Update on Energy Efficiency Efforts in the Southwest

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## Electric Utility DSM Funding in the Southwest Continues to Grow

<table>
<thead>
<tr>
<th>State</th>
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</table>
Key Electricity DSM Developments and Drivers

- APS implementing comprehensive programs as of 2006 in Arizona, energy efficiency savings standards proposed in new APS and TEP rate cases.

- Xcel Energy implementing programs in Colorado under new 8-year DSM agreement, proposed legislation would add a shareholder incentive for savings in excess of 100 GWh per year.

- Nevada utilities rapidly expanding DSM programs in the context of being able to count savings towards RPS (up to 25% of total requirement) and getting a higher rate of return on the equity share of DSM expenditures.
Rocky Mountain Power (PacifiCorp) continuing to expand DSM programs in Utah in the context of high load growth and desire to avoid capital-intensive supply-side projects

PNM has proposed electricity DSM programs in NM driven by EE legislation, convenient cost recovery mechanism, potential for removal of disincentives, and the CEO wanting to be seen as “green”

Rocky Mountain Power (PacifiCorp) has proposed DSM programs for residential and commercial customers in Wyoming; the proposal is likely to be approved in spite of what Dick Cheney thinks about energy conservation!
Gas DSM is Ramping Up in the Region Too

- PNM implementing gas DSM programs; planning to spend $3.7M in 2007
- Southwest Gas waiting for approval of gas DSM programs in AZ - $4.4M per year
- Questar Gas (UT) has gotten decoupling approved on a pilot basis and is spending $7M per year on DSM programs
- Sierra Pacific Resources implementing some DSM programs in northern NV - $0.6M per year
Other Key Policy Developments

- Gov. Huntsman has adopted a 20% energy efficiency improvement goal in Utah which is leading to new EE initiatives there.
- Gov. Ritter has announced that he will also adopt a 20% EE goal in Colorado; Gov. Richardson also expected to do so in New Mexico.
- Arizona and New Mexico climate action plans call for greatly expanded energy efficiency efforts.
- Builders committed over 35,000 homes to new Energy Star performance in Arizona.
Energy Efficiency “Needs” in the Southwest Region

- Continued expansion of utility DSM programs including performance-based incentives for utility shareholders and savings targets or standards
- Greater emphasis on ENERGY STAR and beyond ENERGY STAR new construction in this high growth region
- New rate designs and demand response programs to reduce peak demand growth, if proven to be cost-effective, complementing expanded EE efforts
We Are Winning Many Energy Efficiency Battles....
But Can We Win the War?
SWEEP:
Dedicated to More Efficient Energy Use in the Southwest

Resources available online at:
www.swenergy.org

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