Demand Side Management and Energy Efficiency Activities

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What Is Happening on Southwest’s (SW’s) System

• SW’s Current DSM Programs

• Steep declines in use per customer result in a cost recovery / conservation dilemma

• SW’s efforts to solve its cost recovery / conservation dilemma
Arizona

- Six approved programs ($3.1 million)
  - Low-Income Energy Conservation $500,000
  - ENERGY STAR® Home $350,000
  - Consumer Products $775,000
  - Commercial Equipment $1,000,000
  - Distributed Generation $400,000
  - Technology Information Center $35,000
Arizona

• Low-Income Energy Conservation $500,000
  – Weatherization $200,500
  – Health and Safety $93,000
  – Special Project $60,000
  – Emergency Bill Assistance $45,000
  – Administration and Outreach $101,500
  – Approximately 250 units weatherized
Arizona

- **ENERGY STAR® Home $350,000**
  - 13 Builders, 30 Subdivisions
  - Pepper Viner Homes, Civano Development, Tucson AZ
    - DOE Builder Challenge Award
    - 36 on Energy Smart Home Scale
    - Recognizes SW’s Assistance
Arizona

• Low-Income Energy Conservation and ENERGY STAR (EA Plus) Have Been in Place

• Consumer Products, Commercial Equipment, Distributed Generation and Technology Information Center are new Programs

• Program Administration Challenges

• Economy has Impacted Energy STAR, Consumer Product and Commercial Programs
Nevada

• Nevada Energy Connection
  – Universal Energy Charge

• Non-DSM Programs
  – Seniors Helping Seniors
  – Weatherization Program
  – Energy Education (Bill Inserts, Brochures, Web Links)
California

• Low-Income Energy Efficiency Weatherization Program
  – $1.1 Million Current Annual Budget
  – SW Proposed Budget $1.3 Million for 2009, $1.6 Million for 2010, and $1.9 Million for 2011
  – CPUC Draft Decision $2.4 Million for 2009, $2.8 Million for 2010, and $3.2 Million for 2011

• Other Proceedings and Laws
  – Strategic Plan for Energy Efficiency through 2020 (R.08-07-011)
    • All Homes Energy Efficient by 2020
  – Climate Change/Greenhouse Gases (R.06-04-009)
    • Cap and Trade for Small Customer Emissions Applies to LDCs in 2015
Arizona
12-Month Weather Normalized Residential Consumption per Customer (G-5 & G-6)
December 1985 – August 2008

Residential Consumption per Customer (Therms)

Weather Normalized Consumption

August 2008
322.6 Therms

Weather Normalized Consumption

SW’s Efforts to Solve its Dilemma

• Initial Nevada and Arizona Rate Case Efforts
  – Proposed: 1) full RPC decoupling, 2) significantly higher basic charges, 3) declining block rate designs
  – What we learned: 1) RPC may lead to volatility in customer bills, 2) higher fixed charges and declining block rates are considered to be anti-conservation

• Current Arizona Rate Case Proposal
  – Proposed: 1) Real-time WNA, 2) RPC decoupling for non-weather, 3) flat commodity charge with offsetting blocks for gas and non-gas costs, 4) reduced increases to fixed charges

• Current Nevada Process
  – SB 437 “remove financial disincentives which discourage the public utility from supporting energy conservation”
  – Docket No. 07-06046
Questions