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Xcel CEO urges national emissions plan

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 By Leonard Anderson

SAN FRANCISCO (Reuters) - The United States needs a nationwide plan to regulate carbon emissions, not separate efforts by the states, Richard Kelly, chief executive officer of utility operator Xcel Energy Inc (XEL.N: [Quote](#), [Profile](#), [Research](#)), said on Tuesday.

Xcel, which leads the utility industry in its purchase of wind energy, supports a "mandatory national plan because state-by-state doesn't cut it," Kelly said, noting his company runs power and natural gas utilities in 10 states in the West and Midwest.

"It's very difficult to meet different requirements. If you say you can't do it in your state, you're pushing the problem to another state," Kelly said in an interview with Reuters on the sidelines of a Bank of America investment conference in San Francisco.

"We need to come up with a national plan."

California last month adopted a bipartisan landmark global warming law that makes it the first state to mandate a cut in greenhouse gas emissions, equal to 25 percent by 2020.

Northeastern states are close to creating the nation's first market for carbon dioxide by reducing emissions at power plants, and Washington, Oregon and Arizona also are developing clean-air programs

The Bush administration, however, prefers a voluntary approach for industries to cut emissions, its main reason for pulling out of the 160-nation Kyoto Protocol which mandates cuts for developed nations.

Kelly said Xcel plans to develop a coal plant in Colorado based on a technology to turn coal into a gas which is burned in a turbine to generate electricity.

Potential benefits are more energy efficiency, reduced pollution, and the capture of some carbon dioxide emissions.

The plant is expected to cost \$500 million or more and the construction target is 2008-2009, but Kelly said ""we need a lot of permits and there's a lot of work to do before we get there."

The company also wants to develop a generating plant in Colorado fueled by solar power.

Xcel expects to double its purchase of wind power by the end of 2007, and it is also working with the Department of Energy's National Renewable Energy Laboratory to convert wind energy to hydrogen, which could be stored for future generation, Kelly said.

Xcel also has eyed buying power plants in Colorado and Minnesota owned by bankrupt Calpine Corp (CPNLQ.PK: [Quote](#), [Profile](#), [Research](#)), but Calpine has said they're not sale, Kelly said.

Calpine has offered Xcel plants in Wisconsin and other states, but Kelly said he is not interested in generation assets outside Xcel's service territories.

Calpine said in April it would sell about one-fifth of its power plants.

On grid projects, Minneapolis-based Xcel has joined with a group of regional utilities to build three sets of transmission projects in Minnesota, North and South Dakota, and Wisconsin by 2020 at an estimated cost of more than \$3 billion.

Xcel serves 3.3 million electricity and 1.8 million gas customers in 10 states Western and Midwestern states.

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