



## 2006 Annual Report

Southwest Energy Efficiency Project  
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The Southwest Energy Efficiency Project (SWEEP) made substantial progress towards enhancing energy efficiency in the Southwest during 2006. This progress included expanding utility energy efficiency programs, supporting state initiatives, and adopting new energy efficiency legislation. For a review of SWEEP's legislative efforts and the bills we supported in 2006, please visit <http://www.swenergy.org/legislative/2006/index.html>.

On the utility energy efficiency front, total funding for electric utility energy efficiency and load management programs in the region increased to about \$95 million in 2006 and is expected to reach \$130 million in 2007. For comparison, electric utilities in the region spent only about \$20 million on energy efficiency and load management programs in 2001, the year SWEEP started operating. SWEEP played a significant role in fostering this growth in utility energy efficiency programs. In addition, natural gas utility energy efficiency programs are on the rise in the region.

## **Arizona**

SWEEP intervened in a rate case filed by Arizona Public Service Company (APS) in 2006. In this case we advocated increased funding for demand-side management (DSM) programs as well as setting energy efficiency standards. The standards would establish energy savings goals for the utility's efficiency programs. The rate case will be concluded in 2007. In addition, SWEEP advised APS as it moved ahead with the implementation of ten DSM programs begun in 2005 and 2006.

SWEEP also provided detailed recommendations and feedback on DSM funding and program design to the Salt River Project (SRP), the other large electric utility in the Phoenix metropolitan area. SRP developed and launched a set of new or expanded DSM programs under the PowerWise umbrella. In addition, SWEEP intervened in a rate case filed by Tucson Electric Power (TEP), where we proposed increased funding for DSM programs as well as energy savings goals.

Regarding natural gas energy efficiency programs, SWEEP advised the Southwest Gas Corporation as they prepared detailed energy efficiency program proposals. These proposals are now pending approval by the Arizona Corporation Commission. Also, SWEEP participated in meetings examining decoupling of gas utility sales and revenues, and other policies to remove disincentives to gas utility energy efficiency investments.

SWEEP also played a very active role in the Climate Change Advisory Group (CCAG) established by Governor Janet Napolitano. The Advisory Group report, completed and issued in August 2006, relies heavily on energy efficiency as a strategy for reducing GHG emissions in this high-growth state. SWEEP helped to develop and refine many of the energy efficiency initiatives in the CCAG report.



## **Colorado**

SWEEP developed a proposal to improve energy efficiency in low-income households through direct installation of low-cost efficiency measures and energy education. This policy was approved by the Colorado legislature in House Bill 1200 and signed into law by Gov. Owens. It appropriates an additional \$19 million for low-income energy efficiency improvements over a four-year period. SWEEP also developed and supported natural gas utility DSM enabling legislation in 2006, working closely with gas utilities and other interested parties. This proposal was approved by the Colorado legislature but vetoed by Gov. Owens.

SWEEP worked with and advised Xcel Energy, the largest electric utility in Colorado, as it designed and implemented a new set of DSM programs starting in 2006. The utility began its efforts under a new commitment for saving 320 MW of peak demand and 800 GWh per year of electricity through DSM programs implemented during 2006-2013. SWEEP also advised Xcel Energy and influenced a DSM market potential study completed by Xcel last year.

## **Nevada**

SWEEP is assisting Nevada Power Co. and Sierra Pacific Power Co. with their DSM programs as part of a DSM collaborative that exists in the state. The utilities dramatically expanded their DSM programs in 2006 to an annual budget of about \$30 million. Energy savings increased to about 129 GWh per year from DSM programs implemented in 2006, up from about 90 GWh per year in 2005. The growth in budget and energy savings is continuing in 2007.

In 2006, SWEEP intervened in Nevada Power Company's Integrated Resource Plan (IRP) docket to support improved and better funded DSM programs. SWEEP supported the DSM programs proposed by the Company but suggested a number of program enhancements and new programs. The Public Utility Commission of Nevada directed the Company to consider a number of the recommendations made by SWEEP. SWEEP's intervention in this docket was done through a coalition known as Nevadans for Clean, Affordable, and Reliable Energy (NCARE).

The Nevada legislature did not meet in 2006.

## **New Mexico**

SWEEP actively worked on the implementation of the Efficient Use of Energy Act which was adopted by the New Mexico legislature and signed into law by Gov. Bill Richardson in 2005. Our efforts in 2006 included working on the implementing rules for this legislation, making input on natural gas DSM programs, and providing advice concerning electricity DSM efforts. Public Service of New Mexico (PNM) began natural gas DSM programs in late 2005 and proposed starting electricity DSM programs in 2007. In addition, SWEEP made extensive input on an electricity DSM market potential study carried out by PNM in 2006.



SWEEP also interacted with the Governor's Office on a number of matters in 2006, including establishing statewide energy efficiency goals, potential tax incentives for energy efficiency measures, and other legislative options. Some of our recommendations were supported by the Governor in the 2007 legislative session. SWEEP also provided input to the Climate Change Advisory Group that completed a New Mexico Climate Plan in 2006.

## **Utah**

SWEEP supported the Governor's Office and other stakeholders on a number of energy efficiency policy initiatives. In April 2006, Gov. Jon Huntsman, Jr. announced a goal of increasing energy efficiency statewide 20% by 2015. SWEEP supported adoption of this ambitious goal and is providing advice on ways to achieve it. In particular, SWEEP began a major project aimed at developing a state energy efficiency strategy in late 2006. The project, being conducted together with our partner organization Utah Clean Energy, was launched at a successful workshop held in Salt Lake City in November. SWEEP also worked on recommendations to the Utah legislature in advance of the 2007 legislative session.

SWEEP continued to work with PacifiCorp (operating in Utah as Rocky Mountain Power or RMP) as they refined their DSM programs and developed new programs in 2006. RMP's total budget for DSM programs in Utah increased from about \$9 million in 2002 to \$25 million in 2006. RMP is now spending over 2% of its sales revenues in Utah on DSM programs, placing it among the top utilities in the nation in terms of DSM expenditures.

SWEEP also advocated the initiation of natural gas utility DSM programs in Utah. We contributed to and supported a proposal from Questar Gas Company (the only investor-owned gas utility in Utah) to start gas DSM programs in conjunction with decoupling their sales and fixed cost recovery so that the utility is not penalized if it implements effective DSM programs. This policy was approved by the Utah PUC on a three-year pilot basis in 2006. With input from SWEEP and others, Questar then developed five gas DSM programs that were approved by the PUC and launched in early 2007.

## **Wyoming**

SWEEP participated in a dialogue regarding initiating electric utility DSM programs in Wyoming. This discussion culminated with Rocky Mountain Power filing for approval of a set of pilot DSM programs. If approved by the state utility commission, the programs will start in 2007.

## **Combined Heat and Power (CHP)**

In May 2006 the Intermountain CHP Center hosted a two-day CHP Summit for the region. Forty-two representatives from industry, end-users, developers, state energy offices, non-profits, academia, and EPA participated in the event. Topics discussed included recent successes

and lessons learned, updates on current activities in the five-state region, and priorities and plans for the future. Tours of NREL and the CHP system at Coors Brewery were also provided. Five CHP Champion awards were presented to individuals and organizations in the region.

SWEEP, working through the Intermountain Center, actively participated in the largely successful effort to achieve consensus on interconnection standards in Arizona. We played a leading role in the working group on these standards established by the Arizona Corporation Commission (ACC). The ACC is expected to finalize these standards in 2007. There is a similar effort in Utah with assistance from the Regulatory Assistance Project and the EPA CHP Partnership.

CHP was promoted as a key element in the Utah strategy for increasing energy efficiency 20% by 2015. Five recommendations were developed: 1) incentives, 2) emissions credits based on output, 3) assure rates and interconnection standards are not discriminatory to CHP, 4) enact state equivalent of Federal production tax credit, and 5) adopt simplified, streamlined, and consistent permitting for CHP and training and technical assistance for local code officials.

SWEEP and its partners in the Intermountain Center provided advice and analytical support to several potential CHP projects in 2006. These projects ranged from a few hundred kW through utility scale of 100MW or more, including either fuel cells, steam turbines, or gas turbines, and either biogas, coal, natural gas, or wood as fuels.

Last but not least, SWEEP actively worked to ensure that CHP was prominently included in the Western Governors Association Clean and Diversified Energy Advisory Committee, which was accepted by the governors at their June, 2006 meeting in Arizona.

### **Other Regional Activities**

SWEEP's Executive Director Howard Geller chaired the Energy Efficiency Task Force organized under the auspices of the Western Governors' Association (WGA) Clean and Diversified Energy Advisory Committee (CDEAC). The Task Force report shows how Western states can reduce their electricity use 20% by 2020, relative to otherwise forecast levels, and how doing so could avoid the need for 48,000 MW of new power plants, provide over \$50 billion in net economic benefits for consumers and businesses, reduce pollutant emissions, and cut water consumption by 1.8 trillion gallons during 2005-2020. The Task Force report also made recommendations concerning state and regional policies that could help to achieve this goal. The Task Force report, released by the WGA in January 2006, can be accessed at <http://www.westgov.org/wga/initiatives/cdeac/Energy%20Efficiency-full.pdf>.

SWEEP organized its third annual workshop on regional cooperation in energy efficiency in November 2006 in Salt Lake City. The workshop helped to spread information on cutting edge technologies, policies, and programs, including innovative cooling technologies, combined energy and water savings options, new homes programs, and marketing energy efficiency to Hispanic households. The presentations from the workshop are available on the SWEEP website at <http://www.swenergy.org/workshops/2006/index.html>.



SWEEP co-authored a report with the Center of the American West at the University of Colorado, Boulder titled “What Every Westerner Should Know About Energy Efficiency and Conservation.” The report was drafted in 2006 and was released in April 2007. It can be viewed at

[http://www.swenergy.org/pubs/What\\_Every\\_Westerner\\_Should\\_Know\\_About\\_Energy\\_Efficiency\\_and\\_Conservation.pdf](http://www.swenergy.org/pubs/What_Every_Westerner_Should_Know_About_Energy_Efficiency_and_Conservation.pdf).

SWEEP also contributed to a report issued by Western Resource Advocates in 2006 titled “Tri-State Generation and Transmission Association’s Resource Plan: Analysis and Alternatives.” It makes the case that Tri-State should invest much more heavily in energy efficiency and renewable energy rather than building three new conventional coal-fired power plants. It can be viewed at [http://www.swenergy.org/pubs/WRA-SWEEP\\_Tri-State\\_Resource\\_Plan\\_Analysis.pdf](http://www.swenergy.org/pubs/WRA-SWEEP_Tri-State_Resource_Plan_Analysis.pdf).

### **2006 Publications**

SWEEP released the following energy efficiency policy and technology reports and publications in 2006. All of these reports are available on the SWEEP website at <http://www.swenergy.org/pubs/index.html>.

*Natural Gas Demand-Side Management Programs: A National Survey (January)*

*Review of Energy-Efficient New Homes Programs in the Southwest (February)*

*Demand Response: An Introduction (April)*

*Catching Up: Progress with Utility Energy Efficiency Programs in the Southwest (May)*