The Cost of Coal in Colorado Springs

BACKGROUND

Across the country, falling costs for renewable energy generation have increased economic pressure for utilities to retire coal plants and in the wake of state legislation that paved the pathway to a renewable energy economy, Colorado is primed for a low-cost, coal-free future.

2019 COLORADO COAL VALUATION STUDY

The 2019 Colorado Coal Valuation Study conducted by Strategen found that Colorado utilities can achieve significant savings for their customers by retiring their coal fleet by 2023 and replacing it with renewable energy.

- Retiring all ten of Colorado's coal plants that aren't yet slated for retirement by 2025 would save customers $1.4 billion if replaced with solar and $1.7 billion if replaced with wind.
- When the social cost of carbon is included, savings for retiring coal units increase exponentially: $17.7 billion saved for solar replacement to $18.7 billion saved for wind replacement.
- Wind generation in Colorado has the greatest potential to produce cheaper energy than coal-fired power, while solar generation is more competitive than nearly all of the analyzed Colorado coal units.

COLORADO SPRINGS COAL

Colorado Spring Utilities (CSU) owns and operates 3 of the 10 coal units analyzed in the report. The report found significant cost benefits associated with CSU retiring its coal units by 2023 and replacing then with wind or solar resources.

- Retiring both the Drake and Nixon coal plants by 2023 would save customers $155,246,826 if replaced with wind and $160,265,413 if replaced with solar.
- Retiring only Martin Drake units 6 & 7 by 2023 and replacing them with wind would save customers $42,516,733, while solar would save $42,730,826.
- When social cost of carbon is included, savings of retiring both Martin Drake and Ray Nixon increase to $2,102,180,871 for wind replacement and $2,065,135,116 for solar replacement.

AVERAGE RESIDENTIAL ELECTRICITY PRICE FOR CO MUNICIPAL UTILITIES (CENTS/KWH)