

Don't lower Xcel's energy savings goal

[By The Daily Sentinel](#)

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At what point does the cost of Xcel Energy's efficiency savings program exceed its benefits?

That's the question before the Colorado Public Utilities Commission, which by law sets energy-efficiency targets, but must also give investor-owned utilities a chance to earn a profit from energy-saving measures. The PUC is in the process of setting Xcel targets through 2020.

Xcel wants to lower its goals — measured in gigawatt hours saved — while energy-efficiency advocates want to raise them.

In some ways, Xcel is a victim of its own success. It has saved customers nearly 1.6 billion kilowatt-hours a year since 2009, largely by offering rebates on energy-saving light bulbs and equipment. It has exceeded energy-saving goals every year for the past five years.

With that record of success, advocates see no reason for the PUC not to mandate higher goals between 2015 and 2020. The Southwest Energy Efficiency Project says the efficiency programs Xcel implemented between 2009 and 2013 are expected to provide \$924 million in net economic benefits, or nearly three times what Xcel spent on the programs (\$317 million).

SWEEP also points out that investing in energy efficiency is the utility's least expensive energy resource, with an average cost of under two cents per kilowatt-hour saved.

But Xcel is arguing that higher energy-saving goals will result in higher costs to ratepayers. It calculates its energy-saving costs as a percentage of the total average residential customer bill. Currently customers pay an additional 3.5 percent on their bills to fund Xcel's rebates and incentives. Higher goals would push that fee to about 6 percent.

Clouding the waters, Xcel can earn a bonus tied to the performance of its energy-saving programs. So, lowering the goals will improve its chances of recovering costs. But it also has invested in a distribution voltage optimization program that saves nearly all customers money by helping electric motors and other equipment run more efficiently.

If there's an overlap here, it's this: At a minimum, advocates want Xcel goals to stay the same and Xcel says it can keep its energy efficiency costs in the 3.5 percent range if the goals aren't raised. So, the logical outcome would be for the PUC to keep current goals in place.

That seems fair and constitutes our preferred course of action. But a case can be made for raising goals, not lowering them. Higher costs to the consumer would have an energy-saving effect. The goal of this exercise is to reduce energy consumption — not turn electricity into a throwaway commodity.

Energy-saving mandates have no doubt contributed to the evolution of technological improvements. Newer, better products hit the marketplace all the time, but high development costs can inhibit their use. That's why rebates and incentives are important. They put game-changing technology into play and help us use less energy.

Every kilowatt-hour of energy saved is one that doesn't have to be generated. Our best move toward true energy independence — environmental and monetary concerns aside — is conservation.

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