

Update on Energy Efficiency Efforts in the Southwest

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Electric Utility DSM Funding in the Southwest Continues to Grow

State	DSM program budget (million \$ per year)					
	2002	2003	2004	2005	2006	2007 (est)
AZ	4	4	4	10	21	35
CO	11	13	21	24	18	24
NV	3	11	11	14	30	36
NM	1	1	1	1	1	4
UT	9	12	16	20	25	33
WY	~0	~0	~0	~0	~0	2
Region	29	42	54	70	94	134

Key Electricity DSM Developments and Drivers

- ❑ APS implementing comprehensive programs as of 2006 in Arizona, energy efficiency savings standards proposed in new APS and TEP rate cases
- ❑ Xcel Energy implementing programs in Colorado under new 8-year DSM agreement, proposed legislation would add a shareholder incentive for savings in excess of 100 GWh per year
- ❑ Nevada utilities rapidly expanding DSM programs in the context of being able to count savings towards RPS (up to 25% of total requirement) and getting a higher rate of return on the equity share of DSM expenditures

Key Electricity DSM Developments and Drivers (cont.)

- ❑ Rocky Mountain Power (PacifiCorp) continuing to expand DSM programs in Utah in the context of high load growth and desire to avoid capital-intensive supply-side projects
- ❑ PNM has proposed electricity DSM programs in NM driven by EE legislation, convenient cost recovery mechanism, potential for removal of disincentives, and the CEO wanting to be seen as “green”
- ❑ Rocky Mountain Power (PacifiCorp) has proposed DSM programs for residential and commercial customers in Wyoming; the proposal is likely to be approved in spite of what Dick Cheney thinks about energy conservation!

Gas DSM is Ramping Up in the Region Too

- ❑ PNM implementing gas DSM programs; planning to spend \$3.7M in 2007
- ❑ Southwest Gas waiting for approval of gas DSM programs in AZ - \$4.4M per year
- ❑ Questar Gas (UT) has gotten decoupling approved on a pilot basis and is spending \$7M per year on DSM programs
- ❑ Sierra Pacific Resources implementing some DSM programs in northern NV - \$0.6M per year

Other Key Policy Developments

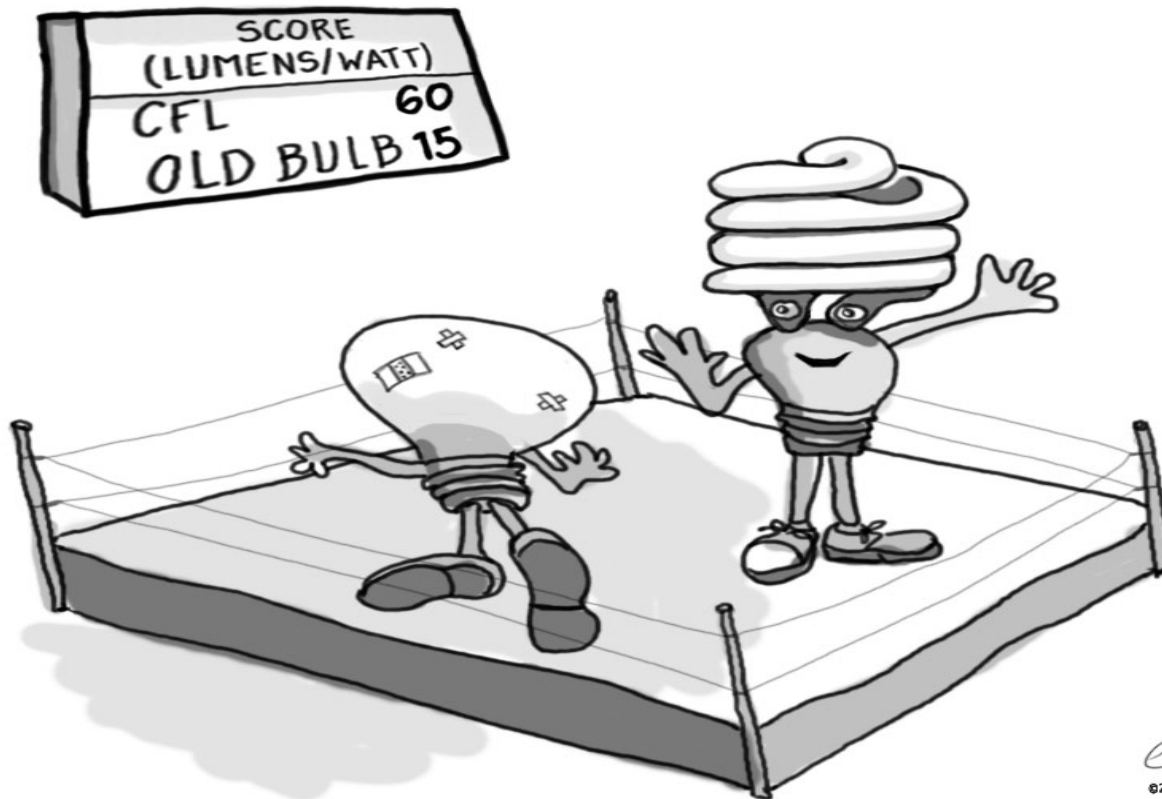
- Gov. Huntsman has adopted a 20% energy efficiency improvement goal in Utah which is leading to new EE initiatives there
- Gov. Ritter has announced that he will also adopt a 20% EE goal in Colorado; Gov. Richardson also expected to do so in New Mexico
- Arizona and New Mexico climate action plans call for greatly expanded energy efficiency efforts
- Builders committed over 35,000 homes to new Energy Star performance in Arizona

Energy Efficiency “Needs” in the Southwest Region

- ❑ Continued expansion of utility DSM programs including performance-based incentives for utility shareholders and savings targets or standards
- ❑ Greater emphasis on ENERGY STAR and beyond ENERGY STAR new construction in this high growth region
- ❑ New rate designs and demand response programs to reduce peak demand growth, if proven to be cost-effective, complementing expanded EE efforts

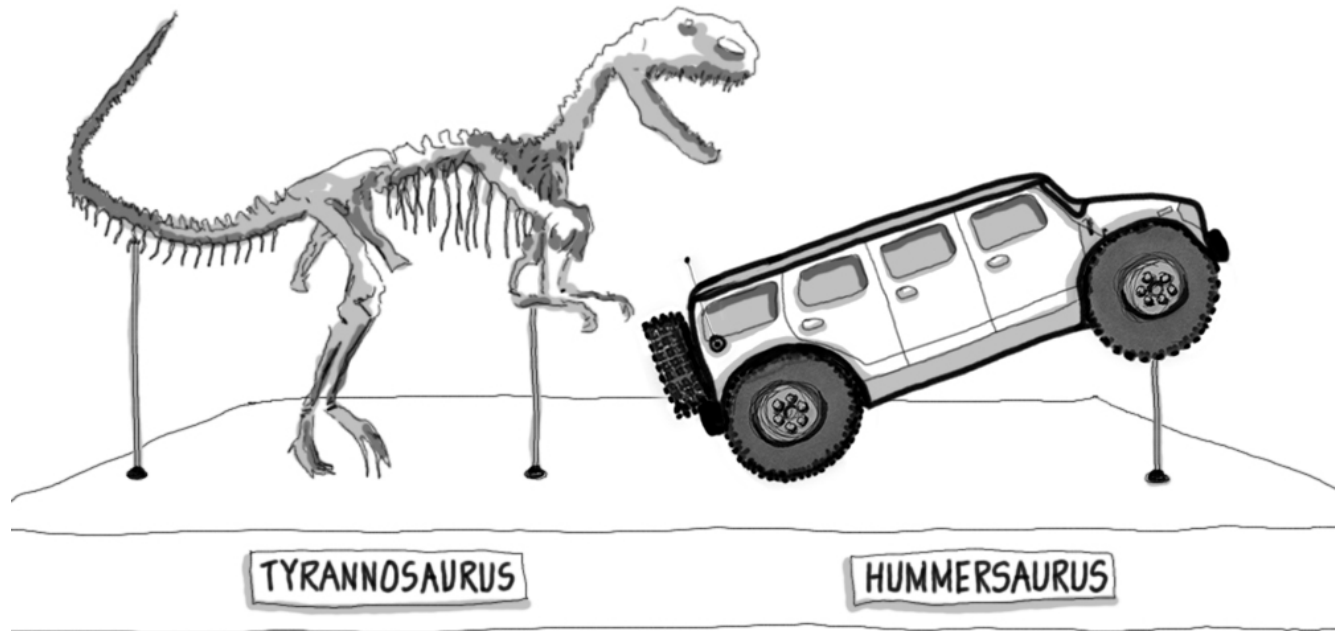
We Are Winning Many Energy Efficiency Battles....

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:

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