

Energy Efficiency: Colorado's Most Cost-Effective Energy Resource

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Economy: The Path Forward

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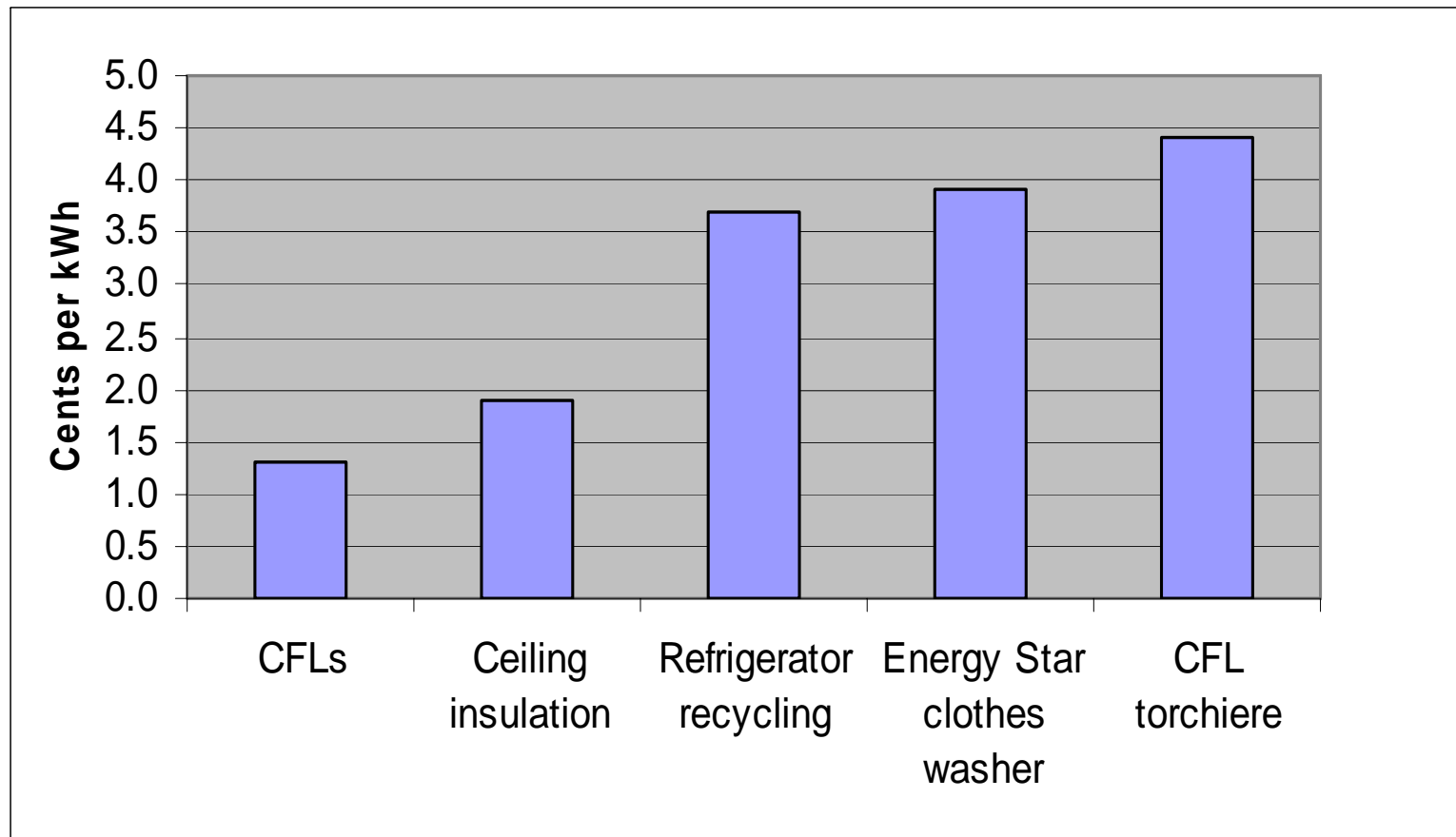
Overview

- ❑ Cost effectiveness of energy efficiency measures
- ❑ DSM program budgets and impacts
- ❑ Key energy efficiency legislation
- ❑ Potential new policy initiatives

DSM Programs Are the Lowest Cost Electricity Resource

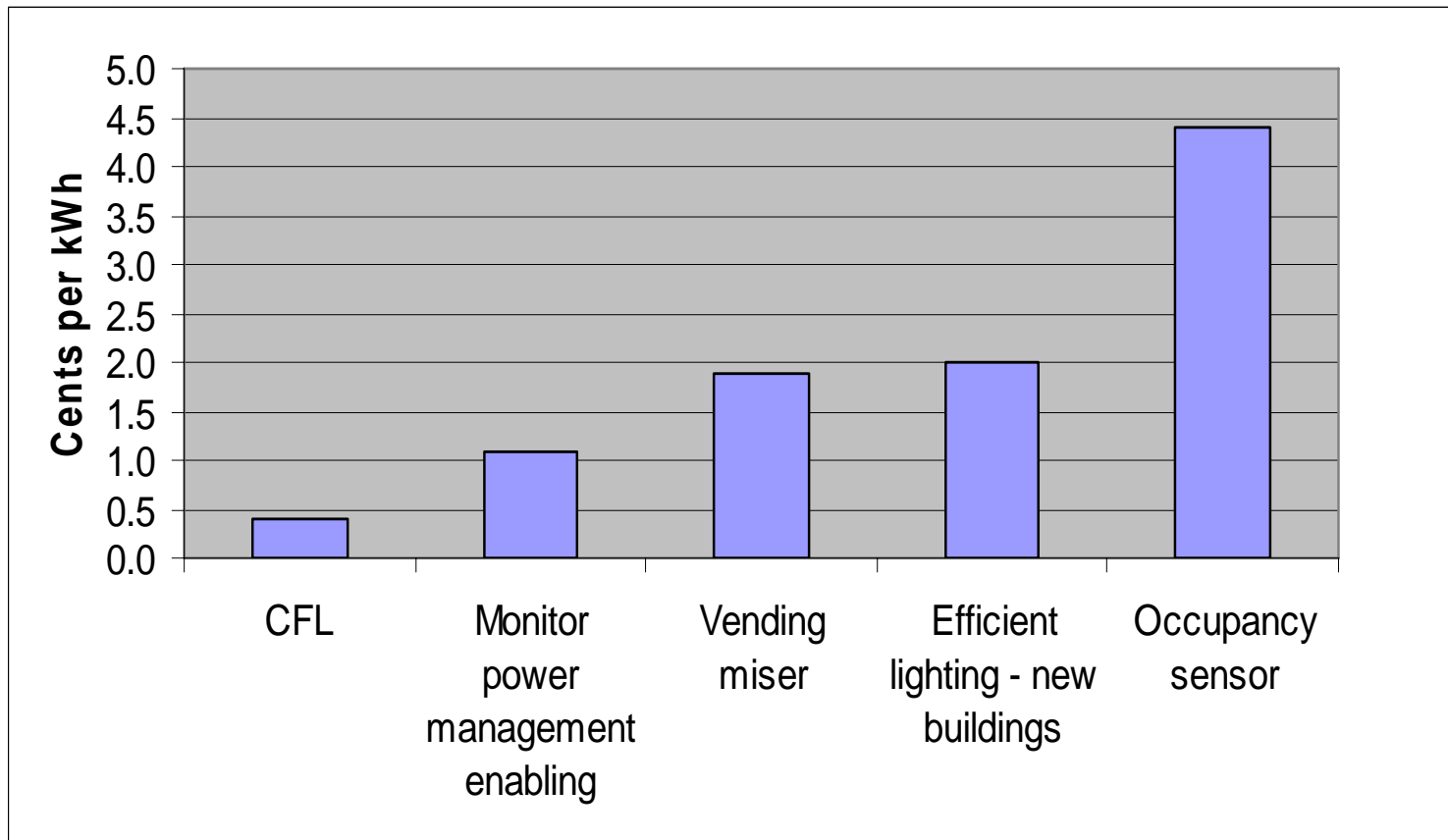
- ❑ WGA Energy Efficiency Task Force report concludes that DSM programs typically save electricity for total cost of 2-3¢/kWh using a total resource cost perspective
- ❑ Xcel Energy projects saving 130 GWh/yr from its 2007 DSM programs with a budget of ~\$20 million; 1.5¢/kWh utility cost assuming 10 year measure lifetime on avg.
- ❑ Cost of all supply-side resources is increasing while cost of energy savings remains stable and low

Cost Effective Residential Energy Efficiency Measures - Examples



Source: Xcel Energy

Cost Effective Commercial Energy Efficiency Measures - Examples



Source: Xcel Energy

Electric Utility DSM Funding in the Southwest Continues to Grow

State	DSM program budget (million \$ per year)					
	2002	2004	2005	2006	2007 (est)	2008 (est)
AZ	4	4	10	19	32	42
CO	11	21	24	18	25	32
NV	3	11	14	30	36	48
NM	1	1	1	1	4	10
UT	9	16	20	25	30	33
WY	~0	~0	~0	~0	~0	1
Region	29	54	70	93	127	166

Source: SWEEP data

DSM Program Results

- ❑ Xcel Energy (CO) reducing electricity use by ~0.5% per year but planning significant program expansion
- ❑ Rocky Mountain Power (UT) reducing electricity use by ~0.6% per year
- ❑ Sierra Pacific Power Co. (NV) proposing to reduce electricity use by 1.0% per year; Nevada Power Co. achieved savings of 0.7% in 2006

New Energy Efficiency Legislation – Colorado House Bill 1037

- ❑ Directs the PUC to set energy savings goals for both gas and electric DSM programs
- ❑ Directs the PUC to provide utilities with positive financial incentives for implementing cost-effective DSM programs
- ❑ Establishes that minimizing bills, not rates, is the primary goal of utility resource planning
- ❑ Calls for valuation environmental and other non-energy benefits

House Bill 1037 – Expected Impacts

- ❑ Major expansion of Xcel's cost-effective electricity DSM programs both for energy savings and peak demand reduction
- ❑ DSM docket will establish Xcel's energy savings goals, utility incentives, and other details on DSM policy
- ❑ SWEEP expectation: DSM programs reducing load growth by ~1% per year, net economic benefits of >\$500 million over 10 years
- ❑ Gas utility DSM rules will be set and gas DSM programs initiated as well

Other Key Energy Efficiency Developments

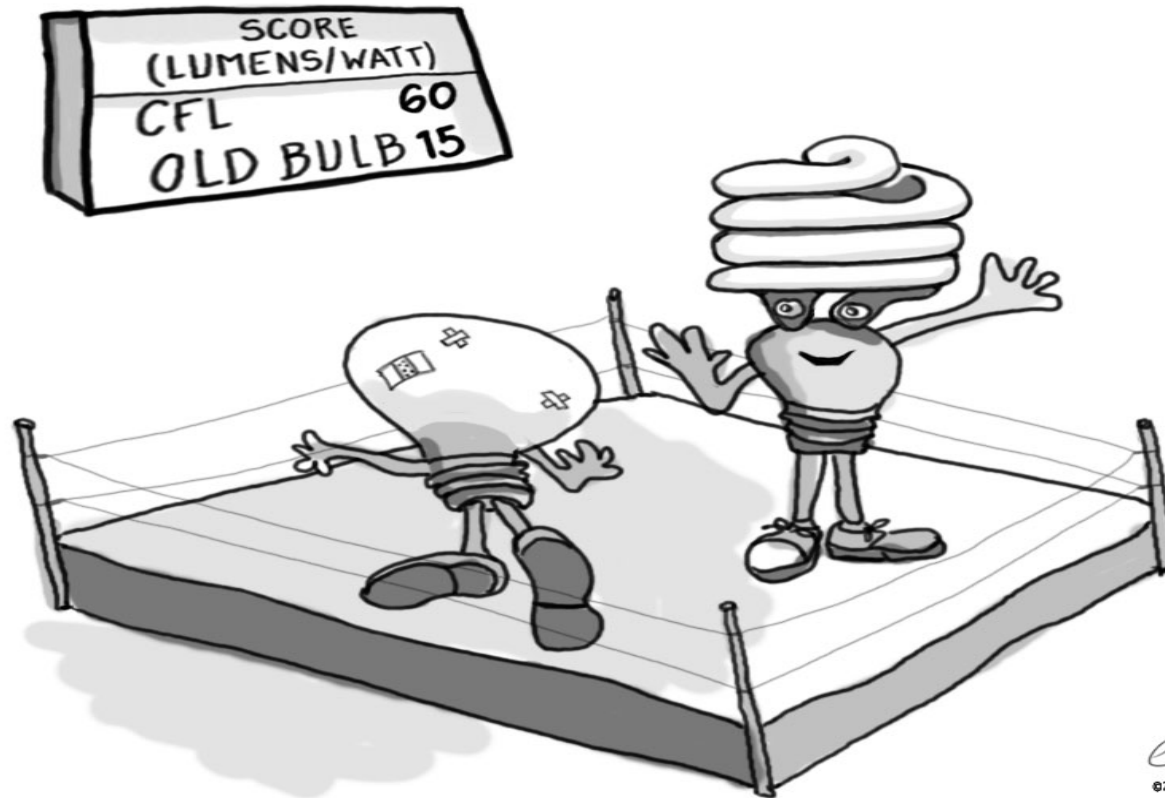
- ❑ Gov. Ritter (CO) has endorsed the WGA energy efficiency goal -- 20% increase in efficiency electricity use by 2020
- ❑ Local governments with building codes now required to adopt up-to-date energy codes
- ❑ Clean Energy Fund set up with \$7M in initial funding
- ❑ State climate action plan coming – new and expanded energy efficiency initiatives likely to play a large role

Potential Energy Efficiency Legislation or Initiatives in 2008

- ❑ DSM requirements for municipal utilities and/or rural electric coops
- ❑ Lamp efficiency standards (incandescent lamp phase-out)
- ❑ Development and promotion of a “stretch” energy code
- ❑ Industrial energy efficiency voluntary commitment and recognition program

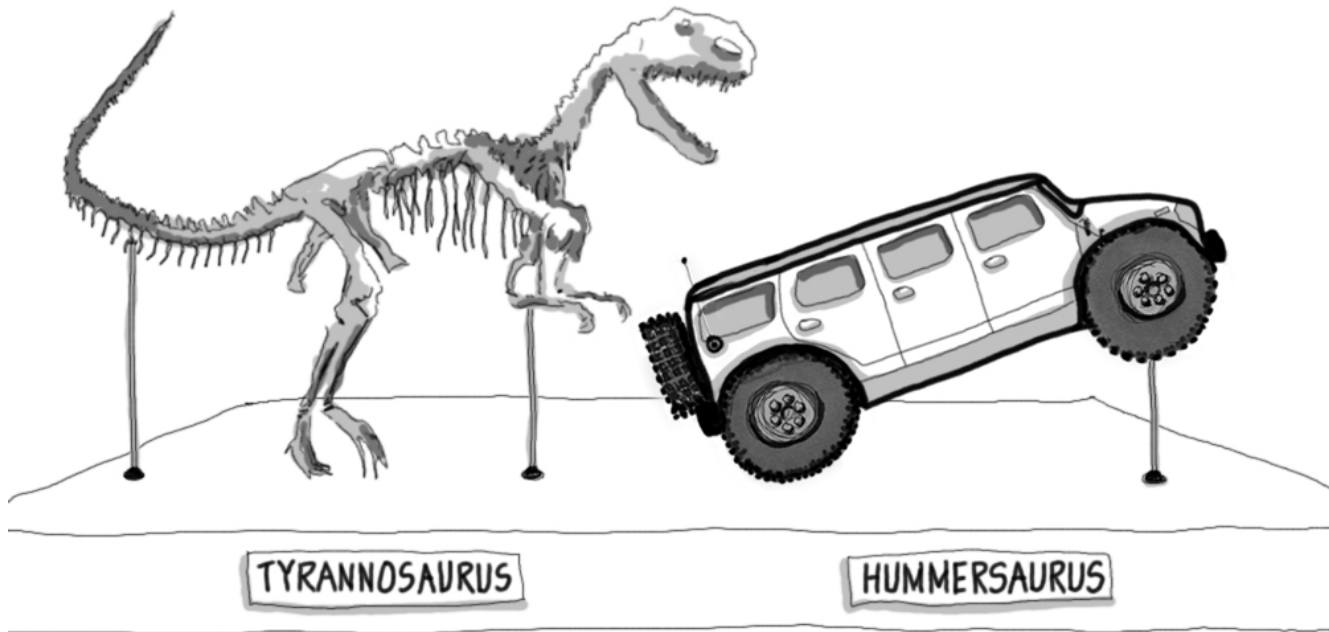
We Are Winning Many Energy Efficiency Battles....

COMPACT FLUORESCENT WINS BULB BATTLE!



But Can We Win the War?

DINOSAUR EXHIBIT 2050



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SWEEP:

Dedicated to More Efficient Energy Use in the Southwest

Resources available online at:

www.swenergy.org

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