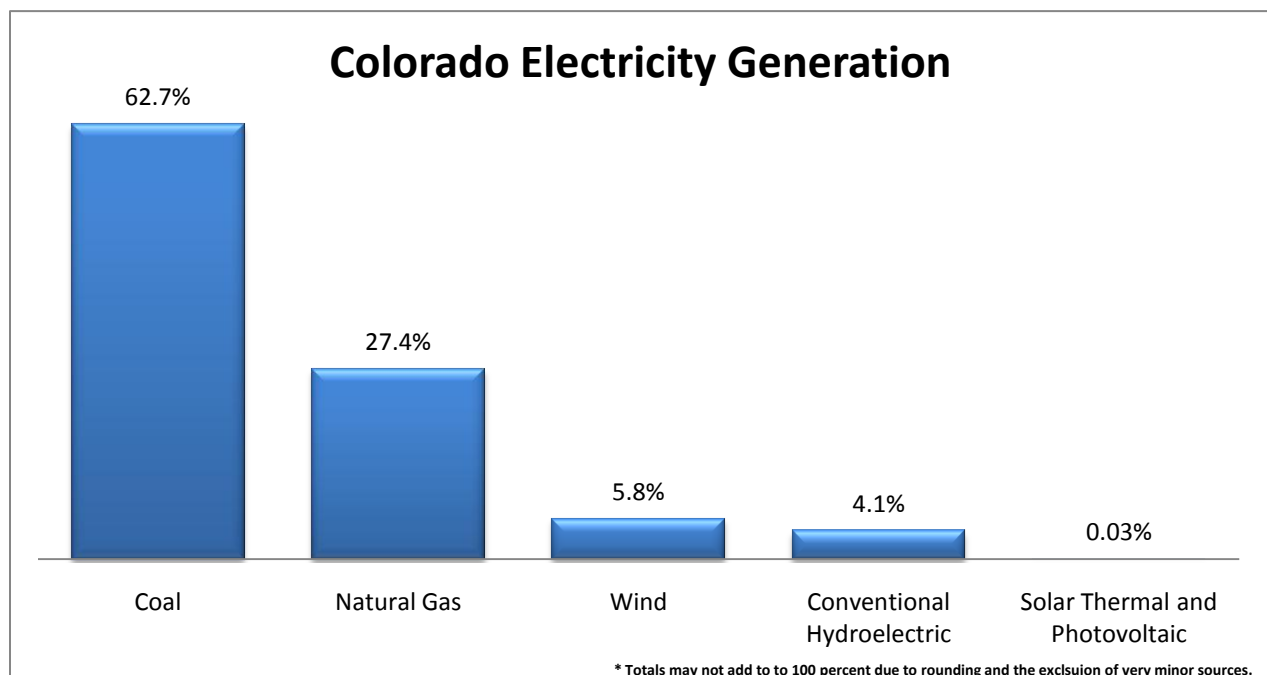




Colorado Energy Facts

Colorado – Select Economic and Energy Data [†]		State Rank
Real Gross Domestic Product, per capita	\$41,102	10th highest
Unemployment	7.7%	16th lowest
Gasoline Price, per gallon	\$2.70	12th lowest
Electricity Price, per kWh	8.36¢	22nd lowest

Colorado has moderately affordable electricity with average prices lower than the national average. Over 60 percent of Colorado’s electricity is generated by coal, the most inexpensive source of electricity. About a quarter of Colorado’s electricity is generated by natural gas. Hydroelectric and wind power combined account for almost 10 percent of the state’s electricity generation. Major rivers flowing from the Rocky Mountains offer hydroelectric power resources.



Colorado has substantial fossil resources, with reserves of oil, coal, and natural gas. The state currently produces about 1 percent of the nation’s domestic oil supply, but Colorado’s oil shale deposits hold an estimated one trillion barrels of oil resources, nearly as much oil as the entire world’s proven reserves. Colorado currently provides more than 5 percent of natural gas production in the United States. About half of the state’s natural gas supply comes from coalbed methane, representing about a quarter of the nation’s coalbed methane supply. Colorado imports coal from Wyoming, but also exports about three-quarters of its production to other states.

Regulatory Impediments to Affordable Energy

Although affordable energy is a vital component of a healthy economy, regulations frequently increase energy costs. Regulations imposed in the name of reducing carbon dioxide and greenhouse gas emissions are especially costly. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal, or dramatically increase their prices.

Below are some facts about Colorado's regulatory environment that are likely to increase the cost of energy or the cost of using energy.

- **Colorado does not cap** greenhouse gas emissions.
- **Colorado is an observer** of the Western Climate Initiative (WCI), a regional agreement among some American governors and Canadian premiers to target greenhouse gas reductions. The central component of this agreement is the eventual enactment of a cap-and-trade scheme to reduce greenhouse gas emissions 15 percent below 2005 levels by 2020. As an observer of the WCI, Colorado would not be bound to agreements made by WCI members.
- **Colorado requires** utilities to generate a certain percentage of electricity from renewable sources. The state's renewable portfolio standard requires investor-owned utilities to provide 30 percent of their electricity sales from renewables by 2020.¹ Similarly, electric cooperatives and municipal utilities serving customers of over 40,000 must provide 10 percent of their retail electricity sales from renewables by 2020.
- **Colorado does not require** gasoline to be mixed with renewable fuels. However, the Denver/Boulder and Ft. Collins metropolitan areas must use oxygenated motor gasoline, which is a *de facto* requirement to blend ethanol with motor fuel.²
- **Colorado requires** new residential and commercial buildings to meet energy efficiency standards. The state mandates the 2003 International Energy Conservation Code (IECC) as the minimum energy code for any locality that has adopted a building code.³ For localities without a building code, the 1993 Model Energy Code (MEC) is mandatory for hotels, motels, and multi-family dwellings. The IECC, like its MEC precursor, is a model code developed by the International Code Council and mandates certain energy efficiency standards. House Bill 1149, enacted in 2009, requires builders of single family homes to offer solar equipment as a standard feature to all prospective buyers.⁴ Additionally, Senate Bill 51, enacted in 2007, established mandatory sustainability requirements for state-owned and state-assisted building. It also required the Office of the State Architect to adopt an energy efficiency standard.⁵
- **Colorado does not impose** state-based appliance efficiency standards. However, House Bill 1207, enacted in 2008, implemented a purchasing preference for "environmentally preferable" products for state agencies.⁶ State agencies must purchase Energy Star equipment when it is available.

- **Colorado does not allow** electric utilities to “decouple” revenue from the sale of electricity but **does allow** natural gas utilities to decouple revenue from the sale of natural gas. Decoupling allows utilities to increase their revenue by selling less electricity and natural gas.

[†] Data Sources: Real GDP per capita 2008: Bureau of Economic Analysis, *News Release: GDP by State* (June 2, 2009), http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm; Unemployment: Bureau of Labor Statistics, *Regional and State Employment and Unemployment—February 2010* (Mar. 10, 2010); Gasoline Prices: American Automobile Association, *AAA Daily Fuel Gauge Report* (Mar. 30, 2010); Electricity Prices: Energy Information Administration, *Electric Power Monthly*, Table 5.6.B., Average Retail Price of Electricity, (March 15, 2010), http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html; Electricity Generation Data: Energy Information Administration, *Electricity Generation 2009*, http://www.eia.doe.gov/cneaf/electricity/epa/generation_state_mon.xls.

¹ H.B. 10-1001 (Colo. 2010),

http://www.leg.state.co.us/CLICS/CLICS2010A/csl.nsf/fsbillcont3/47C157B801F26204872576AA00697A3F?Open&file=1001_enr.pdf.

² Energy Information Administration, *Colorado*, Apr. 1, 2010, http://tonto.eia.doe.gov/state/state_energy_profiles.cfm?sid=CO.

³ Database of State Incentives for Renewables and Efficiency, http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=CO36R&re=0&ee=1.

⁴ H.B. 09-1149 (Colo. 2009),

http://www.leg.state.co.us/CLICS/CLICS2009A/csl.nsf/fsbillcont3/56DAD78B9D26BD5187257539006E7FF9?Open&file=1149_01.pdf.

⁵ S.B. 07-51 (Colo. 2007), <http://www.colorado.gov/energy/images/uploads/pdfs/SB0751.pdf>.

⁶ H.B. 08-1207 (Colo. 2008), <http://www.colorado.gov/energy/images/uploads/pdfs/HB1207.pdf>.