

The Honorable Governor John Hickenlooper

Thursday, February 19, 2015

Dear Governor Hickenlooper,

On behalf of our respective constituencies, the undersigned groups write today to express our concern with the U.S. Environmental Protection Agency's proposed Clean Power Plan (CPP). We are committed to state-based energy policies that lead to affordable, reliable, abundant, safe, and clean power, but we are convinced that the proposed new rules will not help Colorado achieve these goals. We realize that these rules have not yet been finalized, but anything similar to what has been proposed would hurt the nation's and Colorado's economy.

The U.S. Chamber of Commerce estimates that the CPP will lower U.S. Gross Domestic Product (GDP) by \$51 billion on average every year through 2030. It will also result in 224,000 fewer U.S. jobs on average every year through 2030 and lower total disposable income for U.S. households by \$586 billion through 2030.

The cost to Colorado is significant. Energy Ventures Analysis, LLC reports that the new plan will cost the average Colorado residential electricity and gas customer an additional \$613 per year by 2020, while commercial users will see a 52 percent rate increase.

With the increased expense will come significant job losses. Many of these high-paying jobs, along with their pensions and health care benefits, won't be replaced.

The burden of increased cost and job loss will be placed disproportionately on rural communities such as Craig, Colorado, that rely on the energy development and power generation industries. Farming and ranching families across Colorado will be forced to cope with much higher costs because of the energy-intensive nature of food and feed production.

Grid reliability is also threatened. The rapid retirement of a stable base-load energy source such as coal will compromise the state's ability to deliver reliable power to consumers, negatively impacting the daily life of every Coloradan.

Another concern is the EPA's proposed timeline for compliance. It is completely unrealistic to expect our state regulators to devise a complex plan that needs legislative approval by June 2016. This type of wholesale reorganization of our state's power grid requires thoughtful analysis of both the economic and reliability impacts first. Anything less is irresponsible. The analysis Colorado consumers expect and deserve cannot be completed in time for the state to meet the June 2016 deadline.

Finally, after legal consultation, we believe the EPA does not have the authority to promulgate these rules in the first place. Moreover, even assuming the legality of the rules as proposed, we believe they cannot be implemented without legislation from the Colorado General Assembly because existing regulatory authorities do not allow the state to devise an enforceable state plan. Any attempt to begin drafting a state plan in the absence of legislation would therefore be premature and risk legal action against the state.

Colorado would be wise to look to its neighbors before moving forward with any action at all. A review of other Mountain West states' CPP comments reveal more than just heightened concern. State agencies from Arizona to Montana have urged the EPA to withdraw the rules all together because they are fundamentally flawed, usurp state authority, require a wholesale institutional reorganization of state agencies, and threaten grid reliability—all within a timeline that is completely unrealistic.

Many of the groups that signed this letter shared their concerns with the EPA in formal comments submitted by the December 1, 2014 deadline. This issue is so important that we are compelled to make public our concerns and to share them with you, our state's chief executive.

To place the burden of global climate change on Colorado's ratepayers and electric generation industry is unfair, especially considering the EPA has admitted this plan will have virtually no measurable impact on CO2 emissions.

Before taking any premature action, we urge you to conduct a comprehensive dialogue with *all* stakeholders, including ratepayers from across the states, the General Assembly, state agencies, local elected officials, policy experts, regulatory experts, industry representatives, and any other interested parties. A state plan cannot and should not be implemented until the General Assembly has passed legislation allowing for implementation of the plan and approved the plan itself.

We look forward to working with you to keep Colorado's electricity affordable, reliable, abundant, safe, and clean.

Thank you for your attention to this matter,

Associated Governments of Northern Colorado (AGNC)
Club 20
The Colorado Farm Bureau
The Colorado Mining Association
The Board of Moffat County Commissioners
The City of Craig City Council
Craig, Colorado Chamber of Commerce
National Federation of Independent Business/Colorado (NFIB)
Independence Institute

