



SWEEP 2003 Progress Report

January 27, 2004

The Southwest Energy Efficiency Project (SWEEP) made progress on many fronts during 2003. Highlights include our contributions to new utility energy efficiency programs in Nevada and Utah; leadership on energy efficiency legislation adoption for government facilities in Arizona and contributions to energy efficiency legislation in Nevada; preparation and completion of a major study on energy efficiency potential in new homes and commercial buildings in the Southwest; contributions to the adoption of an up-to-date building energy code in New Mexico; and the completion of the Energy Efficiency Guide for Colorado Businesses website.

Utility energy efficiency programs

In Nevada, the two main utilities (the now-merged Nevada Power Co. and Sierra Pacific Power Co.) developed numerous new demand-side management (DSM) programs as part of a DSM design collaborative in late 2001 and 2002 (the collaborative was proposed by SWEEP). The new programs, targeted to residential and smaller commercial and industrial consumers, were rolled out in March and April of 2003. The programs include promotion and incentives for ENERGY STAR[®] appliances and lighting products; incentives for high-efficiency central air conditioners, air conditioner tune-ups, and duct sealing; and incentives for commercial and industrial efficiency measures. SWEEP participated in review meetings and suggested numerous refinements and enhancements to these programs during 2003. In addition, we proposed and advocated new or expanded efficiency programs for Nevada beginning in 2004.

SWEEP continued to work with PacifiCorp on developing new DSM programs for Utah, and related issues, in early 2003. Following a collaborative program design and analysis effort that SWEEP was involved in, PacifiCorp initiated three new residential programs in 2003, including promotion of high-efficiency air conditioners and other cooling efficiency measures. In addition, SWEEP actively participated in a Utah Public Utility Commission proceeding concerning DSM program cost recovery. This proceeding resulted in the PUC approving more favorable DSM cost recovery for PacifiCorp, thereby facilitating energy efficiency program expansion in the future. The proceeding also resulted in the adoption of an energy efficiency “self-direction” program for large industrial consumers. This policy, which SWEEP assisted in developing, should result in additional energy efficiency improvements within this important customer segment.

SWEEP undertook many activities to promote the expansion of utility energy efficiency programs in Arizona during 2003. We held meetings with utility vice presidents from all three major utilities in the state—Arizona Public Service Co, Tucson Electric Power, and the Salt River Project. We also met with members of the state utility commission and made presentations at a series of DSM workshops that began in the fall of 2003. We made considerable progress in convincing the commissioners and other key parties to support much stronger utility-based efficiency programs, and we are confident this effort will result in favorable policy decisions in 2004. In addition, we actively encouraged the Salt River Project to expand its energy efficiency programs and we believe this public utility will begin doing so in 2004.

SWEEP has advocated expansion of utility energy efficiency programs for both investor-owned utilities and public utilities in Colorado, including the Colorado Springs and Fort Collins municipal utilities. In March, the Fort Collins city council approved a new electricity policy that contains the goals of reducing peak demand per capita by 15% and electricity use per capita by 10% by 2012. SWEEP then assisted the Fort Collins utility in developing its strategy and initial programs for meeting these ambitious

targets. In addition, with encouragement and support from SWEEP, the Colorado Springs municipal utility expanded its energy efficiency programs in 2003 and is planning to launch additional energy efficiency programs in 2004.

State policy

At the request of a key legislator in Arizona, SWEEP developed a legislative proposal for increasing energy efficiency in state facilities. Our proposal included energy savings targets, ENERGY STAR product purchase requirements, and a building code for any new construction by state agencies. SWEEP took the lead in educating policy makers and others in Arizona regarding the potential benefits of this proposal, and in advocacy for the bill. The bill passed in the Arizona legislature with minimal opposition and was signed into law by Governor Napolitano in late April. The bill is expected to result in about \$90 million in energy savings in state buildings and universities by 2015.

In Nevada, SWEEP helped to develop and actively supported a bill that facilitates use of performance contracting to increase energy efficiency in government facilities. At SWEEP's urging, the bill was modified to cover local government as well as state facilities, and a very restrictive sunset provision was removed from the bill. This bill was adopted with SWEEP's proposed changes in the 2003 legislative session.

Working with the coalition of clean energy advocates, SWEEP took the lead in drafting Energy Efficiency Performance Standards (EEPS) legislation for Colorado. The EEPS proposal sets savings rather than spending targets, proposes financial incentives for utilities that meet their savings targets, and establishes an energy savings credit market. This innovative concept was introduced in the 2003 legislative session but did not advance past the committee level. Also, SWEEP supported a legislative initiative to adopt state appliance efficiency standards in Colorado. This proposal also failed to get out of committee. Following the legislative session, SWEEP continued to develop and advocate new policies for expanding both electricity and natural gas efficiency programs in Colorado.

In New Mexico, SWEEP supported both a System Benefit Charge proposal and a tax incentives proposal for hybrid electric vehicles in the 2003 legislative session; however, neither of these proposals was adopted. Later in the year, SWEEP contributed to the development of a Clean Energy Fund (CEF) proposal. The CEF would be used to fund energy efficiency and renewable energy projects in the public sector. SWEEP also contributed to the development of an energy efficiency and renewable energy bond fund proposal. We are hopeful that these two proposals will be supported by Governor Richardson and introduced in the 2004 legislative session.

Building Energy Efficiency

Given the high growth rates in the region, SWEEP is supporting efforts to increase the energy efficiency of new homes and commercial buildings through the adoption of improved building energy codes and encouragement of "beyond code" construction practices. In August, we issued a report that: 1) reviews the status of both energy codes and market-based programs promoting energy-efficient new construction in the region, 2) analyzes the energy and economic savings that could result from widespread improvements in construction practices, and 3) provides recommendations to state policy makers. The report is being used in our work on building codes and building energy efficiency in general.

SWEEP made input regarding building codes in a number of jurisdictions where codes were under review in 2003. In particular, the state of New Mexico adopted the 2003 International Energy Conservation Code (IECC) as a mandatory statewide code in December. SWEEP played a prominent role in advocacy of this action. In addition, SWEEP supported the adoption of the IECC in both Phoenix, AZ

and Denver, CO, two important local jurisdictions where new codes are under review and are expected to be issued in 2004.

SWEEP developed and obtained funding for a new project pertaining to home retrofit in 2003. The project will involve a demonstration of the Home Performance with ENERGY STAR concept in the Southwest region, most likely in Colorado. This pilot project will involve training contractors and testing this whole house, high quality retrofit approach in one or more communities. In addition to obtaining funding from the EPA, SWEEP made progress in identifying and obtaining a utility partner for the pilot project in 2003.

Miscellaneous

In Arizona, SWEEP participated in a work group developing input for the state's implementation plan under the regional haze rule, contributing energy efficiency policy and program recommendations to the group. In addition, SWEEP developed and advocated for policies for improving energy efficiency in Arizona schools.

SWEEP developed and launched the Energy Efficiency Guide for Colorado Businesses in 2003. This web-based resource (www.ColoradoEfficiencyGuide.com) includes information on key energy efficiency measures and major efficiency options by sector, profiles of energy service companies operating in the state, case studies of successful energy efficiency projects, and information on other resources that businesses might find helpful.

Boulder has a unique green points program aimed at ensuring that new and retrofit homes in the City are more energy efficient and less environmentally harmful than are homes merely built to meet modern energy codes. SWEEP developed a methodology for quantifying the range of benefits flowing from the number of Green Points indicated in the builders' permit applications, while accounting for interactions between measures to avoid overstating savings. The results were integrated into a database that calculates and displays aggregate energy and environmental savings for all homes built, added to, or retrofitted under the Green Points program. Since the program and methodology for tracking savings promises to be of value to other jurisdictions, SWEEP is presenting a paper on this effort at the 2004 ACEEE Summer Study on Energy Efficiency in Buildings.

SWEEP made presentations at a variety of national, regional, and state conferences and events in 2003 including the ACEEE/CEE Market Transformation Symposium, Association of University Real Estate Officials Annual Conference, the National Workshop on State Building Energy Codes, the Colorado Sustainability Summit, Colorado Renewable Energy Society Annual Conference, Sustainable Resources 2003, the Low Income Energy Forum, the National Weatherization Assistance Program Conference, and an ENERGY STAR workshop in Arizona. Also, SWEEP continued to collaborate with numerous other state, regional, and national organizations active in the energy efficiency area. For example, we helped set up the Utah Clean Energy Alliance and also made significant contributions to clean energy alliances in both Arizona and New Mexico this past year.

Media coverage of SWEEP's work grew significantly in 2003. In particular, we published op-eds on energy efficiency and energy issues in the *Rocky Mountain News* and *Santa Fe New Mexican*. In addition, we were quoted in numerous articles pertaining to both national and state energy issues.

Organization Development and Funding

SWEEP completed the process of incorporating as an independent non-profit organization in early 2003. This included obtaining approval of our application for non-profit status from the IRS,

organizing our Board of Directors, and holding Board of Directors meetings.

SWEEP obtained a major one-year renewal grant from the Energy Foundation and a two-year renewal grant from the U.S. EPA. SWEEP also obtained a two-year contract from the U.S. DOE (via NREL) for work in the building energy efficiency area. Other smaller grants or contracts were obtained from the Alida Messinger Charitable Trust, the Colorado Office of Energy Management and Conservation, and the EPA Denver regional office.

Last but not least, SWEEP and two other organizations (the etc Group and Energy Strategies, two companies based in Salt Lake City) submitted a proposal for starting a Combined Heat and Power (CHP) Application Center in the Southwest region, in response to an RFP issued by the U.S. Department of Energy. In August, DOE selected our proposal for funding. This will enable SWEEP to hire a staff person to work on CHP issues. We will begin work promoting greater adoption of CHP systems in early 2004.

Funding Sources – 2003

City of Boulder, Colorado
Colorado Governor's Office of Energy Management and Conservation
Energy Foundation/Hewlett Foundation
E-Star Colorado
Alida R. Messinger Charitable Trust
New-Land Foundation
U.S. Department of Energy/National Renewable Energy Office
U.S. Environmental Protection Agency