Energy Efficiency in the Southwest – 2008 Overview

Howard Geller

Presentation at the 2008 SWEEP Annual Workshop
November 13, 2008
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

<table>
<thead>
<tr>
<th>State</th>
<th>2002</th>
<th>2004</th>
<th>2006</th>
<th>2007</th>
<th>2008 (est)</th>
<th>2009 (est)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AZ</td>
<td>4</td>
<td>4</td>
<td>19</td>
<td>32</td>
<td>42</td>
<td>60</td>
</tr>
<tr>
<td>CO</td>
<td>11</td>
<td>21</td>
<td>18</td>
<td>25</td>
<td>32</td>
<td>57</td>
</tr>
<tr>
<td>NV</td>
<td>3</td>
<td>11</td>
<td>30</td>
<td>27</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>NM</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>UT</td>
<td>9</td>
<td>16</td>
<td>25</td>
<td>27</td>
<td>35</td>
<td>38</td>
</tr>
<tr>
<td>WY</td>
<td>~0</td>
<td>~0</td>
<td>~0</td>
<td>~0</td>
<td>~0</td>
<td>3</td>
</tr>
<tr>
<td>Region</td>
<td>29</td>
<td>54</td>
<td>93</td>
<td>115</td>
<td>172</td>
<td>230</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>State</th>
<th>2007</th>
<th>2008</th>
<th>2009 (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AZ</td>
<td>--</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>CO</td>
<td>2.2</td>
<td>2.2</td>
<td>15.8</td>
</tr>
<tr>
<td>NM</td>
<td>1.6</td>
<td>1.9</td>
<td>1.5</td>
</tr>
<tr>
<td>NV</td>
<td>--</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>UT</td>
<td>7.5</td>
<td>14.0</td>
<td>17.8</td>
</tr>
<tr>
<td>Region</td>
<td>11.3</td>
<td>21.9</td>
<td>38.9</td>
</tr>
</tbody>
</table>
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

Howard Geller, Executive Director
303-447-0078x1
hgeller@swenergy.org