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Xcel energy-savings plan relies upon business help

Utility targets big usage drop in two years

Denver Business Journal - by [Cathy Proctor](#)

[Xcel Energy Inc.](#) is leaning heavily on the business community to help reduce demand for more than 425 gigawatt-hours of electricity and 721,000 dekatherms of natural gas in two years through energy-conservation programs.

Xcel's plan calls for small businesses, commercial and industrial customers to account for 66 percent — or 282.5 gigawatt-hours — of the electricity savings. The plan also asks business to account for 24 percent — or 176,056 dekatherms — of the natural gas reductions.

Xcel filed the plan with state regulators in early August.

And of the \$138 million Xcel plans to spend in 2009 and 2010 on its energy-conservation program, \$56.4 million, or 40 percent, is aimed at the business community.

That's to be expected, said Howard Geller, executive director of the Southwest Energy Efficiency Project, based in Boulder, who has followed energy-conservation programs across the West.

"The majority of [Xcel's] load is business," Geller said. "And some of the largest and most cost-effective conservation opportunities are in the business sector."

The Public Utilities Commission is expected to take its first look at the plan Sept. 17, and public hearings are expected to take place this fall.

"I'm sure there will be many people who will want to express their opinions on this," said PUC spokesman Terry Bote. "They [Xcel] have had [energy conservation] programs in the past, but this is certainly the most ambitious of them."

Xcel is rolling out 35 programs — some old, some new — involving rebates, free audits and information, and incentive payments to entice residential and business customers to invest in energy-saving equipment and practices.

The utility has tried to address concerns from Colorado business customers that previous programs had a return on investment that stretched too long, said Karen Rhodes, manager of Xcel's business energy efficiency marketing division.

"We heard concerns about payback timelines," she said. "And we worked hard to find the sweet spot [with appropriate rebate levels] to get over the hurdle and to get a customer to act."

Rhodes didn't give specifics about the new rebate levels and payback timeframes Xcel is proposing, saying only, "We've done our best to address that, but it will be a while before we narrow in on the sweet spot, within the constraints of our budget."

Xcel's plan aims high.

The PUC told the utility — Colorado's largest power and natural gas utility, serving about 70 percent of the population — to save 370 gigawatt-hours of power. Xcel set its goal at 425 gigawatt-hours.

Additional charges to consumers

To pay for the programs, the PUC has allowed Xcel to add a charge to all customers' monthly bills.

Xcel said average residential customers would pay an additional \$1.94 per month on the power and natural gas bill. The average small-business customer's bill would rise \$3.29.

When all is said and done, Xcel estimated it will spend \$138 million and customers will spend an additional \$100 million to implement all the energy-savings programs and equipment, Geller said.

The net economic benefit — after all the costs are removed — is expected to be about \$450 million for two years, Geller said, in money not spent on power plant operating costs, buying fuel to run the plants and transmission upgrades to carry the power.

If it meets the goals, Xcel will get a bonus based on the economic benefits of the program.

Xcel's plan aims 23 of 35 programs at the business community, including:

- Rebates for the purchase and installation of energy-efficient boilers, cooling equipment, furnaces, lighting and motors.
- A small business lighting program that offers an audit of the facility and energy savings recommendations. Businesses can choose their contractor and get rebates on the electricity that's saved.

- For new buildings, owners, architects and engineers can get free design assistance and computer modeling, with recommendations and financial incentives for increased energy-efficient equipment.
- For existing equipment, Xcel will offer rebates on studies to identify which equipment can be tuned up to run as efficiently as possible with low- or no-cost improvements.
- Rebates to help customers, ranging from big industrial operations to a new program aimed at computer data centers, offset the costs of creating their own programs to cut electricity and natural gas consumption.

“It’s a solid portfolio of programs and will put Colorado right out in front on energy- saving programs,” Rhodes said.

At a glance

Xcel Energy Inc. has proposed a wide-ranging slate of programs aimed at businesses to get big energy savings in 2009-2010. Total goal, electricity: 425 gigawatt-hours Business goal, electricity: 282.2 gigawatt-hours Total goal, natural gas: 721,000 Business goal, natural gas: 176,056 Total spending: \$138 million Spending on business programs: \$56.4 million Source: Xcel Energy Inc.