Power from wind becomes cheaper than Xcel's conventional power
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Denver -- Customers of Xcel Energy's Windsource wind energy program soon will have more to brag about than their environmental ethic.

Namely, lower bills.

The 29,000 Colorado Windsource participants who now pay as much as $6 more a month for "green power" soon will pay up to $10 less than their neighbors who use conventionally-generated electricity.

Higher natural gas prices are driving this abrupt change in the economics of Xcel's voluntary wind-power purchase plan.

Energy analysts expect that many of Xcel's other 1.3 million customers will be clamoring for Windsource.

"People should be lining up now at Xcel to buy wind power because it will save them a lot of money," said Rick Gilliam, senior energy policy adviser for Boulder, Colo.-based Western Resource Advocates, an energy and environmental research group.

So many may sign up that the program may run out of windpower, according to Minneapolis-based Xcel, which said it would start a waiting list.

The utility may try to add more wind generation to the program, although the company could not say how much would be added, how soon it would occur, or from where the added power would be obtained, according to Xcel spokesman Tom Henley

And while Xcel acknowledges that Windsource customers will have lower bills, they caution that there is no guarantee that cost savings will be permanent.

"Windsource requires a one-year commitment," said Henley. "The cost savings are based on current high natural gas prices, but if those prices come back down, the cost advantage could disappear."

Henley added that Xcel also could seek regulatory approval to raise rates for Windsource, although a spokesman for the Colorado Public Utilities Commission said any such rate-increase request would have to be justified by higher costs.

Xcel's filing last week in Colorado for a $116 million increase in electric bills means that starting Nov. 1 conventional electric power will cost more than power from Colorado wind farms.

Residential customers that buy all of their power from the Windsource program will pay about $59 a month for electricity, on average. That compares to conventional customer bills that will spike from $53 to $69 under Xcel's recent rate hike filing. The savings will be less for customers that signed up for partial wind power.

The $116 million filing for higher electric rates was based on soaring costs for natural gas and coal, the chief fuels used to generate power.

But the fuel for wind turbines -- moving air -- carries no cost and no potential for cost increases. All electricity, regardless of source, runs on the same power grid. But it may be priced differently to the consumer.

About 29,000 Colorado customers of Xcel are Windsource participants. Throughout its 11-state service territory, Xcel's Windsource last year had 43,000 participants, making it the nation's largest "green pricing" wind program in which customers agree to pay premium rates, according to the Department of Energy.

The program allows homeowners voluntarily to buy as little as 100 kilowatt-hours of wind power per month, or as much as their entire electricity usage.

The average Colorado home uses 625 kilowatt-hours per month.

The Windsource program uses power produced from two Colorado wind farms, one near Interstate 25 along the Wyoming border and one in northeast Colorado.

The two plants have a capacity of 61 megawatts, with 54 megawatts currently used by Windsource customers.

Energy analysts say the spare capacity is likely to be quickly subscribed by customers once they find out about the cost savings.

Many utilities offer wind power programs to consumers at a premium price. It's unclear whether other utilities are facing the same pricing shift in those programs.

Colorado voters in 2004 passed a law requiring the state's largest utilities to obtain 10 percent of their power through renewable resources -- such as windpower -- by 2015.. Currently, Xcel gets about 2 percent of its power from wind farms.