



Xcel Energy established the Pueblo Innovative Energy Committee (“PIESAC”) to obtain recommendations from the Pueblo community about the best replacement for Comanche 3. With the help of outside consultants and experts from Xcel Energy we have been working, studying, and analyzing the options available for the last ten months.

This is the first time that any utility in the country has sought community input from coal communities early in the process. We appreciate and applaud Xcel Energy’s commitment and diligence, and hope this is a process that other utilities and communities will adopt. Xcel Energy will file its Pueblo Just Transition Plan with the Colorado Public Utilities Commission (“PUC”) by June of this year—2024 and then will file additional resource plans over the next several years. We hope that Xcel energy will present our recommendations to the PUC as part of the Pueblo Just Transitions Plan.

The ten months that we have spent studying and analyzing the options have led us to conclude that there is only one advanced clean energy technology that will make Pueblo whole from the economic pain it will suffer from the closure of Comanche 3. That is advanced nuclear. Advanced nuclear has zero emissions, runs 24 hours a day and can provide Xcel Energy with a reliable, dispatchable power source. A new gas plant with carbon capture provides some jobs and some tax replacement but does not make Pueblo whole from the closure of Comanche 3.

The Comanche Station is a 695 acre site with a rail system, water contracts, transmission capacity and injection. It includes three coal generating units that have provided highly paid, family supporting jobs and tax payments of tens of millions of dollars for decades. Comanche 3 was supposed to provide over \$845 million in tax payments to Pueblo through its original closure of 2070. However, Colorado state law requires the closure of the coal generators at Comanche earlier. Comanche 1 closed in 2022. Comanche 2 will close in 2025. Comanche 3 will close no later than January 1, 2031. The Pueblo community has supported these early closures and done more to reduce emissions in the state than any other community.

One of our goals was to provide clean energy recommendations that would at a minimum, replace the jobs and taxes and make Pueblo whole. Another goal was to make recommendations that would place Pueblo in a major leadership role as a community supporting and welcoming innovative clean energy projects and a path to prosper.

Comanche 3 has been a major economic driver of the Pueblo economy. Dr. Wakefield of the Healy Center at Colorado State University, Pueblo, has testified that Comanche 3 is one of the most economically impactful industries in the Pueblo community with a total annual impact of over \$196 million a year.

The closure of Comanche 3 has huge tax impacts. In 2021 Pueblo County collected over \$25 million from Xcel Energy-- approximately \$15.9 million comes from Comanche 3). The other owners of Comanche 3 (Holy Cross Electric and CORE) pay almost \$5.9 million a year to Pueblo County. Xcel Energy has agreed to make a payment in lieu of taxes of approximately \$15.9 million a year for the closure of Comanche 3 for ten years—until 2040. Holy Cross and CORE have not made similar commitments.

Relying on the continued payments in lieu of \$15.9 million in taxes without a plan as to how to replace those taxes is reckless. By way of example, to replace the loss of \$15.9 million in taxes would require the construction of 7,950 new homes paying \$2,000 a year in property taxes to offset that loss. Or Pueblo could develop a plan to attract 1,590 new businesses paying \$10,000 a year in property taxes to offset the loss. Adding another 7,950 homes and or adding another 1,590 new businesses is not likely to occur, which is why the community needs to start planning now. It takes a long time to do big things and replacing high paying skilled jobs and taxes from Comanche is a big thing.

We reviewed numerous new types of zero or low emission technologies to replace Comanche 3—Long Duration Storage, Lithium-Ion Batteries, Compressed Air Energy Storage, Thermal Energy Storage, Hydrogen as a Primary Fuel, High Temp Battery Storage, Flow Batteries, Liquid Air Energy Storage, additional Solar, Kinetic Energy Storage, Combined Cycle Gas with Carbon Capture and Advanced Nuclear.

Unfortunately, as the tables below establish, most of these technologies produce few jobs and at most, \$1.73 million in annual tax payments.

	Lithium Iron Battery	High Temp Battery	Flow Battery	Kinetic Energy	Solar
Long Term	1-5	1-5	1-5	1-5	5-10
Salary	\$40-80K	\$40-80K	\$40-80K	\$40-80 K	\$40-80K
Prop Tax	\$1.73 M	\$1.73 M	\$1.73 M	\$1.69 M	\$1.69 M

	Long Duration Storage	Thermal Energy Storage	Liquid Air Energy Storage	Hydrogen Primary Fuel	Compressed Air Energy Storage*
Long Term	5-15	15-25	5-15	20-30	30-40
Salary	\$35-80 K	\$60-80K	\$60-100K	\$80-120 K	\$80-120K
Prop Tax	\$1.69 M	\$1.73 M	\$1.73 M	\$1.73 M	\$1.73 M

Only advanced nuclear will make Pueblo whole and put the community on a path to prosper. A new combined cycle gas plant with carbon capture provides some jobs and taxes but does not come close to replacing Comanche 3.

	CCGT with Carbon Capture	Advanced Nuclear
Long Term Jobs	20-25	200-300
Salary	\$80-120K	\$60-200K
Prop Tax	\$16.52 M	\$95.29 M

There is substantial community support for advanced nuclear as well as a new gas plant with carbon capture. The Keating Group, a nationally recognized polling company conducted a poll of 500 registered voters in Pueblo and found that:

- 63% of Puebloans are concerned about the closure of Comanche 3.
- 74% supported a new combined cycle gas plant with carbon capture.
- 66% supported advanced nuclear.

Loss of jobs and tax payments will cause economic pain for the Pueblo community for decades, unless new zero or low emission electric generation replaces Comanche 3. Committee members put it this way: “Pueblo is a poor community, and the closure of Comanche 3 puts us further behind.” “Loss of these jobs and taxes are personal, not theoretical to our community.” The best option for the economic well being of the Pueblo community is to replace Comanche 3 with advanced nuclear generation. It has zero emissions. Advanced nuclear will make Pueblo whole and provide it a path to leadership in the clean energy economy and a path to prosperity. Obtaining the necessary permits and financing will take a commitment from Xcel Energy as well as the community and we hope that this report will provide a basis to have the conversation.

For more information about the Pueblo Innovative Energy Solutions Committee, please visit XcelEnergy.com. Members of the public can review recorded meetings, documents, ask questions or provide feedback by emailing PuebloEnergyStudy@xcelenergy.com or calling the toll-free hotline at 877.292.5918.