

Statement of Pam Patton
Commissioner
Colorado Public Utilities Commission

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I am pleased to be here today to participate in this important discussion about the future of our country's interdependence between natural gas production and electricity generation. This has been an important topic in the Western United States for the past decade as new natural gas discoveries have provided for additional electricity generation as well as enabled greater use of renewable energy.

Natural gas plays a critical role in the electric power industry and will play an even more important role in the future in terms of reliability, safety, costs to ratepayers, flexibility and environmental benefits.

Colorado is an excellent place for this discussion. According to the Energy Information Administration (EIA), Colorado ranked 7th in overall energy production in the nation; 6th for natural gas production; and 9th for crude oil production. Ten of the nation's top 100 natural gas fields are in Colorado and approximately 35,000 new jobs were created in our energy sector from 2003-2013.

Colorado has been a leader on addressing the environmental impact of the electric sector. In 2010, a bipartisan coalition of stakeholders (including utilities, natural gas producers, and environmental groups) collaborated with lawmakers to pass the Clean Air-Clean Jobs Act (CACJA). The legislation committed certain utilities to retire 900 megawatts of coal generation and replace coal generation with natural gas. The legislation also required emissions controls and fuel switching to natural gas.

Colorado has also been a leader on addressing the impacts of oil and gas industry. Last year, Colorado worked closely with the industry, regulators and environmental groups to write first-in-the-nation regulations on methane emissions from oil and gas production.

Colorado does not face the same natural gas supply and pipeline capacity concerns that other parts of the country may face. Natural gas production increased by 38 percent from 2007-2012. Today, Colorado exports 70% of the natural gas produced in the state. And Colorado has pipeline capacity, including interstate capacity like the Rocky Mountain Express pipeline. Completed in 2009, Rocky Mountain Express was the largest natural gas pipeline built in the U.S. in more than 20 years.

At the same time, Colorado has been operating under a voter-approved initiative in 2004 that created our Renewable Portfolio Standard (RPS). Colorado's current RPS requires investor-owned utilities to provide 30% of their generation from renewable energy resources by 2020.

Simply put, Colorado has brought more wind and solar renewables online because we can rely on natural gas to generate electricity at times when renewable resources are not sufficient. In doing so, Colorado uses fewer coal generation resources.

In 2013, a new Colorado law added “Coal Mine Methane (CMM)” as an “eligible energy resource” under our renewable energy standard. This expansion may provide up to an additional 3 megawatts of electricity depending on transmission capacity. We are aware that other states that include CMM as renewable or alternative energy include PA, WV, OH, IN, & UT.

Today there are 36 states that have some sort of RPS requirements or renewable portfolio goals (RPGs). Clearly, Colorado and these other states will use more natural gas to further enable renewables.

Natural gas and electric systems will continue to be increasingly interconnected. It is important that unintended consequences be considered. Western states rely heavily on natural gas for home heating. The U.S. must be prepared for winter spikes in demand given the importance of natural gas for home heating.

Adequate natural gas supply and capacity are needed throughout the country to ensure that our nation’s needs are met. Utilities, regulators and policy makers need to develop and implement the right framework to ensure that the electric generation sector and the natural gas production markets function efficiently and reliably in the decades to come.