basis, and in a much more rapid manner than most any fossil or nuclear projects.

As I mentioned a moment ago, the aggressive renewable energy and energy efficiency numbers outlined by the WGA CDEAC in 2006 are achievable and feasible. However, for most of these generation resources, significant investment in new transmission capacity is necessary. We greatly appreciate the coordinated, comprehensive approach that BLM, DOE and the other

participating federal agencies are bringing to the Draft Programmatic EIS corridors process. This very important corridor process presents an excellent opportunity to move the entire West to a new energy economy by leveraging its wealth of clean and inexhaustible renewable energy resources.

Unfortunately, it seems the proposed corridors in the Draft PEIS appear in many ways to facilitate proposed new coal plants. I suggest we need to look toward the future as we plan these permanent corridors across the West in a comprehensive, region-wide approach. We could significantly improve the corridor study by having the federal agencies, in their final report, focus on linking up *renewable* energy resources throughout the region.

The data are rapidly being compiled that will help facilitate just such an approach, and Colorado has led the way. A detailed study on Colorado's renewable resources was recently conducted by the "SB 91" task force (<http://www.colorado.gov/energy/utilities/sb91-taskforce.asp>), whose final report, issued in December, identifies and quantifies the state's renewable resource zones, or "generation development areas." This report shows that Colorado has a wind energy resource potential of a whopping 96,000 MW and a solar resource potential, conservatively estimated, of 26,000 MW. I understand that staff has printed a copy of this report for your packets and commend these reports to your attention.

Now, the WGA is undertaking a similar effort throughout the region as it begins the process of empanelling a task force to identify Western Renewable Energy Zones, or "WREZ." The federal agencies involved in this corridor effort would be well advised to work closely and collaboratively with WGA, state agencies, and all stakeholder groups in fashioning a western corridors plan that capitalizes on the West's wealth of renewable resources in a responsible, environmentally sensitive manner.

We also urge the Department of Energy and the other participating federal agencies to make sure that paths fully connect from their generation source to their destination in demand centers. In this regard we agree with the Edison Electric Institute, which in its February comments on the Draft PEIS suggested that DOE should (1) provide maps and information that demonstrate how the corridors fully connect, and (2) ensure that all federal segments of these overall paths are designated as part of this section 368 process rather than designating just some segments and leaving others undesignated. The current proposed designations have limited the segments being designated to the point that they exclude important passage across federal lands and omit the broader context for the corridors.

In my final area of comments, I want to stress that the Interwest Energy Alliance and our industry members are committed to ensuring that the exciting renewable energy transformation in the West is accomplished in a manner that protects the region's outstanding wildlife and lands resources. Interwest has been actively involved in working with the environmental community in different state and regional efforts in the West to ensure that renewable energy projects and supporting transmission corridors are properly sited to protect these resources.

One specific effort I want to describe more fully is the critically important WGA effort that is taking place at this very moment: the WGA's Wildlife Corridors Initiative. Recognizing the

importance of protecting the West's renowned wildlife and public lands, while accommodating the region's rapidly growing demand for new energy, last year the Western Governors unanimously approved a resolution (07-01), "Protecting Wildlife Migration Corridors and Crucial Wildlife Habitat in the West." This resolution instructed WGA staff to develop and conduct a process to "identify key wildlife migration corridors and crucial wildlife habitats in the West and make recommendations on needed policy options and tools for preserving those landscapes."

In response, WGA began the Wildlife Corridors Initiative, a multi-state, collaborative effort to improve knowledge of and management for migratory corridors and crucial habitat. As WGA puts it, "promoting best practices for development where it occurs, reduction of harmful impacts on wildlife, and integrating migratory and crucial habitat into planning decisions are the overarching objectives for implementation." The initiative has been structured to make both scientific and policy recommendations to the Governors through a Science Committee and five Working Groups.

- Oil & Gas Working Group -- initial recommendations made late in 2007
- Energy Working Group
- Transportation Infrastructure Working Group
- Land Use Working Group
- Climate Change Working Group .

The Oil & Gas Report was adopted by the Governors in November 2007. Each of the other working groups has been working to develop recommendations that will be compiled into a report to be presented to the Governors for consideration at the June 2008 WGA Annual Meeting in Jackson, Wyoming. Additionally, the WGA's Science Committee was established to provide a science-based framework for the policy recommendations, and to improve states' understanding of corridors by identifying gaps in data and proposing recommendations for filling those gaps.

I am honored to be a member of the WGA Energy Working Group as an important forum for Interwest to continue working with lands and wildlife groups, as well as state and federal agencies to ensure a smooth and environmentally friendly transition in the region to higher percentages of renewable energy sources. The WGA held a stakeholder review meeting last Thursday here in D.C. to engage key federal stakeholders and to begin the process of integrating all the subgroup reports into one summary report for the governors to review in Jackson at their annual meeting in June. Public comments will be taken on these reports until April 17th through the website <http://www.westgov.org/wga/initiatives/corridors/index.htm>. I invite members of the committee and anyone watching this hearing to review and comment on these reports. I apologize for the short timeframe until Thursday's deadline.

In conclusion, I would like to reiterate a few points:

- The West is the nation's renewable energy powerhouse. Our renewable energy resource base and tremendous energy efficiency potential enables much of the West's new energy

demands to be met exclusively through clean and economically beneficial energy resources.

- This Draft PEIS is a very important and timely process that will help leverage the West's clean energy resources, providing the opportunity to plan energy corridors that connect the region's rich renewable energy resource areas. As we mark income tax day today, I think we can point to this PEIS process as an example of federal dollars being used effectively.
- Colorado's "SB 91" renewable energy task force illustrated how one state's renewable energy resources could be mapped with great precision and quantification. Now, the WGA is working on a similar west-wide effort, and its work should help inform the final energy corridors established through the Draft PEIS review process.
- Developing energy corridors between renewable energy resource areas, with industry working in concert with the region's wildlife and public lands advocates, is a winning formula that will help ensure an affordable, clean and highly beneficial energy infrastructure for the 21st century.

Harnessing the West's abundant renewable energy resources will bring tremendous economic, environmental and other benefits to the entire country, helping insulate us from price volatility and ensuring a stronger national energy security posture. The renewable energy industry is ready to strengthen our country's energy infrastructure, and properly designed corridors, implemented soon, can make it happen.

Thank you again for the opportunity to speak to you today.