Southwest Energy Efficiency Project (SWEEP)

- Public interest initiative promoting greater energy efficiency in AZ, CO, NV, NM, UT, and WY
- Founded in 2001, based in Boulder, CO
- Working on state legislation, expansion of government and utility energy efficiency programs, program design, and consumer education
- Majority of funding provided by the Energy and Hewlett Foundations, U.S. Department of Energy, and U.S. Environmental Protection Agency

www.swenergy.org
Utility DSM Funding in the Southwest

<table>
<thead>
<tr>
<th>State</th>
<th>DSM program budget (million $ per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>AZ</td>
<td>8</td>
</tr>
<tr>
<td>CO</td>
<td>4</td>
</tr>
<tr>
<td>NV</td>
<td>2</td>
</tr>
<tr>
<td>NM</td>
<td>2</td>
</tr>
<tr>
<td>UT</td>
<td>5</td>
</tr>
<tr>
<td>WY</td>
<td>~0</td>
</tr>
<tr>
<td>Region</td>
<td>21</td>
</tr>
</tbody>
</table>
Arizona – Utility DSM Program Status

- Systems benefit charge (SBC) adopted as part of restructuring legislation
- Societal cost test used to determine DSM program cost effectiveness
- Utilities were allowed to shift SBC energy efficiency funds to solar electric programs
- Agreement to increase EE program funding by Ariz. Public Service Co. to $16M per year (0.8% of revenues)
- Agreement includes performance-based financial incentive & DSM program collaborative
- Salt River Project and Tucson Electric Power also considering expanding DSM programs
Colorado – Utility DSM Program Status

- Agreement negotiated in Xcel Energy 2004 Least-Cost Planning docket – requires Xcel to reduce peak demand by 320 MW and save 800 GWh/yr of energy during 2006-2013
- Xcel will spend up to $196 million on DSM programs during 2006-2013 (up to ~1.4% of revenues per year)
- PUC currently uses rate impact test to evaluate DSM program cost effectiveness, but Xcel Agreement uses TRC test
- PUC to review DSM policy in 2006
- Other utilities such as Colorado Springs and Fort Collins municipal utilities expanding DSM programs as well
Nevada – Utility DSM Program Status

- Restructuring repealed; Integrated Resource Planning (IRP) required
- Utility DSM programs restarted in 2001
- DSM Collaborative established which led to scale-up of programs starting in 2003; DSM funding by Nevada Power and Sierra Pacific Power now up to $14 million per year (0.5% of revenues)
- Utilities are given a financial incentive (rate of return + 5%) for DSM programs
- New legislation could add energy savings from DSM programs to state RPS
New Mexico – Utility DSM Program Status

- Restructuring legislation included a small SBC, but restructuring was repealed
- Utilities now implementing relatively limited DSM programs
- Utility Energy Efficiency Task Force developed consensus DSM program enabling legislation; bill supported by Governor and nearly adopted by legislature
- Bill establishes DSM program cost recovery mechanism, directs PUC to remove any financial barriers, directs investor-owned utilities to develop and implement cost-effective programs under the TRC test, and establishes industrial self-direction option
Utah – Utility DSM Program Status

- Integrated Resource Planning (IRP) required
- Utility (PacifiCorp) directed to implement all cost-effective DSM under Total Resource Cost test
- Tariff rider allows simultaneous program cost recovery, but no utility financial incentive
- Collaboration in DSM program design and analysis
- PacifiCorp spent $17 million on DSM programs in 2004 and planning to spend $23 million (~2.2% of revenues) in 2005
- Industrial self-direction option started in 2004
## Key Utility DSM-Related Policies

<table>
<thead>
<tr>
<th>Policy</th>
<th>AZ</th>
<th>CO</th>
<th>NM (1)</th>
<th>NV</th>
<th>UT</th>
<th>WY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Resource Planning</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Use of Total Resource Cost or Societal test as sole/primary cost effectiveness test</td>
<td>Yes</td>
<td>Partly</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Public benefits charge supporting energy efficiency programs</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>DSM cost recovery mechanism</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Financial incentive for utilities</td>
<td>Yes (1)</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Collaboration in DSM program design/analysis</td>
<td>Yes (1)</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Industrial self-direction option</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
Implications of Spending $80 Million per Year on DSM programs in the SW

- $80 million per year is still only 0.6% of utility retail revenues in the region.
- This level of DSM funding should cut peak demand 2,650 MW and save 5,300 GWh/yr by 2015.
- Consumers should save around $2.8 billion net over lifetime of efficiency measures installed during 2001-2015.
- This level of DSM should save 3 billion gallons of water and cut CO2 emissions 4.9 million tons per year by 2015.
Building Energy Code Status

- Recent version of IECC mandatory statewide in New Mexico and Utah
- Recent version of IECC adopted in Denver and on verge of adoption in Phoenix, also on the books in some other jurisdictions in AZ and CO
- Recent version of IECC under consideration and likely to be adopted in cities and counties in Nevada
Appliance Efficiency Standards

Status

- California is adopting efficiency standards again on products not covered by Federal standards
- Bills copying CA standards on 12-15 products pending in AZ and CO legislatures – moving towards adoption in CO but less advanced in AZ
- Identical bill still could be introduced and acted on in Nevada, has Governor’s support
Natural Gas DSM Program Status

- Very little in the way of gas utility DSM programs at the present time in the SW
- Southwest Gas Co. has proposed new programs ($4.4 million per year) in Arizona, along with decoupling of sales and revenues
- Questar Gas Co. (Utah) has prepared an in-depth gas DSM potential study; PNM now working on a similar study
- Gas DSM program enabling legislation (HB 1133) under consideration by the CO legislature
Voluntary Programs Status

- Thriving ENERGY STAR new homes promotion programs in Arizona and Nevada
- Limited ENERGY STAR product education and promotion programs in region (except for in Nevada)
- EPA and DOE are offering to do ENERGY STAR training, benchmarking, etc.
Conclusions

- Electric utility energy efficiency programs are on the rise in the Southwest
- Policies including Integrated Resource Planning, use of Total Resource or Societal Cost test, convenient cost recovery mechanisms are making a difference
- Building energy codes are current (or being updated) in most of region
- Appliance efficiency standards gaining support in the region
- Natural gas DSM programs very limited but starting to get attention
- Voluntary programs are helping as well, but more ENERGY STAR promotion could be done
SWEEP:
Dedicated to More Efficient Energy Use in the Southwest

Resources available online at:
www.swenergy.org

Howard Geller, Executive Director
Southwest Energy Efficiency Project (SWEEP)
303-447-0078
hgeller@swenergy.org