SRP Energy Efficiency Program Update

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Customer Programs & Marketing

SWEEP Southwest Region
Energy Efficiency Workshop

December 8, 2011
Agenda

- Revised Sustainable Portfolio Principles (SPP) & Objective
- Goals & objectives of current program year
- Codes & Standards Initiatives
- New Programs
  - Home Performance with Energy Star
  - Financing Program
  - Shade Tree Program
  - On-line CFL Distribution Program
SPP Objectives

• Manage emissions using sustainable means at the lowest cost to our customers
• Retain the flexibility to select among alternative options
• Expand options that can contribute to this objective
• No price increases through Fiscal Year 2012
Updated Sustainable Portfolio Plan

- Established in 2004, revised in 2006 and 2011

- Goals
  - Meet 20% of retail requirements with sustainable resources by 2020
    - Renewable energy, hydro power, conservation, efficiency and pricing measures codes and standards, behavioral programs and renewable energy credits
  - Energy efficiency – ‘goal within a goal’
  - Emissions intensity metric – 15% below 2006 actuals by FY20
Energy Efficiency Targets

- SRP’s annual incremental objective grows over next decade
- All energy efficiency and pricing initiatives
- Include 50% credit for codes and standards
- Energy conservation and behavioral programs

Percentage of Annual Retail Requirements

<table>
<thead>
<tr>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.75%</td>
<td>1.75%</td>
<td>1.75%</td>
<td>2.00%</td>
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<tr>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.75%</td>
<td>1.75%</td>
<td>1.75%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
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</tbody>
</table>

Annual incremental savings including line loss
A Balance Between Multiple Complementary Goals

- Sustainable and EE as % of Retail Requirements
- New Approaches/Economic Development
- Education
- Low Cost
- Emissions Metric
SRP FP12 Sustainable Portfolio Energy

- Energy Efficiency
  - FY06: 1,255 GWh
  - FY12: 2,371 GWh
  - FY20: 5,796 GWh

- Hydro
  - FY06: 62%
  - FY12: 39%
  - FY20: 15%

- Renewables
  - FY06: 24%
  - FY12: 37%
  - FY20: 45%
FY12 - A Balanced Sustainable Energy Budget ($Millions)

- Renewable Programs: $49.63
- Energy Efficiency Programs: $49.08

- Wind: 32%
- Solar: 43%
- Other: 25%

- Residential: 49%
- Commercial: 51%
## Annual Energy Efficiency Program Goals

<table>
<thead>
<tr>
<th>Program Year*</th>
<th>Forecasted Savings (MWh)</th>
<th>Actual Savings (MWh)</th>
<th>Annual Budget (Mill)</th>
<th>% of Retail Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>197,500</td>
<td>207,000</td>
<td>$20.8</td>
<td>0.76%</td>
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<tr>
<td>FY10</td>
<td>257,000</td>
<td>284,000</td>
<td>$28.7</td>
<td>1.05%</td>
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<tr>
<td>FY11</td>
<td>315,000</td>
<td>381,000</td>
<td>$39.3</td>
<td>1.41%</td>
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<tr>
<td>FY 12</td>
<td>403,000</td>
<td>-</td>
<td>$49.1</td>
<td>1.50%</td>
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</table>

* SRP’s program year runs May 1st through April 30th.
FY12 Energy Efficiency Savings Objective
Strong focus on cost-effective programs

- Retail CFL Programs
- Appliance Recycling
- Standard & Custom Business Solutions
- Technical Assistance Programs

FY12 Goal
403,000 MWh

- Residential: 52%
- Commercial: 20%
- M-Power: 28%
Efficiency of Program Portfolio

2010 EE Programs - Energy Savings per Dollar Spent

<table>
<thead>
<tr>
<th>Utility</th>
<th>kWh Saved per $ Spent</th>
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</thead>
<tbody>
<tr>
<td>SRP FY11 Actual</td>
<td>10.31</td>
</tr>
<tr>
<td>Baltimore Gas &amp; Electric</td>
<td>7.24</td>
</tr>
<tr>
<td>Fortis BC</td>
<td>7.00</td>
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<tr>
<td>APS 2010 Actual (w/o Perf. Incentive)</td>
<td>6.87</td>
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<tr>
<td>Alliant Energy WPL (WI)</td>
<td>6.16</td>
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<tr>
<td>MidAmerican Energy</td>
<td>6.10</td>
</tr>
<tr>
<td>Manitoba Hydro</td>
<td>5.64</td>
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<tr>
<td>Alliant Energy IPL (MN)</td>
<td>5.39</td>
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<tr>
<td>Detroit Edison</td>
<td>5.24</td>
</tr>
<tr>
<td>BC Hydro</td>
<td>5.20</td>
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<tr>
<td>Commonwealth Edison</td>
<td>4.89</td>
</tr>
<tr>
<td>Xcel Energy Minnesota</td>
<td>4.70</td>
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<tr>
<td>Lincoln Electric System</td>
<td>4.68</td>
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<tr>
<td>Fort Collins Utilities</td>
<td>4.49</td>
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<tr>
<td>Avista Utilities</td>
<td>4.38</td>
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<tr>
<td>Xcel Energy Colorado</td>
<td>4.05</td>
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<tr>
<td>NV Energy</td>
<td>3.41</td>
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<tr>
<td>Puget Sound Energy</td>
<td>3.15</td>
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<tr>
<td>Idaho Power</td>
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<tr>
<td>Seattle City Light</td>
<td>2.64</td>
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<td>San Diego Gas &amp; Electric</td>
<td>2.61</td>
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<td>Southern California Edison</td>
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<td>Consolidated Edison</td>
<td>2.30</td>
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<tr>
<td>Alliant Energy IPL (IA)</td>
<td>2.28</td>
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<tr>
<td>National Grid</td>
<td>2.21</td>
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Source: E-Source DSM Program Study - June 2010
Model Building Code Initiative

- In market with informational and educational initiative
- “The Energy Code Workshop”
- Hosted multiple training sessions for various market stakeholders
- Activity with Mesa, Chandler and Tempe to move towards IECC 2009
- Earning up to 50% credit

Nina Mason Pulliam Rio Salado Audubon Society
Appliance & Equipment Standard Initiative

• Coordinate with Washington, D.C., office

• Partner with national, regional and state energy efficiency organizations
  – Department of Energy
  – Consortium for Energy Efficiency
  – Energy Star
  – SWEEP, Sierra Club and others
  – AZ Energy Office

• Develop joint effort to educate legislators and promote value of enhanced standards
Home Performance with ENERGY STAR® (HPwES)
Launched Nov. 15, 2010

- “Whole house” approach to comfort and savings
- $99 three-hour assessment and efficiency kit
- 38% conversion rate ITD and improving to 43% FY12 YTD

3,500 completed assessments as of November 1st
Financing Program

- Funding for small commercial and residential EE projects
- Financing is designed to compliment Standard Business and HPwES programs to fund more comprehensive EE projects – bundle more measures
- Option for customers to overcome capital constraints
- SRP leveraging services of third-party financial institution – National Bank of Arizona
- Funding loan loss reserve to provide credit and rate relief as well as sharing a portion of the risk
- Planning to launch in Spring of 2012
Shade Tree Program

- Targeting existing residential customers - single family homes
- Program focuses on reducing summer air conditioning loads through proper shading of windows and home exteriors
- Offering customer workshops to educate customers on proper tree selection, planting and care
- Customers completing workshop will be eligible for 2-3 free native trees per customer based on age of home
- Partnering with Phoenix non-profit organization – Valley Permaculture Alliance to implement
- Program launch slated for January 2012
On-line CFL Distribution

• Program designed to provide additional lift for SRP’s suite of CFL programs – move beyond the earlier adopters
• Maximize CFL realization rates prior to EISA standards
• Program marketed softly through email blasts and other targeted channels
• Customers forwarded to website to complete application for free CFL package
• Package includes SRP branded box and a variety of six CFLs and other program information
• Third-party fulfillment company processes application, packages lamps, and mails CFLs directly to customers’ home.
Summary of SRP’s FY12 Goals

• Generate over 403,000 MWh of incremental energy savings
• Deliver 1.50% of SRP’s retail requirement through our portfolio of energy efficiency programs
• Implement PowerPartner demand response program in order to secure up to 50 MW of capacity
• Deliver portfolio of energy efficiency / demand response programs within established $49.08 million EPCAF budget
• Develop new program offerings and enhance existing rebate programs to meet customer needs while ensuring cost-effectiveness