

Energy Efficiency in the Southwest – 2008 Overview

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Highlights

- ❑ Both electric and gas utility DSM programs in region are on the rise
- ❑ Electricity savings are approaching 1% per year for some electric utilities
- ❑ Performance-based financial incentives for utility shareholders gaining acceptance
- ❑ Natural gas DSM is starting to have a significant impact in some states
- ❑ Energy-efficient, green building gaining momentum

Electric Utility Efficiency Programs in the Southwest

State	Electric DSM Program Spending/Budgets (million \$ per year)					
	2002	2004	2006	2007	2008 (est)	2009 (est)
AZ	4	4	19	32	42	60
CO	11	21	18	25	32	57
NV	3	11	30	27	54	54
NM	1	1	1	4	9	18
UT	9	16	25	27	35	38
WY	~0	~0	~0	~0	~0	3
Region	29	54	93	115	172	230

Source: SWEEP data

Energy Savings Are Growing Too

- ❑ Leading electric utilities are reducing electricity use by 0.75-1.0% per year, or planning to do so next year
- ❑ Comprehensive DSM programs becoming more common
- ❑ Peak demand reduction still important but less of an emphasis today
- ❑ Leading gas utilities are reducing gas use by full service customers 0.25-0.5% per year – much less than electricity savings

Gas Utility Efficiency Programs in the Southwest

State	Gas DSM Budgets (million \$ per year)		
	2007	2008	2009 (est.)
AZ	--	3.1	3.1
CO	2.2	2.2	15.8
NM	1.6	1.9	1.5
NV	--	0.7	0.7
UT	7.5	14.0	17.8
Region	11.3	21.9	38.9

Recent Developments Related to Shareholder Incentives

- ❑ Shared savings incentive mechanism adopted for Xcel Energy – CO
- ❑ Incentives under development for electric utilities in New Mexico
- ❑ Higher incentives under discussion for APS in Arizona
- ❑ Gas decoupling nearly approved in Nevada and under consideration in Arizona

Energy Efficiency Also Improving in New Construction

- ❑ Some jurisdictions have upgraded building codes recently; big opportunity for code improvements starting next year
- ❑ Growing number of cities and counties adopting Green Building programs that encourage beyond code new construction
- ❑ Southwest (AZ, NV, TX and UT) continues to lead in construction of ENERGY STAR new homes, CO moving up as well
- ❑ **Growing number of highly efficient “Net-Zero Energy Homes” in the region too**

Key Issues

- ❑ Can electric utilities in the region reach and surpass 1% savings per year?
- ❑ **Can gas utilities “ramp up” savings to the 0.5-1% per year range?**
- ❑ What is a reasonable level of utility incentive, balancing utility and customer concerns?
- ❑ Can we rely on energy efficiency to meet a sizable fraction of future resource needs?
- ❑ **How do we transfer strong DSM programs to muni’s and rural electric cooperatives?**

Key Issues (cont.)

- ❑ How do we make highly efficient new homes and commercial buildings the norm?
- ❑ How can we stimulate high levels of energy efficiency in industry?
- ❑ Will greenhouse gas emissions caps be enacted and if so what will they mean for state and local efficiency efforts?
- ❑ What impact will the economic downturn have on energy efficiency efforts?
- ❑ What role can emerging technologies and new program strategies play?

SWEEP:

Dedicated to More Efficient Energy Use in the Southwest

Resources available online at:

www.swenergy.org

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