

Utility Energy Efficiency Program Overview

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Southwest Energy Efficiency Project (SWEET)

- ❑ 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, combined heat and power, and consumer education
- ❑ Majority of funding provided by the Energy and Hewlett Foundations, U.S. Department of Energy, and U.S. Environmental Protection Agency

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Utility DSM Funding in the Southwest

State	DSM program budget (million \$ per year)					
	2001	2002	2003	2004	2005	2006 (est)
AZ	8	4	4	4	13	34
CO	4	10	15	22	24	20
NV	2	3	11	11	16	30
NM	2	2	2	2	2	4
UT	5	9	13	17	21	25
WY	~0	~0	~0	~0	~0	~0
Region	21	28	45	57	76	113

Arizona – Utility DSM Program Status

- ❑ Previously, utilities shifted SBC energy efficiency funds to renewable programs
- ❑ Agreement to increase EE program funding by Arizona Public Service to at least \$16M per year; APS has proposed 10 programs
- ❑ APS agreement includes a performance-based financial incentive
- ❑ Salt River Project also expanding DSM
- ❑ Proposals to expand DSM programs at Tucson Electric and Southwest Gas
- ❑ Societal cost test for cost-effectiveness

Colorado – Utility DSM Program

Status

- ❑ Agreement in Xcel Energy 2004 Least-Cost Planning docket – requires Xcel to reduce peak demand by 320 MW and save 800 GWh/yr by 2013 (2006-2013 programs)
- ❑ Xcel will spend up to \$196 million on DSM programs during 2006-2013; now developing new programs
- ❑ PUC will 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- ❑ Restructuring repealed, utility DSM programs restarted in 2001
- ❑ DSM Collaborative established; DSM funding by Nevada Power and Sierra Pacific Power now up to \$16 million per year (0.5% of revenues)
- ❑ Utilities are allowed a financial incentive (rate of return + 5%) for DSM programs
- ❑ New legislation adds energy savings from DSM programs to state RPS; significant DSM expansion proposed for 2006

New Mexico – Utility DSM Program Status

- ❑ Utilities now implementing relatively limited DSM programs
- ❑ Energy Efficiency Act of 2005 establishes DSM program cost recovery mechanism, directs IOUs to develop and implement cost-effective programs, directs PUC to remove any financial barriers
- ❑ PNM has proposed some limited gas DSM programs; PRC has opened a docket to develop more detailed DSM rules

Utah – Utility DSM Program Status

- ❑ Integrated Resource Planning (IRP) required; Utah Power (PacifiCorp) is directed to implement all cost-effective DSM under Total Resource Cost test
- ❑ Tariff rider allows simultaneous program cost recovery, but no financial incentive for shareholders
- ❑ PacifiCorp is spending around \$21 million (~2.0% of revenues) on DSM programs in 2005 and budget is still growing
- ❑ Utility is expanding DSM in order to avoid supply-side expansion

Natural Gas DSM Program Status

- ❑ Very few gas utility DSM programs now underway in the Southwest
- ❑ Southwest Gas Co. has proposed new programs (\$4.4 million per year) in Arizona, along with decoupling of sales and revenues
- ❑ Public Service of NM has proposed gas DSM programs for its residential customers
- ❑ Gas DSM enabling legislation adopted by CO legislature in 2005 but vetoed by Gov. Bill Owens

Key Issues

- ❑ Can the rapid expansion in utility DSM programs in the southwest continue? Can utility DSM programs reach the funding level of \$200 million per year?
- ❑ Do utilities need more financial incentives?
- ❑ What are the opportunities for increasing residential AC system efficiency under the new Federal AC standards?
- ❑ How can savings be maximized in the large amount of new construction in the region?
- ❑ How does pricing and demand response fit into the DSM picture?

SWEEP:

Dedicated to More Efficient Energy Use in the Southwest

Resources available online at:

www.swenergy.org

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