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**Combined Testimony**  
**Tom Easley, Director of Programs**  
**The Rocky Mountain Climate Organization**  
**Before the House Transportation and Energy Committee**  
**April 27, 2016**  
**Senate Bill 16-157 Don't Implement Clean Power Plan Until Stay Lifted**  
**Senate Bill 16-061 Ratepayer Protection Carbon Dioxide Increased Cost**  
**House Bill 16-1441 PUC Consider Full Cost Carbon for Electricity Generation**

The Rocky Mountain Climate Organization (RMCO) appreciates the opportunity to submit testimony on three bills scheduled for hearing before the House Transportation and Energy Committee on April 27, 2016.

RMCO opposes passage of SB 16-157 and SB 16-061. These bills if passed would place substantial procedural hurdles in the way of an effective state response to the Clean Power Plan and would create a financial disincentive for electric utilities to cost-effectively integrate renewable energy with their portfolio of generation sources.

RMCO supports passage of HB 16-1441 because it would have a positive effect on reductions of heat-trapping pollutants in Colorado by requiring the Public Utilities Commission (PUC) to take under consideration the full cost of emissions of such pollutants when considering a regulated utility's proposal for future electricity generation sources.

RMCO is a mainstream coalition with partner organizations, including six local governments, Denver Water, and various businesses and nonprofit organizations. We work with them to keep the West a special place by reducing climate disruption and its effects here.

Doing Colorado's part to reduce emissions is critical to reducing our vulnerabilities to a disrupted climate. The most important of those vulnerabilities is a projected likely decrease in water supplies. Although there is a range of projections about the possible effects of an altered climate on amount and location of precipitation, taken together they point toward a significant risk for reduced river flows and likely increases in demand brought on by hotter temperatures. Among the many other risks of climate change here are increases in insect infestations in our forests, more wildfires, more heat waves, more extreme weather events, additional stresses on fish and wildlife, and greater exposure to health effects such as heat stroke and West Nile disease. What we do in Colorado, by itself, obviously cannot be enough to prevent those impacts. But we certainly can do our share. And with all that we have at stake, and all the resources our state has to bring to bear, we can do even more, and demonstrate to the nation and the world what can be done to protect our climate.

SB 16-157 would if passed keep the Colorado Department of Public Health and Environment (CDPHE) from taking any action to develop a state plan to comply with the Clean Power Plan rules adopted by the Environmental Protection Agency under Section 111(d) of the Clean Air Act until the U.S. Supreme Court's February 2016 stay is lifted on implementation of the rule. After the court's decision, CDPHE announced that it would continue moving forward on the development of a state plan to comply with the EPA rules, which the state certainly can do even with the Supreme Court decision. The General Assembly should be encouraging and supporting CDPHE's process to reach agreement on Clean Power Plan compliance rather than creating barriers to do so. A careful, extensive, and stakeholder-driven analysis of costs and benefits of various scenarios of the future mix of fossil fuels, renewable energy, and energy efficiency is exactly what is needed to lay out the comprehensive roadmap for meeting Colorado's energy needs while also reining in heat-trapping pollutants. The stakeholder process and analyses that the Air Quality Control Commission has established to consider options for Clean Power Plan compliance enable the state to meet those goals, regardless of the outcome of the legal challenges to the Clean Power Plan. If and when the Supreme Court's stay is lifted and Clean Power Plan implementation proceeds, the state will be in a very good position to submit a timely and comprehensive compliance plan. Even beyond the matter of complying with the Clean Power Plan, the state also will derive substantial benefits in many other contexts from the extensive analyses of options for how the state can best transition to a clean energy future.

SB 16-061 if passed would create a financial disincentive for utilities to make the most cost-effective decisions in integrating renewable energy sources into their energy supply mix. By creating a "ratepayer protection fund" to reimburse utility companies for the costs of complying with the regulation of heat-trapping pollution, this bill would give utilities a blank check that could easily be laden with inflated costs. Utilities should instead be given incentives to integrate clean energy sources into their systems in ways that minimize costs for ratepayers. In addition, this subsidy would raid the existing stationary sources fund that the AQCC uses to help ensure compliance with existing air quality standards, putting the state in jeopardy of violating those standards and incurring the federal sanctions that would follow.

HB 16-1441 would require the PUC when evaluating the electric resource plans of the state's two regulated investor-owned utilities (Xcel Energy and Black Hills Energy) to consider "the likelihood of new environmental regulations concerning greenhouse gas emissions," and to also include in those valuations a carbon cost based on the most applicable national and regional carbon markets. RMCO supports these provisions because they would help level the playing field when the PUC considers the mix of renewable and fossil fuel sources that a utility will be permitted to use for meeting future generation needs. By applying a carbon cost to compensate for external costs of fossil fuels, the very real costs that can be caused by carbon pollution (e.g., health impacts, diminished streamflows, more extreme storms, and heightened wildfire risks) can be accounted for.

When the Colorado Department of Public Health and Environment updated the state's inventory of heat-trapping emissions in 2014, it found that power production was responsible for 40 percent of the state's total emissions in 2010, the largest contribution from any category of sources. Colorado is already well-positioned to build on past state policies such as the renewable energy standards and Clean Air-Clean Jobs laws to continue to reduce the emissions that put our climate future at risk. The General Assembly should be encouraging and supporting the transition to a clean energy future that will secure economic benefits for Coloradoans while also driving down emissions of dangerous heat-trapping pollutants.

The Rocky Mountain Climate Organization respectfully requests no votes on SB 16-167 and SB 16-061 and approval of HB 16-1441.

Thank you,

*Tom Easley*

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