

ALLIANCE TO SAVE ENERGY



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Energy Efficiency on the Rise in the Southwest

by Howard Geller, Director of the Southwest Energy Efficiency Project (SWEEP)

The southwest states—Arizona, Colorado, Nevada, New Mexico, and Utah—historically have not been leading states on energy efficiency. But the energy-efficiency message is getting through and there has been much progress in recent years. In particular, electric utilities in the region are expected to spend over \$130 million on demand-side management (DSM) programs this year compared to less than \$50 million in 2003. Here's the state-by-state rundown:

In **Arizona**, electric utilities are planning to spend \$35 million on energy-efficiency programs this year, up from just \$4 million in 2004. The state utility commission just approved a shareholder incentive tied to the performance of DSM programs for Arizona Public Service Co., the main investor-owned electric utility. And energy-efficiency initiatives, ranging from stronger utility programs to vehicle greenhouse gas emissions standards, play a major role in the state's climate change action plan.

In **Colorado**, utilities are expected to spend about \$24 million on DSM programs this year. The legislature recently passed House Bill 1037 which directs the state Public Utilities Commission (PUC) to set energy savings targets and allow utilities to profit from implementing cost-effective DSM programs for their customers. The bill is expected to be signed by Governor Bill Ritter (D). The Governor also announced he will adopt a goal of increasing the efficiency of electricity use in Colorado 20% by 2020, a goal endorsed by the Western Governors' Association last year.

In **Nevada**, investor-owned utilities are planning to spend \$36 million on DSM programs this year, up from \$14 million in 2005. The main motivation is the addition of energy savings from DSM programs to the state's renewable energy portfolio standards, approved by the legislature in 2005. Also, the Nevada PUC allows utilities to make a higher return on DSM than other investments. And the legislature is now considering tax incentives for energy-efficient homes as well as decoupling of natural gas sales and revenue.

In **New Mexico**, utility DSM programs are still very limited. But Public Service of New Mexico (PNM) has proposed implementing nine DSM programs and other utilities are planning programs as well. The PNM proposal is now under review by the state PUC. Meanwhile the legislature recently approved tax credits for highly efficient new homes and commercial buildings. And energy-efficiency initiatives are prominent in the state's climate change action plan.

In April, 2006, **Utah** Governor Jon Huntsman, Jr. announced a statewide goal of increasing energy efficiency 20% by 2015. Since then utilities have expanded their efficiency programs, the PUC approved sales-revenue decoupling for the main gas utility, the state building code was updated, and the legislature approved a new loan fund for energy-efficiency projects in schools. Rocky Mountain Power, the main electric utility in the state, is planning to spend \$33 million (2.5% of revenues) on DSM programs this year. Under Governor Huntsman's leadership, Utah has quickly become an energy efficiency mecca.

The southwest is still a major coal and natural gas producing region. But the region also is putting significant political and financial capital into advancing energy efficiency. It may not yet be comparable to what is happening in California, the Northwest, or Northeast, but watch out!

Howard Geller is the founder and Executive Director of the Southwest Energy Efficiency Project (SWEEP) based in Boulder, Colorado. He is a co-author of a new report titled [What Every Westerner Should Know About Energy Efficiency and Conservation](#). For more information on SWEEP and its work, see www.swenergy.org