



## ALLIANCE TO SAVE ENERGY

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### Guest Highlight

#### **Energy Efficiency in the Southwest: Withering in the Desert or Soaring among the Peaks?**

*By Howard Geller*

The southwest region— Arizona , Colorado , Nevada , New Mexico , and Utah —is the fastest growing region in the country with respect to population and energy demand. But high energy demand growth stresses energy supply infrastructure and increases the risk of power outages. It also increases the need for controversial new power plants and transmissions lines, increases air pollution, and increases water consumption. With tight natural gas supplies and high gas prices, utilities throughout the region are proposing a new round of coal-fired power plants. If they get built, these plants will spew out carbon dioxide and other pollutants, and consume large quantities of water, for decades to come.

Given these problems, southwest states should be aggressively pursuing greater energy efficiency. But this generally has not been the case. The southwest is a major coal and natural gas producing region, energy prices are relatively low, and energy policy tilts towards encouraging more energy supply rather than restraining demand. Also, the southwest region tends to be conservative politically, meaning considerable opposition to new regulations or taxes. In short, the prevailing attitude in the region has been “energy is cheap, and real men (and women) dig up coal, drill for gas, and build power plants.”

Energy waste is a cost (both economic and environmental) that the southwest can no longer afford. Businesses are increasingly recognizing that energy waste hurts their bottom line. Governments are also recognizing that they can no longer afford to waste energy in their own operations. Once they start looking, businesses, public sector entities, and households find many opportunities for cost-effective energy efficiency improvements in spite of their relatively low energy prices.

The southwest is starting to mine its energy efficiency resource. The market share for Energy Star new homes has reached 50% or greater in Las Vegas and Tucson , for example. A growing number of new homes are going beyond the minimum and exceeding Energy Star performance by 15% or more. Utility and state programs, and public-private partnerships, are playing a key role in supporting the construction of these Energy Star and “Energy Star +” homes.

A few utilities in the region are ramping up their energy efficiency programs. Utah Power, owned by PacifiCorp, is planning to spend around \$20 million (about 2% of their revenues) on energy efficiency programs this year, twice what it spent last year. Utility programs are expanding in Nevada as well. Arizona and New Mexico have adopted new policies to increase energy efficiency in the public sector.

And while utility energy efficiency programs are still very limited in Arizona and New Mexico , there are signs that this will change in the near future.

The picture is cloudier in Colorado . A few publicly-owned utilities are ramping up their energy efficiency efforts, but Xcel Energy, the largest investor-owned utility in Colorado , operates limited efficiency programs. Even worse, Xcel plans to phase out these programs at the same time it is proposing to build a 750 MW coal-fired power plant. Neither the “conservative” state legislature nor the state PUC seems to mind. The Colorado legislature has also refused to adopt a modest renewable energy standard.

Frustrated with the PUC and legislature, energy efficiency and renewable energy advocates in Colorado have filed various ballot initiatives including a combined renewable energy and energy efficiency standard. The standard requires utilities in the state to get 15% of their electricity from renewable sources and/or energy savings by 2014. If this ballot initiative moves forward, it will be an interesting summer and fall.

Last but not least, a southwest governor or two is starting to stir the energy efficiency pot. Gov. Bill Richardson (D-New Mexico) recently hosted an Energy Summit under the auspices of the Western Governors Association (WGA). There he and Gov. Schwarzenegger (R-California) proposed clean energy goals for the Western U.S., specifically to develop at least 30,000 MW of clean energy resources by 2015 and increasing the efficiency of energy use in the West 20% by 2020. The Richardson-Schwarzenegger proposal will be submitted as a resolution at the June WGA meeting.

So is energy efficiency withering in the desert or soaring among the Rocky Mountain peaks? My answer is a lot of the former, and a little but a growing amount of the latter. Energy efficiency is taking off in parts of the region. However, the southwest still has a long way to go before it approaches the level of program activity or energy efficiency implementation found in other leading regions.

*Howard Geller is the founder and Executive Director of the Southwest Energy Efficiency Project (SWEET) based in Boulder, CO. For more information on SWEET and its work, see [www.swenergy.org](http://www.swenergy.org).*