



**To: Editors, News Directors**

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**For: Immediate Release**

## **ACC APPROVES ENERGY SAVING PROGRAMS Programs Designed to Reduce Demand for Energy at Customer Site**

PHOENIX – In a 4-1 vote, the Commission this week approved six new programs representing almost \$21 million in funding for non-residential energy efficiency programs. The funding includes financial incentives and assistance to customers in order to encourage energy-efficient building design and retrofit. Non-residential programs address commercial, industrial, small business and school facilities and include measures for new construction as well as for retrofitting existing structures.

Demand side management (DSM) programs reduce demand on the customer side of the meter through energy efficient construction or by replacing high energy use products with newer, more efficient models.

Last year, the Arizona Corporation Commission mandated that Arizona Public Service (APS) dedicate \$48 million to specific programs designed to reduce the demand for energy. The 2005 ruling (Decision 67744) required an increase in the money APS devotes to energy-efficiency DSM programs.

Residential programs are under review and consideration by Commission staff and will be brought to the Commissioners for approval in the future.

In evaluating the merits of each program, the Commission looked at a cost-benefit analysis that seeks to estimate

the net societal benefits of such programs. The analysis weighs the incremental benefits to society against the incremental cost of having the program in place. Societal costs include the customer's cost of installing the more energy-efficient measures and APS' costs for delivering the program, excluding incentives. Societal benefits also include the deferred generation capacity costs and avoided energy costs. Other benefits of energy efficiency programs include reduced water consumption and reduced air pollution, although dollar values were not assigned to those benefits.

The approved programs include:

**Schools** – \$1,680,000 budget. APS estimates that there are 1,400 public school sites in its service area and estimates that 40 percent of electricity usage at schools is for lighting. APS estimated that 60 percent of lighting at schools could be upgraded for energy efficiency. Capped at \$15/student per year or \$25,000 per school district per year, whichever is less.

- Net Societal Benefits – \$816,000; could reduce annual peak demand by 637 kilowatts (kW) and energy consumption of 178,000 megawatt hours (MWh) over the life of the measures.

**Non-Residential Existing Facilities** – \$6,760,075 budget. Available for large offices, large retail centers, groceries, resorts, hotels, colleges and universities and in-patient healthcare centers having a monthly peak demand in excess of 200 kW.

- Net Societal Benefits – \$15 million; could reduce annual peak demand by 10 MW and energy consumption of 856,000 MWh over the life of the measures.

**Non-Residential New Construction and Major Renovation** – \$7,360,075 budget. Available for facilities with an estimated monthly peak demand greater than 200 kW, including large offices, retail centers, groceries, resorts or hotels, colleges and universities and in-patient healthcare centers.

- Net Societal Benefits – \$13.8 million; could reduce annual peak demand by 8.8 MW and energy consumption of 729,000 MWh over the life of the measures.

**Small Non-Residential** – \$4,359,851 budget. Available for non-residential facilities with monthly peak demand below 200 kW, including restaurants, primary and secondary schools, small offices, small retail centers, hotels, and outpatient healthcare centers.

- Net Societal Benefits – \$9.8 million; could reduce annual peak demand by 6.5 MW and energy consumption of 571,000 MWh over the life of the measures.

**Non-Residential Builder Operator Training** – \$240,000 budget. APS will offer specialized energy management training for building operators, managers and facility maintenance technicians.

- Net Societal Benefits – \$1 million; could reduce annual peak demand by 643 kW and energy

consumption of 81,000 MWh over the life of the measures.

**Non-Residential Energy Information Services** – \$300,000 budget. This program would provide customers with a web-based energy information tool that provides facility managers and operators feedback on energy consumption and load profiles within their facilities. Access to this information would allow personnel to make more informed decisions about energy use at their facilities.

- Net Societal Benefits – \$878,000; could reduce annual peak demand by 357 kW and energy consumption of 45,000 MWh over the economic life of the measures.

The measures are classified as either prescriptive or custom efficiency. Prescriptive measures include the installation of efficient lighting fixtures; high-efficiency heating, ventilating and air conditioning systems; high-efficiency motors, and building envelope measures such as cool roofs. Custom efficiency measures are designed specifically to a customer's individual needs. In order to qualify for funding, APS requires the applicants to provide a feasibility study that estimates annual energy savings.

Because these programs are new and lack specific results, the Commissioners approved APS' application on an interim basis. Within 13 months of this decision, APS is required to refile the non-residential portion, with 12 months of actual data, for final Commission approval.

As with any decision of this magnitude, there are many complexities. People seeking details about specific programs or how to qualify are encouraged to view the final Commission decision in this case. It will be posted to the Commission's e-Docket system at [www.azcc.gov](http://www.azcc.gov) as soon as it is signed by all five Commissioners. The docket number for the case is E-01345A-05-0477. Building owners and managers with interest in these programs should contact APS' Customer Information & Programs department directly at 602-250-2303.

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