

Written testimony of Larry Miloshevich

HB19-1313: Reasons to Oppose

("Electric Utility Plans To Further Reduce Carbon Dioxide Emissions")

House Health & Insurance Committee hearing, 4/17/2019

Madam Chair Lontine and committee members, my name is Larry Miloshevich from Lafayette, and I am representing myself today. Thank you for the opportunity to express my reasons for opposing HB-1313.

While this bill may seem to be a positive step, it would actually take Colorado in the wrong direction on energy. It would consolidate monopoly control over our electricity system, increase costs for ratepayers unnecessarily, and the emissions reduction targets are too slow for the 11 Colorado communities with 100% renewable energy goals in the 2025 to 2035 timeframe, and the 24 members of Colorado Communities for Climate Action ([CC4CA](#)), and for businesses that can get cost-effective 100% renewable energy today in more competitive states.

Most importantly, this bill closes off faster, cheaper, more forward-looking ways to reduce carbon dioxide emissions, and therefore its "Opportunity Cost" is too high.

Specifically, I oppose this bill for the following reasons:

Reason 1: It enshrines the monopoly. Colorado needs more, not less, competition and consumer choice to enable cost reductions, innovation, and rapid decarbonization. This bill would commit us to last century's model of centralized generation controlled by monopoly suppliers, when the future points toward more distributed generation, innovation, and third-party competition. More consumer choice, for example via Community Choice Aggregation ([CCA overview](#)), would speed up the energy transition and reduce costs to ratepayers, but this and other such paths would be closed off by this bill. [also see [CCA Study Proposal](#)]

Reason 2: The bill guarantees 50% utility ownership of new renewable resources, just when we were heading in the right direction with 27% utility ownership of new renewable resources under the recent Colorado Energy Plan ([PDF](#)). Rather than reversing direction, we should be reducing utility ownership and replacing the cost-of-service utility model with performance-based regulation, as Xcel's home state of [Minnesota](#) is doing right now. This bill would close off trends toward an electricity system that better aligns utility interests with consumer and societal interests.

Reason 3: The bill allows 80% renewable generation to count as meeting a 100% target, because it only counts "retail sales." Per their 10-K filing, Xcel's retail sales are only 80% of its total generated energy, the remainder being wholesale or market sales, so the utility could claim to have met a 100% target that in reality consists of 80% renewable energy and 20% gas.

Reason 4: It's an expensive way to decarbonize. While the bill does require that resources be chosen based on a competitive RFP (as is current practice anyway), a guaranteed ownership percentage allows Xcel to add risk-free profit on top of the market prices, which saddles ratepayers with unnecessary costs, because electricity is no longer a so-called "natural monopoly." Boulder's recent [Request for Indicative Pricing](#) showed that Boulder could acquire electricity from competitive suppliers in 2024 that would be 89% renewable energy at a cost one-third cheaper than expected from Xcel. We need to evolve the cost-of-service utility model, not double down on it.

Reason 5: The bill limits the PUC's authority to order any changes to the ONE Clean Energy Plan that Xcel must submit.

Reason 6: The bill stifles innovation and grid transformation by guaranteeing that Xcel can build whatever expensive transmission and other infrastructure it deems necessary to implement a Clean Energy Plan. There is no mention of Distributed Energy Resources or Non-Wires Alternatives, which are more innovative ways to solve many grid needs more cost-effectively than traditional solutions like new or upgraded wires and transformers. However, non-wires solutions don't deliver enough profit given the "perverse incentives" of the cost-of-service utility model. Third party developers would bring us innovative and cost-effective solutions for grid needs if they were allowed to compete.

In summary, this bill enshrines last century's utility model, when instead we should be looking toward a future of decentralized generation, innovative grid solutions, and competition among third parties to rapidly decarbonize the system while driving down costs.

I don't believe this bill can be salvaged with amendments. Please vote NO on HB-1313.

Thank you, Madam Chair and committee members, for this opportunity to express my concerns. I'd be happy to answer any questions.

Respectfully,

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