

Xcel eyes efficiency plan

The utility wants to offer rebates for use of energy-saving lights and other equipment.

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By Steve Raabe
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Xcel Energy is proposing to launch one of the nation's most aggressive energy-efficiency programs in Colorado to conserve power and reduce carbon emissions.

A fringe benefit: Potentially more profit for the utility, even as customers use less energy.

In a recent filing with the Colorado Public Utilities Commission, Xcel said it seeks to spend \$738 million over a 12-year period beginning in 2009 to offer rebates to customers that buy energy-saving lights and air conditioners, among other equipment, as well as rebates for efficient building practices for homes and businesses.

The energy savings could be enough to eliminate the need for the utility to build a large power plant in the future.

Xcel is asking state regulators to allow it to recover the program's costs with higher electric and natural-gas rates. In addition, the utility is proposing to collect a bonus if the "demand-side management" incentives work effectively.

Yet customers would collectively save money - as much as \$1.3 billion over 12 years - by using less energy.

Businesses and homeowners that adopt energy-efficiency improvements under the program would be the chief beneficiaries because they would receive rebates and lower their energy consumption.

The costs of the program would be paid by all customers through higher utility rates. Xcel has not yet calculated the potential increase in rates.

While the program's purported win-win benefits seem appealing, it is unfair to the majority of utility customers who pay the costs while only a minority receive the benefits of using less power, said Stan Lewandowski, executive director of Intermountain Rural Electric Association, Colorado's largest power cooperative.

"We don't believe in the entire customer base supporting those few who are buying new appliances," he said.

The notion of a utility company willingly seeking to sell less energy seems counterintuitive because power firms traditionally make more money if they sell more natural gas and electricity, said Boulder energy analyst Howard Geller.

But spending money on efficiency programs to reduce power demand is cheaper than the cost of building new generating plants, said Geller, director of the Southwest Energy Efficiency Project.

The economics become even more compelling, he said, if the costs of coal and natural gas continue to rise, and if carbon emissions from power generation are taxed in the future. Carbon dioxide from burning fossil fuels is believed to be a major contributor to global warming.

"We're very encouraged by the emphasis Xcel has put on energy efficiency in their PUC filing," said Tom Plant, director of the Governor's Energy Office. "This supports one of the key provisions of (Gov. Bill Ritter's) climate action plan."

Ritter this week proposed that utilities cut greenhouse-gas emissions 20 percent by 2020.

Xcel already operates an energy-efficiency incentive plan. The proposed new program would almost triple the existing annual budget and approximately double the annual energy savings.

The plan "is being looked at as one of the largest and most progressive demand-side management programs in the nation," said Fred Stoffel, Xcel's vice president of marketing.

Energy analyst Geller calculated that if the plan is approved by regulators, Xcel will spend \$45.70 a year per customer. By comparison, efficiency spending by other regional utilities includes Rocky Mountain Power of Utah, \$39.70 per customer; Nevada Power Co., \$40.60; and Arizona Public Service Co., \$17.20.

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Potential savings

A sampling of energy-saving incentives that could be available through Xcel Energy:

- Rebates of up to \$200 for purchase of qualifying evaporative coolers
- Wholesale prices for compact fluorescent light bulbs
- Rebates of up to \$50 per ton for commercial high-efficiency air conditioners, chillers and heat pumps
- Free energy-design assistance for new commercial buildings or renovations