

Why Increase Energy Efficiency in the SRP Service Territory?

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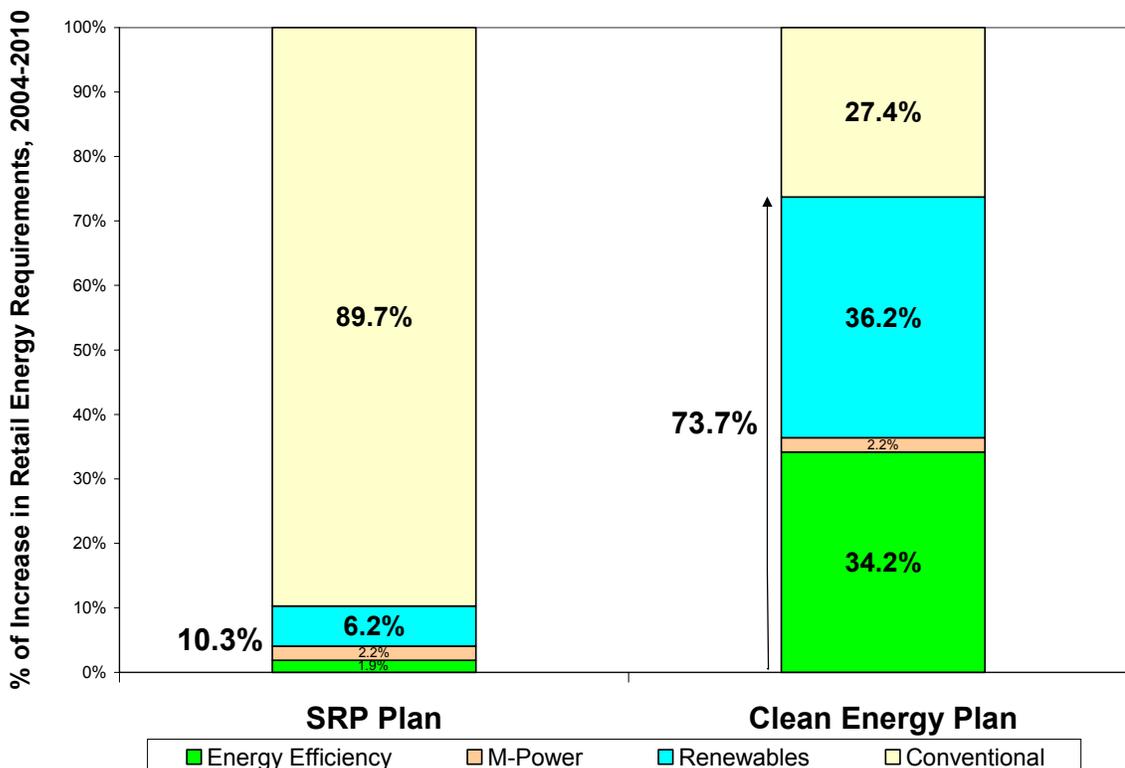
1. Provide benefits for consumers, businesses, the electric system, the economy, and the environment.

- Increasing energy efficiency will result in lower total costs for SRP customers, a more diverse and less risky energy resource mix, fewer controversies over power plants and transmission lines, more jobs, and reduced damage to the environment.
- To provide customer value *and* system value, increasing energy efficiency should become a core function at SRP, and energy efficiency should become both a valuable customer service *and* a core resource to meet customer demand.

2. Reduce the total cost of electric service to customers.

- Energy savings from energy efficiency programs cost less than other resources for meeting customer energy needs. The total cost for energy efficiency savings is 2 to 3 cents per lifetime kWh saved, delivered to the customer.¹ This is less than the cost of conventional generation, transmission, and distribution, and significantly less than the total delivered cost of energy from new natural gas-fired plants.
- Energy efficiency reduces customer bills even though SBC charges are increased.
- \$1.9 billion of net benefits for SRP and its customers by 2020 through efficiency.

3. Diversify the resources needed to meet future load growth by increasing investment in energy efficiency and other sustainable resources.



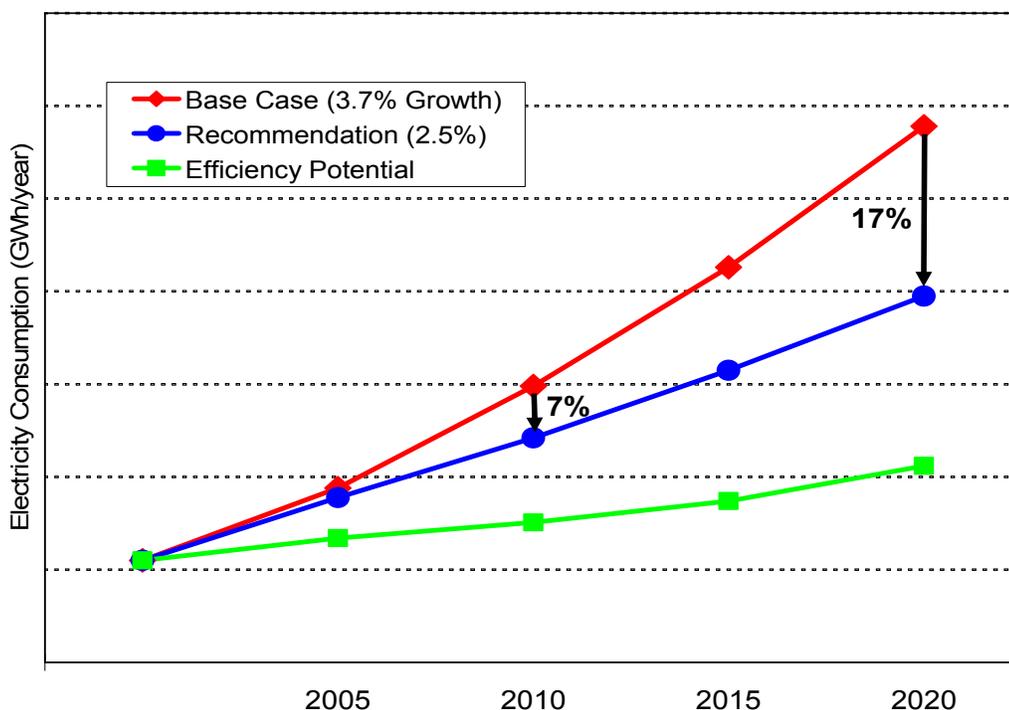
¹ The utility/SBC cost for energy efficiency savings is 0.5 to 2 cents per lifetime kWh saved.

4. Offer services to assist SRP customers to reduce their electricity demand and their energy costs, thereby providing direct benefits to customers.

- Customers are very interested in reducing their energy costs and in using energy more efficiently, but they need assistance.
- Energy efficiency programs encourage and leverage customer investment in energy efficiency. Participating customers who implement energy efficiency measures pay a significant portion of the costs, and the entire utility system benefits from the investment.
- Other utilities (ACC-regulated) are likely to increase energy efficiency programs in the near future. At a minimum, SRP, as a utility dedicated to quality customer service, should offer comparable services to its customers.

5. Pursue cost-effective energy efficiency resources by setting energy savings goals in the Sustainable Portfolio Plan, and by implementing energy efficiency programs with adequate funding to achieve the goals.

- SWEEP recommends that SRP set goals to achieve 7% of total energy resources needed to meet retail load in 2010 from energy efficiency, and 17% in 2020.



- Achieving such goals would reduce average annual growth in retail energy and summer peak demand, eliminate the need for at least 2,000 MW of new power plants by 2020 and associated power line and pipeline infrastructure, save consumers and businesses over \$1.9 billion during 2004-2020, reduce electricity price spikes and the risks of natural gas price volatility, and reduce emissions.

Energy efficiency should be a core function of SRP – as a valuable customer service, and as a cost-effective sustainable resource.