DSM Program Update

Arizona Public Service Co. (APS)

November 21, 2013

Tom Hines
EE Programs Consultant
Roadmap

1. Rear View
   - 2012/2013 Results

2. Unclear Road Conditions
   - Current Regulatory Picture

3. More MPG
   - Focus on Efficient Program Delivery

4. Road Ahead
   - Mountain Grades and Curves
Rear View Mirror
APS 2012 DSM Program Results
Summary of 2012 Results

**Energy Savings**

<table>
<thead>
<tr>
<th></th>
<th>Annual MWhs Saved</th>
<th>% of Retail Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Goal</td>
<td>524,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>2012 Achieved</td>
<td>551,639</td>
<td>1.84%</td>
</tr>
</tbody>
</table>

Achieved 105% of goal, +27,639 MWhs over goal

**Budget/Spending**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>2012 ACC Approved DSM Budget</td>
<td>$77.0 M</td>
</tr>
<tr>
<td>2012 DSM Spending (includes all DR/EE portfolio costs)</td>
<td>$73.5 M</td>
</tr>
<tr>
<td>Balance (included in future true-up)</td>
<td>+$3.5 M</td>
</tr>
</tbody>
</table>
# 2012 Program Results

<table>
<thead>
<tr>
<th>Program</th>
<th>Participation</th>
<th>2012 Savings (MWHs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESIDENTIAL EE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Products</td>
<td>2.7 MM bulbs, 3,850 pumps</td>
<td>142,774</td>
</tr>
<tr>
<td>Existing Homes HVAC</td>
<td>9,300 AC; 2,835 ducts; 1,810 diagnostics</td>
<td>13,941</td>
</tr>
<tr>
<td>Home Performance</td>
<td>7,350 home audits</td>
<td>8,128</td>
</tr>
<tr>
<td>New Homes</td>
<td>2,700 homes</td>
<td>14,002</td>
</tr>
<tr>
<td>Appliance Recycling</td>
<td>9,400 fridges/freezers</td>
<td>11,873</td>
</tr>
<tr>
<td>Low Income</td>
<td>852 homes</td>
<td>2,503</td>
</tr>
<tr>
<td>Conservation Behavior</td>
<td>77,900 households</td>
<td>23,543</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>5,700 apartments</td>
<td>5,380</td>
</tr>
<tr>
<td>Shade Trees</td>
<td>5,200 trees</td>
<td>477</td>
</tr>
<tr>
<td><strong>NON-RES. EE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Existing Facilities</td>
<td>1,850 projects</td>
<td>192,263</td>
</tr>
<tr>
<td>New Construction</td>
<td>93 buildings</td>
<td>31,905</td>
</tr>
<tr>
<td>Small Business</td>
<td>1,271 projects</td>
<td>25,595</td>
</tr>
<tr>
<td>Schools</td>
<td>231 projects/72 districts</td>
<td>24,523</td>
</tr>
<tr>
<td>Codes and Standards</td>
<td>Dual speed pool pumps</td>
<td>2,332</td>
</tr>
<tr>
<td>Demand Response</td>
<td>Critical Peak Pricing, Peak Solutions, TOU</td>
<td>52,400</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>551,639</td>
</tr>
</tbody>
</table>
APS 2013 DSM Program
Projected Results (Est.)
Estimated 2013 Results

### Energy Savings

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<th>% of Retail Sales</th>
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<tr>
<td>2013 Goal (cumulative)</td>
<td>530,500</td>
<td>5% (cumulative since 2011)</td>
</tr>
<tr>
<td>2013 Achieved (Est.)</td>
<td>532,000-538,000</td>
<td></td>
</tr>
</tbody>
</table>

### Budget/Spending

<table>
<thead>
<tr>
<th>Model</th>
<th>Budget/Spending Est. (includes all DR/EE portfolio costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 ACC Approved DSM Budget</td>
<td>?</td>
</tr>
<tr>
<td>2013 DSM Spending Est.</td>
<td>$68 MM</td>
</tr>
</tbody>
</table>

→ On target to slightly exceed savings goal; at less than 2012 spending
Unclear Road Conditions?
Current Regulatory Picture
Regulatory Roadmap

- APS Filed 2013 Plan on 6/1/12
- ACC Staff Recommended Order Issued 10/30/13
- Currently Awaiting ACC Open Meeting to Approve 2013 Plan
- Recommends:
  - “Status Quo” = No new programs or measures
  - Approx $10 million budget reduction
  - No new plans filed until further notice
- Consequences:
  - Challenge to meet compliance with increasing goals and decreasing budget
  - On target for compliance in 2013 but 2014 will be tough to meet
More MPG
Efficient Program Delivery
Building the APS EE Program Portfolio 2005-2011

- **2005** = CFLs
- **2006** = Solutions for Business, AC, New Homes, Low Income
- **2007-8** = Ducts, Quality Install
- **2009-10** = Fridge Recycle, Home Energy Reports, Pools, Home Performance
- **2011** = Multi Family, Shade Trees
Home Performance – New Audit Tool

- Integrates on-line and in-home audits
  - Improves customer experience
  - Streamlines program delivery
- Reduced administrative burden for contractors
- Better tracking and reporting
- Improved software platform can help us achieve greater savings from each participant

EnergySavvy.com
New Homes – Program Tracking Database

- Cloud based database
- Tracks detailed data about participating homes for
  - Better quality reporting
  - Better program tracking
  - Streamlined process with program partners
  - Better information and data sharing
- Information transfers can help Realtors, appraisers, and lenders value energy efficiency
- By helping builders get more value for their homes, we could lower APS incentives without losing participation
Pools Program

- **Process Evaluation**
  - Focus Group with Participating and Non-Participating Pool Professionals
  - Identified their challenges with the program
  - As a result we streamlined forms and data entry process

- **Impact Evaluation**
  - Identified the importance of proper pump calibration to maximize savings
  - As a result, we modified program training and created new tools to help participating contractors
Cross Program Initiatives

- Sweepstakes
- Events/Sports
- Co-promotions
- Call Center
- Business Offices
- Social Media
Segmentation and Direct Marketing

- Improve efficiency by targeting those most likely to participate in each program
- Identify opportunities for:
  - Program participation
  - Bundling
  - Communication across programs
We are currently working on....

• Optimizing incentives
• Leveraging trade ally partnerships
• Informing real estate transactions
• Using social media
• Focusing on codes and standards and other low cost savings opportunities
Road Ahead......
Curves and Mountain Grades
Managing with Lots of Uncertainty

• Budget
  • Managing programs within 2012 budgets…does not track current market conditions

• Programs
  • No new programs or technologies being approved (LEDs for residential?)
  • How can we get more from current programs?

• Issues to Be Addressed
  • Approval of 2013 plan
  • Cost effectiveness workshops
  • Performance incentives
  • Issues we have asked for:
    • New measures/technologies
    • Codes/standards – 50% credit
    • APS system efficiencies
Summary

• Great program results to date in 2013
• On track to exceed savings goals in 2013
• Significant regulatory issues to be addressed
• Concern about ability to achieve EE goals in 2014
Questions?

tom.hines@aps.com