

# Update on Utility Energy Efficiency Policies and Programs in the Southwest

---

Howard Geller



Presentation at the 2016 SWEEP Annual Workshop  
Nov. 15, 2016

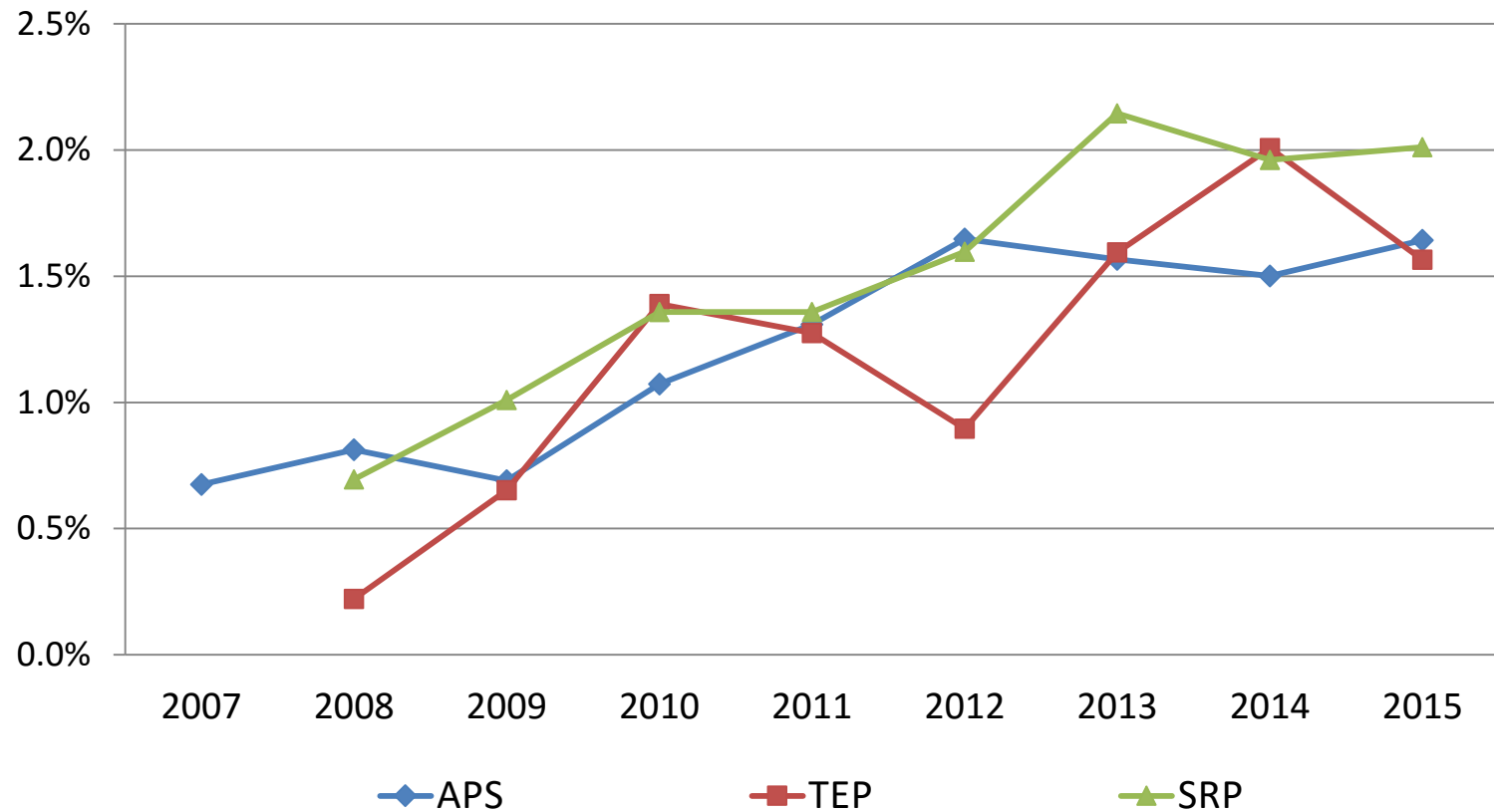
# Electric Utility DSM Program Spending Trends in the Southwest

---

State	Electric DSM Program Spending (million \$ per year)								
	2002	2004	2006	2008	2010	2012	2014	2015	2016 (est.)
AZ	4	4	19	45	94	130	126	121	130
CO	11	21	18	28	66	96	96	108	115
NV	3	11	30	55	46	39	52	56	54
NM	1	1	1	10	24	228	34	39	42
UT	9	16	27	36	51	47	82	61	66
WY	~0	~0	~0	~0	3	4	5	6	8
Region	29	54	95	174	284	343	395	391	415

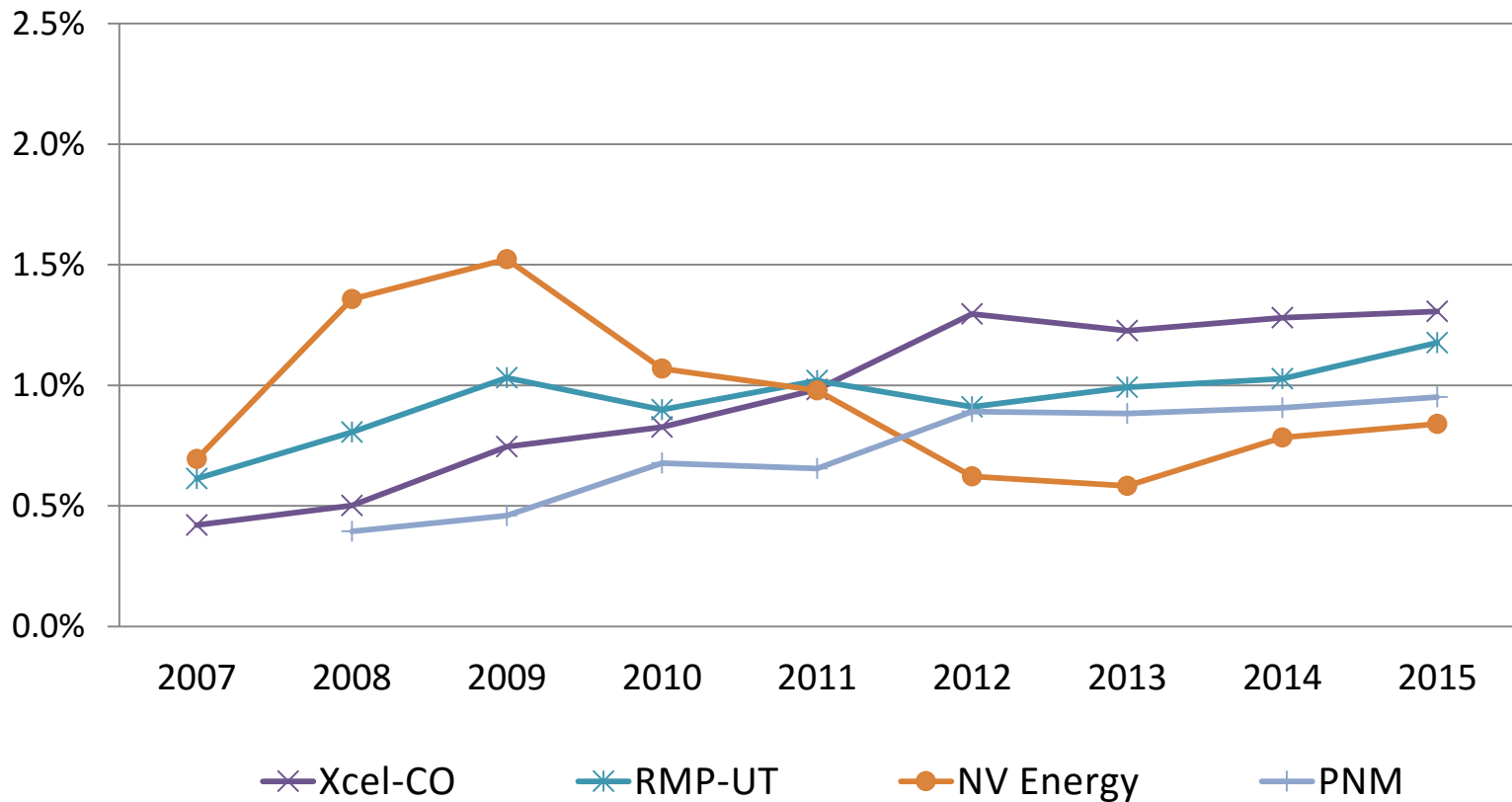
# Energy Savings Trends – AZ Utilities

Annual Energy Savings as a % of Retail Sales,  
Arizona Utilities

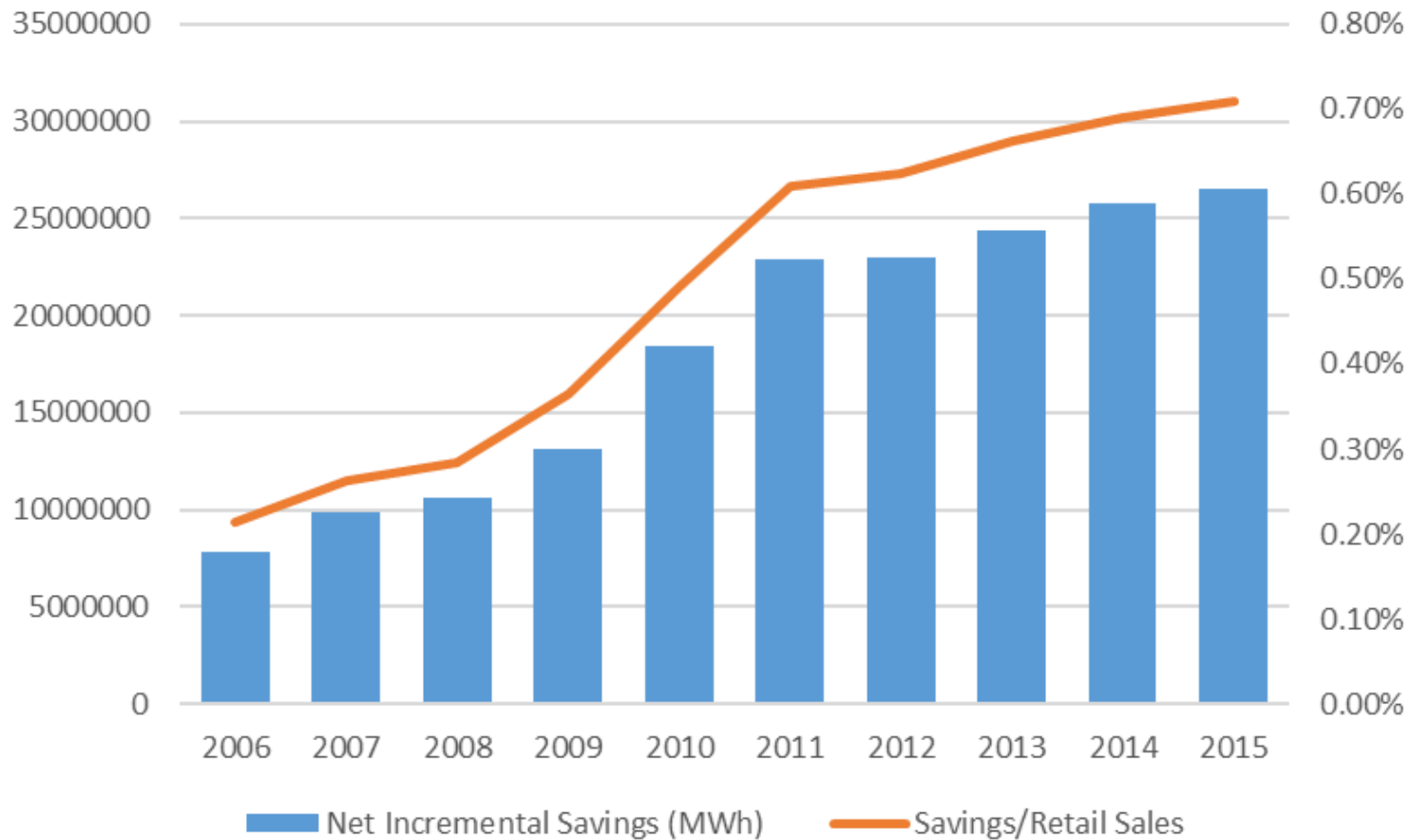


# Energy Savings Trends – CO, NM, NV and UT Utilities

**Annual Energy Savings as a % of Retail Sales,  
Colorado, Utah, Nevada and New Mexico Utilities**



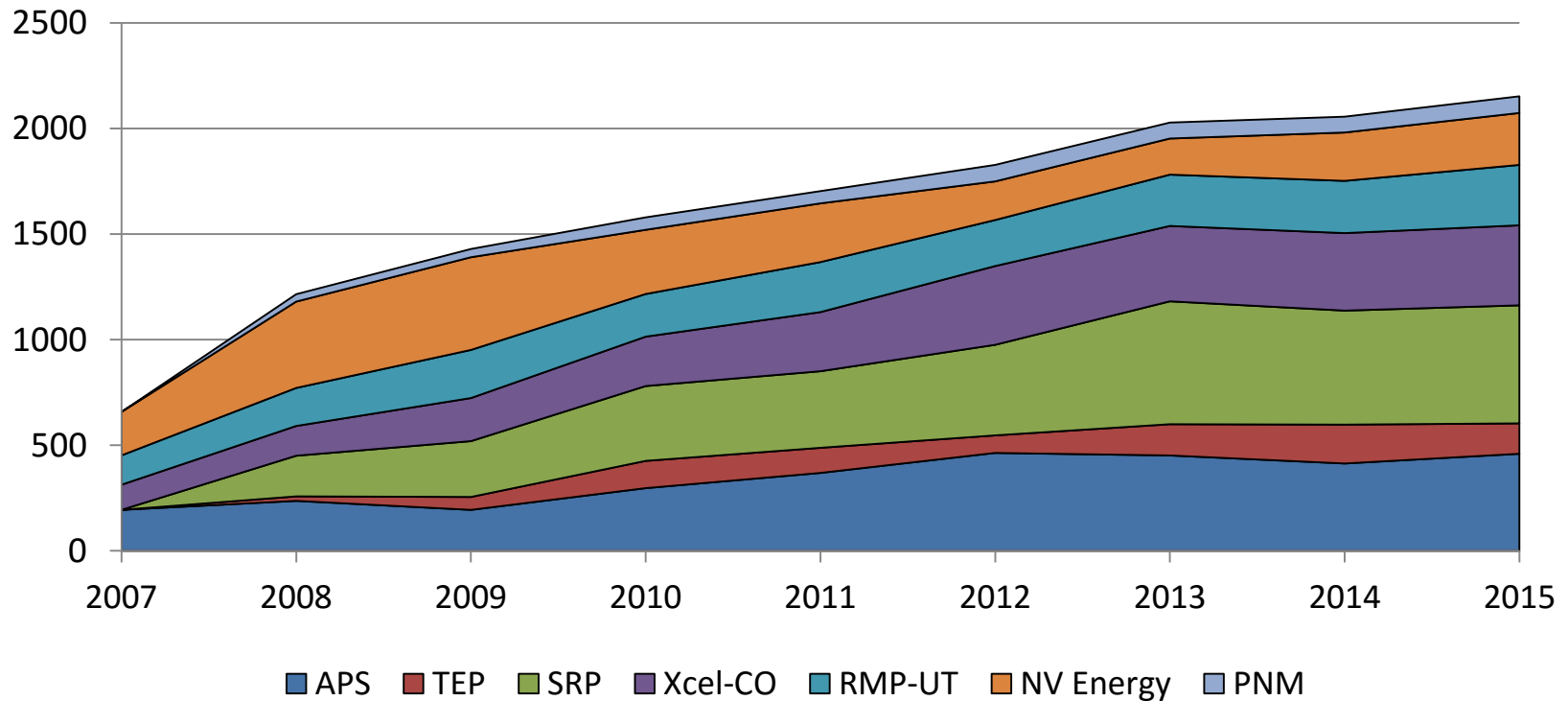
# National Energy Savings Trends



Source: American Council for an Energy-Efficiency Economy

# Energy Savings Trends – All Major Utilities in the Southwest

Savings from Programs Implemented each Year (GWh/yr)



# A Decade of Electric Utility DSM Programs: Overall Impacts

---

- Over 16 TWh/yr of electricity as of 2015
- Eight avoided baseload power plants (300 MW each)
- ~\$6.5 billion in net economic benefits for households and businesses
- 60 million tons of avoided CO<sub>2</sub> emissions during 2006-15



# Gas Utility DSM Program Spending and Saving Trends

Utility	DSM Program Funding (Million \$)				DSM Program Savings (thousand Dtherms)			
	2014	2015	2016	2017 (est.)	2014	2015	2016	2017 (est.)
NMGC	4.3	4.3	4.4	6.0	75	79	76	114
Questar	26.3	24.2	23.3	25.1	600	762	901	1,065
SW Gas (AZ)	3.7	3.0	4.6	4.6	463	360	350	373
Xcel Energy	12.5	12.9	13.7	13.1	607	598	615	636
Region	46.8	44.4	46.0	48.8	1,745	1,799	1,942	2,188



# Key Policy Issues - Arizona

---

- ❑ Investor-owned utilities continuing to meet or exceed EERS or internal goals (SRP); EERS ratcheted up to 2.5% savings in 2016
- ❑ ACC considering changes to Societal Cost Test including valuation of avoided capacity, use of social discount rate
- ❑ ACC also considering moving DSM cost recovery into base rates as part of pending rate cases
- ❑ Expanded EE scenarios under development as part of utility IRPs
- ❑ Proposals for increased monthly fixed charges and mandatory peak demand charges in rate cases

# Key Policy Issues – Colorado

---

- ❑ Xcel Energy has proposed decoupling as well as implementation of smart meters and a big Distribution Voltage Optimization effort in recent filings before the Colorado PUC
- ❑ Xcel will propose new electric energy savings goals and modifications to the DSM shareholder incentive mechanism in March 2017
- ❑ Xcel is carrying out a new DSM potential study
- ❑ Xcel will implement TOU energy rate and peak demand charge pilot programs for residential customers on a significant scale starting in 2017
- ❑ Potential DSM-related legislation in 2017

# Key Policy Issues – Nevada

---

- ❑ PUCN eliminated the res. lighting, pool pumps and refrigerator recycling programs in 2016; energy savings will decline
- ❑ Proposals to give EE higher priority in IRP, shift to Utility Cost test and allow PUCN to adopt decoupling are likely to be introduced in the 2017 legislative session
- ❑ PUCN has opened a rulemaking to consider modifications to the TRC cost effectiveness test
- ❑ Big issues with respect to gas DSM program cost effectiveness analysis

# Key Policy Issues – New Mexico

---

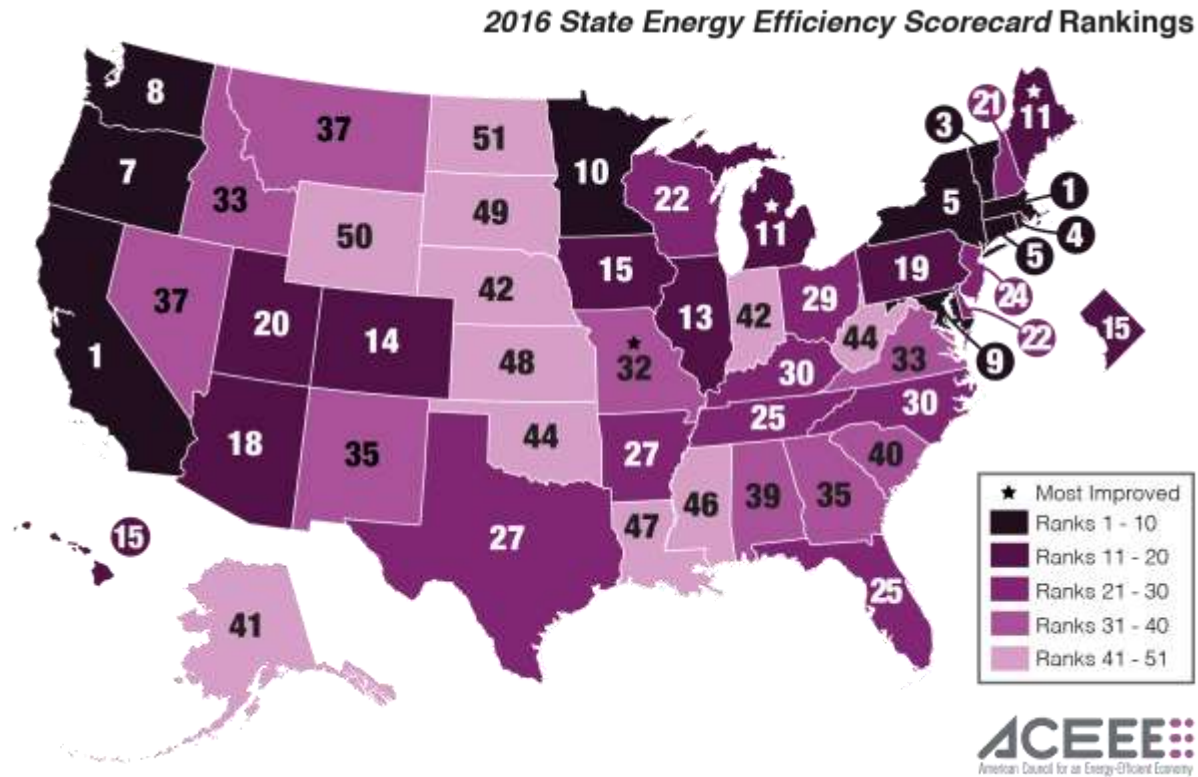
- ❑ Legislation establishes DSM funding level – 3% of revenues
- ❑ Recent agreements in PNM and SPS DSM plan dockets clarify how to resolve under- or overspending the 3%
- ❑ Proposed shareholder incentive mechanism rewards utilities for exceeding annual energy savings goals
- ❑ Energy savings standards end in 2020
- ❑ PNM proposed decoupling in its recent rate case, but Hearing Examiner and PRC did not support it

# Key Policy Issues – Utah

---

- ❑ Rocky Mountain Power is increasing funding and striving for higher energy savings in 2016-17, driven by PacifiCorp's 2015 IRP
- ❑ IRP will be updated in 2017, could lead to a change in energy savings goals
- ❑ DSM programs funded through a tariff rider now equal to 4% of utility revenues
- ❑ New legislation allows RMP to shift to capitalization of DSM expenditures with ROI, expected to start in 2017

# 2016 ACEEE State Energy Efficiency Scorecard



Source: American Council for an Energy-Efficiency Economy

# Challenges and Opportunities

---

- ❑ Increase energy savings in spite of strengthening federal standards, more stringent building energy codes, and declining avoided costs
- ❑ Take advantage of new/emerging energy savings technologies & program strategies
- ❑ Integrate EE and DR programs
- ❑ Utilize AMI data to improve DSM programs
- ❑ Reform business model; adopt decoupling
- ❑ Revamp cost effectiveness methodologies to recognize full benefits of EE measures
- ❑ Avoid new rate designs that reduce volumetric (kWh) charges

# SWEEP:

*Dedicated to More Efficient Energy Use in the Southwest*

---

Resources available online at:

[www.swenergy.org](http://www.swenergy.org)

Howard Geller, Executive Director

303-447-0078x1

[hgeller@swenergy.org](mailto:hgeller@swenergy.org)