



ENERGY PROSPECTS

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6] Efficiency SWEEPs through Arizona

The Southwest Energy Efficiency Project, SWEEP, challenged Arizona to reduce electricity use by 1 percent a year through energy-efficiency programs, at the first of a series of workshops the state's Corporation Commission is holding this winter on demand-side management. Arizona used to have a serious energy-efficiency program before deregulation came to town in the mid-1990s. Now that the state has jumped back off that bandwagon, interest in reviving DSM programs is sparking.

In October, Commission Chairman Marc Spitzer called for the state's System Benefits Charges, which fund Environmental Portfolio Standard (EPS) activities, mostly solar and other renewables development, to be "returned to their historic purpose," namely energy efficiency and low-income weatherization programs. He pointed out that in 1993, Arizona allocated 0.24 percent of its energy spending to energy-efficiency efforts and saved 146 kWh per capita as a result. In 2000, energy efficiency spending dropped to 0.08 percent, with savings of only 4 kWh per capita.

Spitzer cited a report released earlier this year that evaluated Arizona's EPS [see **Arizona Releases EPS Scorecard**, July 25, 2003], which said that "while significant progress is being made, the current EPS funding is not sufficient for Arizona utilities to meet the EPS goal of 1.1 percent of retail energy sales by 2007." Besides the shift back to energy efficiency, Spitzer proposes increasing residential and non-residential customer surcharges to provide more EPS dollars.

Funded by foundations, the U.S. Department of Energy and the Environmental Protection Agency, SWEEP is a public interest initiative that promotes energy efficiency in six Southwestern states. At the workshop, SWEEP's Arizona representative, Jeff Schlegel, said the state's electricity demand grew 3.9 percent in the 1990s, compared to 2.5 percent in the rest of the country. Electricity costs are 7 percent higher than

the national average, with coal plants providing 45.6 percent of the state's electricity.

Schlegel emphasized that other areas such as New England, California and the Pacific Northwest have achieved measurable energy savings through DSM over the last decade. He predicted that if Arizona were to commit to a broad range of energy-efficiency programs, electricity consumption could decrease 34 percent by 2020, load growth could drop to 0.7 percent from 3 percent, 6,000 MW of new capacity could be avoided, CO₂ emissions could decrease by 36 percent, and 22.4 billion gallons of water could be saved annually at power plants and through the use of more efficient appliances.

SWEEP advocates programs to "infuse energy efficiency into purchase decisions," such as replacing an air conditioner, buying a new home or retrofitting a commercial building, according to Schlegel. He said there's a need to rebuild utility programs and markets, to make sure products are available and that Arizona consumers know about them.

SWEEP recommends funding, through rates or use of the System Benefits Charges, of around \$66 million a year (\$48 million for Arizona Public Service and \$18 million for Tucson Electric Power) to meet the 1 percent electricity savings goal. "Building power plants or transmission lines—in fact, any resource other than energy efficiency—will cost customers more and harm the environment," Schlegel said.

Regulatory action is the key to this renaissance. Commissioners have asked to see a report on DSM from staff by March 2004, but a rulemaking to consider EPS changes, including whether to tilt back to energy efficiency, could be announced sooner. **[Susan Whittington]**

More information:

[Southwest Energy Efficiency Project](http://www.swenergy.org)
(www.swenergy.org)

[Arizona Corporation Commission](http://www.cc.state.az.us)
(www.cc.state.az.us)