

The Pueblo Chieftain

BUSINESS

Tax revenues to keep flowing to Pueblo 10 years after Comanche 3 coal plant's closure



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The settlement agreement for closing what will be Colorado's last remaining coal power plant has been reached.

The Colorado Public Utilities Commission approved Xcel Energy's plan to close Comanche 3 by 2031 earlier this month.

Tens of millions in annual property taxes will continue to flow to 25 local taxing entities for a decade after the plant closes, offsetting the economic impact of the shuttered plant.

Xcel Energy will also be incentivized to build new energy facilities in Pueblo under the agreement: If the company builds new facilities, the property taxes from the new projects would reduce the overall amount that the utility is obligated to pay under the settlement.

Pueblo already has the infrastructure and federal permits in place to support the development of new alternative energy production, Pueblo County Commissioner Garrison Ortiz told The Chieftain.

The new facilities would supplement the Pueblo area's tax base for decades beyond the timeframe of the settlement agreement; payments are only required through 2040.

Pueblo politics: Broadband question coming to Pueblo ballots in November

A spokesperson from Xcel Energy, Michelle Aguayo, said the company's long-term goal is to transition away from coal-fired power generation over the next decade and use more wind and solar energy. The location of the new projects will be determined through a competitive bid process, Aguayo said in an email to The Chieftain.

Ortiz said at a press conference on Wednesday that Xcel will need to file a just transition plan for electric resources by June 2024.

“This could mean over a billion of dollars of clean energy investment within our community,” Ortiz said.

Pueblo County’s attorney, Francis Koncilja, mentioned at the press conference that the current technology for storing renewable energy on batteries is not adequate enough to power the entire grid.

“Battery storage is in its infancy right now. It doesn’t store as much as you need to run a system that big. Comanche 3 has been the backbone of keeping the lights on in this state for a long time,” Koncilja said.

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Comanche 3 contributes to approximately 10% of the state’s power grid at peak hours, Aguayo said.

Other fossil-fuel-free energy sources, such as nuclear, natural gas and hydrogen power, have been discussed as alternatives to Comanche 3, but nothing has been decided.

All of the property tax revenue that would have been collected on Comanche 3, which is approximately \$30 million per year, will be paid to Pueblo County starting in 2031, Ortiz said. The county will redistribute the funds to the other local entities.

Xcel’s property taxes are the “lion’s share” of funding for the 1A ballot initiative voters approved in 2016, which is contributing to projects around the city and county, from the extension of Joe Martinez Boulevard to planning for passenger rail service to Pueblo.

Xcel Energy first submitted a plan to the Colorado Public Utilities Commission in March 2021 to close Comanche 3. Pueblo County intervened in the process to offset the anticipated economic impact to the area with the loss of the property tax revenue.

“Climate change is an existential threat. You only need to look at the floods, the droughts, the extreme heat, and know that we have a problem and we have to solve it,” Koncilja said.

Ortiz mentioned that Gov. Jared Polis’ office was involved in the negotiations through the Colorado Energy Office.

“Ensuring that funds for Pueblo aren’t impacted until 2040 is critical to fund services in Pueblo and allow time for other successful businesses, including renewable energy, to create even more good jobs and grow revenue,” a spokesperson from Polis’ office wrote in a statement.

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The Pueblo Chieftain

OPINION *This piece expresses the views of its author(s), separate from those of this publication.*

Op-ed: Xcel agreement provides a positive pathway to a coal-free future

The Pueblo Chieftain

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Opinions expressed in letters and op-eds published in The Chieftain are the views of the writers, not this publication.

When Gov. Polis announced in 2019 that his administration was creating a roadmap to cut climate-damaging greenhouse gas emissions, many of us in coal communities held our breath. No doubt, whether we've inhaled acrid air caused by wildfires or worried about ongoing drought conditions, we knew the impacts of a shifting climate were all around us.

But we also understood that a bold climate plan was going to require a transition for workers and communities that rely on coal and other fossil fuels. This is the case here in Pueblo where we've not only depended on the Comanche Generating Station as a source of hundreds of good paying jobs but also on Xcel, the utility that manages it, to deliver more than \$25 million a year in property taxes that support our schools, libraries, fire districts and other critical city and county services.

So for some time, I've taken a deep interest in what the state's Greenhouse Gas Pollution Reduction Roadmap will mean practically. Last week, we got some answers when the Colorado Public Utilities Commission approved a clean energy plan from Xcel Energy. With it, Colorado's largest utility has committed to supplying more than 80% of its customer's electricity needs through renewable resources and reducing the company's carbon dioxide emissions 85% by 2030 (compared to 2005).

For Pueblo, the plan also provides a new schedule for shutting down the Comanche power plant. Along with Comanche Units 1 and 2 closing by 2025, Comanche 3 will conclude its operations by Jan. 1, 2031 (under Xcel's original proposal it would have stayed open for nine more years). When the plant fully stops running, it will be the end of Colorado's coal-powered electricity use.

As the Mayor of Pueblo, I was involved in these negotiations as our city was a party to this agreement, and I believe it presents the best pathway forward for us.

From a climate standpoint, we worked to maximize this deal's impact on emissions. Between Xcel's initial proposal and the final deal, the utility agreed to lower emissions by an additional 14.7 million tons over the next decade. That's the equivalent of taking nearly 2.9 million cars off the road for a whole year.

Just as important, the utility will be doing its part for the communities most impacted by this shift (in addition to Pueblo, Xcel plants in Morgan County and Hayden will also transition away from coal). This means a detailed arrangement that ensures our workforce avoids company layoffs during this shift and that our community receives a financial commitment equal to approximately 10 years of lost property taxes (Morgan County and Hayden will each get six years of payments). This is a huge victory for Pueblo, and it gives us a strong chance of achieving a smooth and successful transition.

We've also been preparing for this moment in several other ways. Last year, I convened leadership from both the city and the county, as well as other critical partners such as CSU Pueblo, the International Brotherhood of Electrical Workers, Pueblo Community College and Pueblo Economic Development Corp., to begin planning how we are going to make sure we come out of this transition stronger and more economically diverse. Meanwhile, State Rep. and Majority Leader Daneya Esgar brought real funding through legislation she introduced at the Capitol to help Pueblo and other communities that will be most heavily affected by this transition.

While we've played a substantial role in this process, we certainly haven't been alone. We are grateful that Xcel stepped up to the plate as a willing partner and responsible corporate citizen. The Polis administration also deserves praise. It has not only created an ambitious roadmap to address climate issues and played its own key role in negotiations with Xcel, but it has also committed to doing right by the people in our community who are impacted by this energy shift.

Notably, in 2019, the state created the United States' first-ever Office of Just Transition, which is focused on helping communities and workers get a fair economic shake when it comes to moving away from fossil fuels. Just last month, that office approved our grant application for more than \$460,000 over three years to jumpstart our transition planning and implementation efforts.

The future may not be easy, but this Xcel agreement and other actions both locally and statewide show that we can make the right kind of progress to build a cleaner, healthier future while ensuring communities and workers continue to thrive even in the face of big change.

Nick Gradisar, Mayor