

Update on Energy Efficiency Efforts in Western States

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Presentation at the
Energy Efficient Buildings Workshop
Denver, CO
July 17, 2007

Overview

- ❑ Some Governors are adopting ambitious energy efficiency goals
- ❑ Energy efficiency initiatives a key component of state climate action plans
- ❑ Utility energy efficiency (DSM) programs are on the rise
- ❑ Some states updating building energy codes and/or adopting appliance efficiency standards
- ❑ Western states leading the nation in construction of ENERGY STAR homes

Goal Setting

- Gov. Huntsman (UT) has adopted a goal of increasing energy efficiency 20% statewide by 2015; strategy for achieving the goal is under development
- Gov. Ritter (CO) has committed to adopting the WGA EE goal of a 20% increase in efficiency electricity use by 2020
- Other Governors also considering adopting the WGA goal

Energy Efficiency in Climate Action Plans

- Energy efficiency initiatives are key components of all state plans adopted so far including those in AZ, CA, NM, OR, WA
- Emphasis on energy efficiency results in net economic benefits from plans as a whole; e.g., \$5.6 billion net benefits during 2007-2020 from AZ plan
- Adoption of state climate plans is boosting support for energy efficiency initiatives
- Role for energy efficiency in the Western Climate Initiative?

Electric Utility DSM Funding in the Southwest Continues to Grow

State	DSM program budget (million \$ per year)					
	2002	2003	2004	2005	2006	2007 (est)
AZ	4	4	4	10	21	32
CO	11	13	21	24	18	24
NV	3	11	11	14	30	36
NM	1	1	1	1	1	4
UT	9	12	16	20	25	33
WY	~0	~0	~0	~0	~0	1
Region	29	42	54	70	95	130

ENERGY STAR New Homes

- Nevada led the nation with 71% market share for ENERGY STAR qualified new homes in 2006
- 100,000 ENERGY STAR new homes were built in AZ, NV, and TX in 2006, about one half of all ENERGY STAR qualified new homes built in the entire country
- ENERGY STAR homes market share was > 15% in CA and UT in 2006 and is on the rise in most western states

Key Developments - AZ

- ❑ AZ Public Service Co. (APS) has proposed offsetting 20% of anticipated load growth through DSM efforts
- ❑ Tucson Electric Power (TEP) has proposed ramping up its DSM programs (\$63 million DSM budget over five years)
- ❑ Builders have committed over 35,000 homes to new ENERGY STAR performance levels
- ❑ New legislation adopted in 2007 to increase energy efficiency in K-12 schools

Key Developments - CA

- ❑ State has codified goal of reducing GHG emissions to their 1990 level by 2020, established climate action team, and implementing “early action” policies
- ❑ PUC established ambitious energy efficiency goals for utility DSM programs during 2006-2008 and is working on new goals as well financial incentives for utilities
- ❑ Revised building energy codes and new appliance efficiency standards are under development

Key Developments – CO

- ❑ New legislation directs gas utilities to implement DSM programs, directs the PUC to establish energy savings goals and financial incentives for electric and gas DSM programs, and establishes that minimizing bills (not rates) is the IRP goal
- ❑ Local governments are required to adopt up-to-date building energy codes
- ❑ Clean Energy Fund set up with \$7M in initial funding

Key Developments - ID

- ❑ New PUC order calls for enhanced utility DSM programs and a revenue-sales decoupling mechanism for electric utilities on a pilot basis
- ❑ A second PUC order establishes a pilot incentive mechanism for one utility DSM program

Key Developments – NM

- State tax credits adopted for highly efficient new residential and commercial buildings
- Governor Richardson has called for low greenhouse gas emitting building codes; the state's mandatory energy code is now being updated
- PNM has proposed spending \$7.5 million per year on nine electricity DSM programs, awaiting approval by the PRC

Key Developments - NV

- ❑ Nevada utilities are expanding DSM programs, counting energy savings towards the RPS (up to 25% of total standard), and receiving financial incentives for DSM investments
- ❑ Nevada is the first state to adopt lamp efficiency standards that will phase out conventional incandescent lamps
- ❑ New legislation includes decoupling for gas utilities and an assessment of the energy performance of homes at time of sale

Key Developments - OR

- ❑ Energy savings goals adopted for state government
- ❑ Updates to state tax credits for a wide range of energy efficiency measures adopted by households or businesses
- ❑ New set of appliance efficiency standards adopted in 2007

Key Developments - TX

- ❑ New legislation requires utilities to save 20% of growth in demand through DSM programs by 2009 (double previous level)
- ❑ Legislation calls for incentives for utilities that exceed this requirement, and study of even higher savings requirements
- ❑ Legislation also updates building energy codes and sets a goal of reducing energy use in the public sector by 5% per year over the next 6 years

Key Developments – UT

- ❑ 2006 IECC model energy code took effect in January, 2007, mandatory statewide
- ❑ Questar Gas Co. has launched gas DSM programs (\$7M/yr initial budget) following approval of gas sales-revenue decoupling on a pilot basis
- ❑ Legislature approved a \$5M revolving loan fund for energy efficiency projects in K-12 schools in 2007

Key Developments - WA

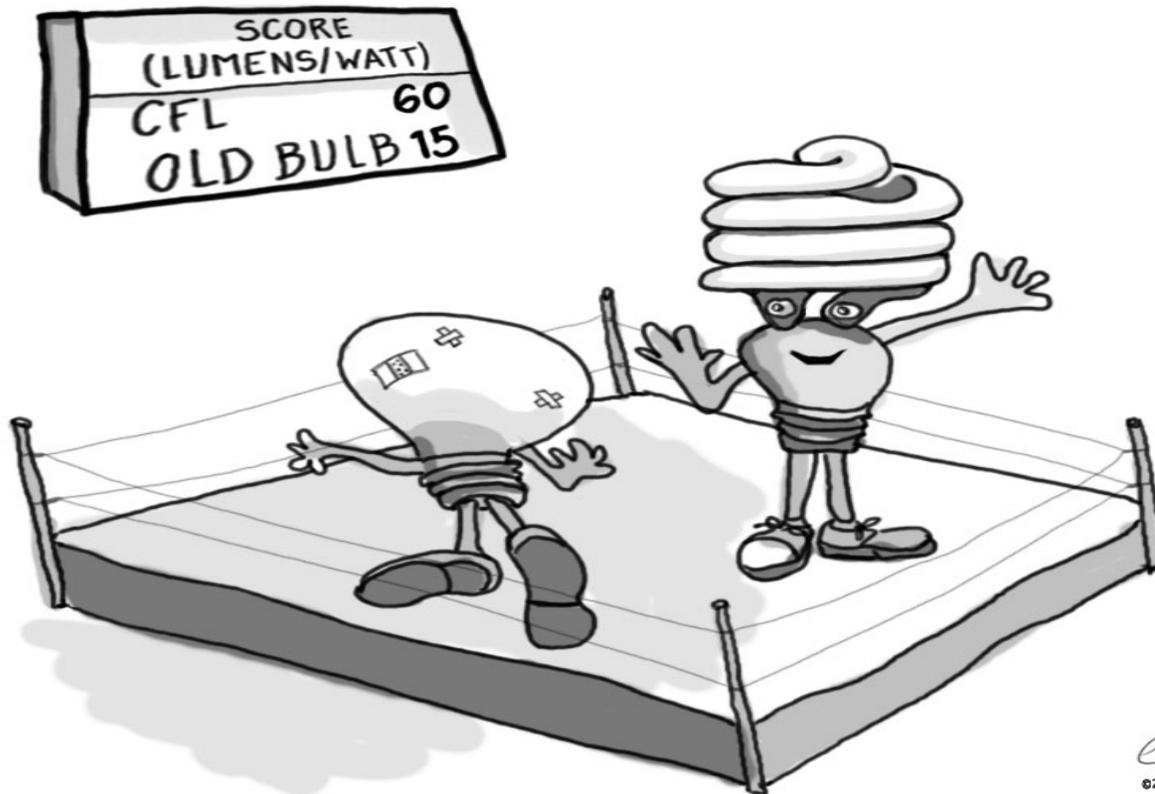
- ❑ Ballot initiative adopted in 2006 includes energy efficiency requirements for qualifying utilities
- ❑ New state buildings required to meet LEED Silver standards

Energy Efficiency “Needs” in the Western Region

- ❑ Continued expansion of utility DSM programs including performance-based incentives for utility shareholders and savings targets or standards
- ❑ Continued emphasis on ENERGY STAR and beyond ENERGY STAR new construction particularly in high growth states
- ❑ Full integration of energy efficiency initiatives into state and regional climate strategies, including cap and trade programs

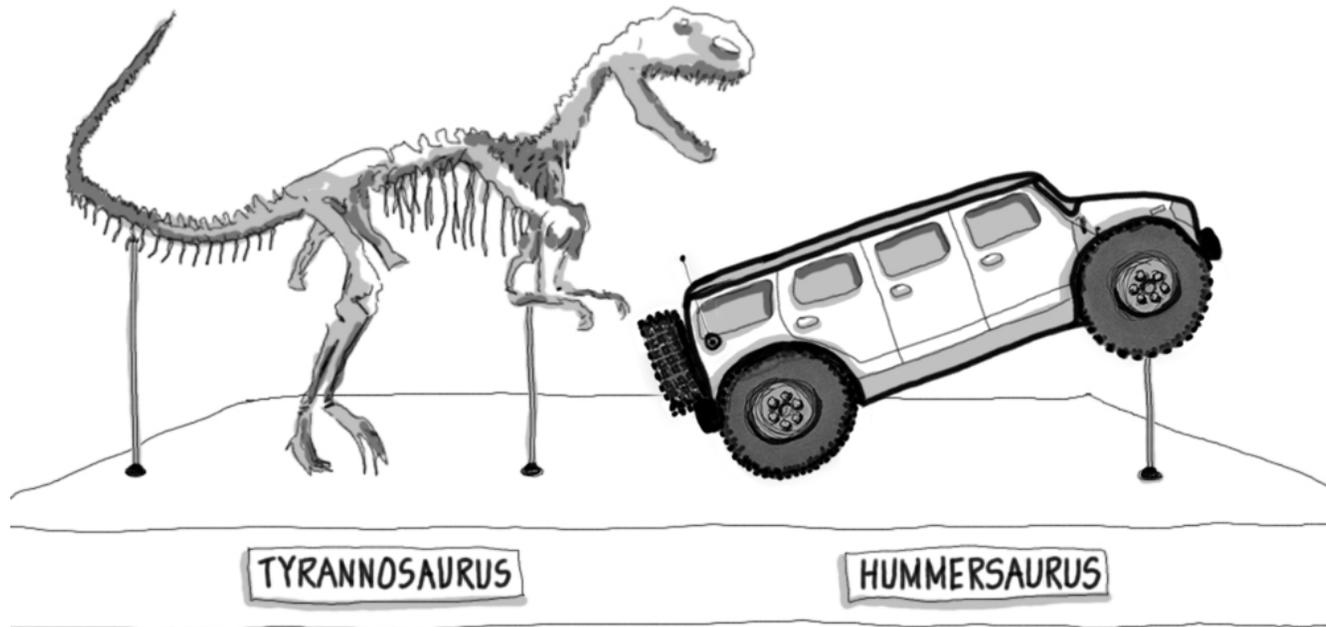
We Are Winning Many Energy Efficiency Battles....

COMPACT FLUORESCENT WINS BULB BATTLE!



But Can We Win the War?

DINOSAUR EXHIBIT 2050



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