

**Wed, Apr. 04, 2007**

## **Coal, conservation assessed**

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Two recent studies offer sharply contrasting approaches to meeting Texas' growing demand for electricity, with one calling for greater use of coal to generate power and another suggesting efficiency and conservation programs to trim new demand.

According to the Electric Reliability Council of Texas, the industry consortium that manages the state's electrical grid, peak demand in the northern zone of the state could surpass generating capacity by August 2009. ERCOT estimates that a run of hot weather that month could push demand in the Dallas-Fort Worth area to 25,827 megawatts, and only 24,403 megawatts would be available.

In an industry-financed study released Tuesday, the Center for Economic Development and Research at the University of North Texas in Denton said Texas relies too much on expensive natural gas to fire its electricity generators and should boost coal-fired capacity. Coal, the study said, accounts for 19 percent of the state's electricity-generating capacity, compared with the national average of 33 percent, while natural gas accounts for about 72 percent of capacity, compared with the national average of 46 percent.

Natural gas prices have soared in recent years, helping drive the state's electricity costs to among the nation's highest.

"Because of their lower operating costs, coal plants afford the best prospect for lowering delivered power rates to Texas consumers," concludes the study, authored by UNT economists Bernard Weinstein and Terry Clower. It was commissioned by Project CREATE, a group of electrical-power utilities and industrial users.

But in a study released last month, the American Council for an Energy-Efficient Economy advocated using renewable energy and so-called "demand side" programs to bridge the expected gap. Although Texas is already a leader in wind energy, the council's study noted, Texas utilities should boost efforts to help customers reduce electricity use and perhaps draw on mothballed natural gas-fired plants to meet peak demand.

Although Texas utilities are required to offset 10 percent of their anticipated growth in demand with energy-efficiency programs, the nation's 20 states with the most aggressive demand-reduction programs aim to offset 50 percent to 60 percent of anticipated growth, said Neal Elliott, the group's director of industrial programs. That study was commissioned by Environmental Defense.

Elliott said demand-reduction programs, including those at the city-owned municipal electric utilities in Austin and San Antonio, have not only been successful but are considerably less costly than building new capacity. For example, Austin Energy said its demand-reduction programs cost \$280 per kilowatt of demand eliminated, which Elliott said is about average across the nation.

Weinstein said that if Texas needs to follow other states' lead, it is in getting more of its electricity from coal.

"Say what you will about efficiency and conservation, that won't generate the tens of thousands of megawatts we need. Coal has got to be part of the mix," he said. "We assume there are ways to burn coal to make electricity and still conform to EPA guidelines."

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