



2011 Second Quarter Colorado DSM Roundtable Update August 15, 2011

To comply with the 2011 DSM Plan Stipulation and Settlement Agreement, Docket No. 10A-471EG, as approved in Decision No. R10-1336, Public Service Company of Colorado ("Public Service" or the "Company") provides the following update regarding product status, including energy and demand savings, achieved product expenditures, implementation changes, and measurement and verification modifications.

Product Implementation Status

Please refer to the attached table for the preliminary second quarter 2011 (through June 30, 2011) product energy and demand savings achieved, product expenditures and CO₂ and SO₂ emissions avoided. In total, DSM electric products have achieved savings of 132.2 GWh and gas savings of 195,947 Dth by June 30, 2011. This represents 52 percent of the 2011 electric DSM plan's energy savings target of 255.9 GWh and 53 percent of the gas goal of 368,227 Dth. The Commission adopted the 2011 goals for our DSM products in Decision No. R10-1336 issued in Docket No. 10A-471EG.

The following section provides product status activities for the second quarter 2011 in the Business, Residential, Low-Income, and Planning & Research Products, as well as other related activities.

Business Program

- **Compressed Air Efficiency** – The Compressed Air Product completed the first half of 2011 with 24 participants and 1.6 GWh of net savings, which is 35% of the full year goal. We continue to offer the 50% customer incentive bonus for custom projects, and we continue to directly call customers we identified as high potential candidates. Anecdotally, fewer customers have expressed interest in capital purchases for the rest of the year. Among the trade partners, only two remain active in the Denver area. The others in Colorado have exited the market or are focusing on opportunities outside the company's service territory.
- **Cooling Efficiency** - The Cooling Efficiency Product completed 68 projects in the 2nd quarter of 2011 that achieved 606 kW and .98 GWh of savings. The trade incentive program is continuing and has had some impact on participation. A sweepstakes is currently being run to increase awareness of the cooling product. The first half of the traditional cooling season has been slow to adopt high efficiency measures. The cooling channel manager is continuing to make key contacts with the industry to educate how to sell a high efficiency option.
- **Custom Efficiency** – The Custom Efficiency Product committed ten projects in the second quarter of 2011 which achieved 1.197 GWh and 82 kW of savings. The product is at 29% of yearly goal. Several large projects are currently in the completion stage and M&V stage. We are expecting them to close during the fourth quarter of 2011. The product is expected to achieve the year end goal.
- **Data Center Efficiency** – In the second quarter of 2011, the Data Center Efficiency Product issued study funding preapproval letters for two new studies, gave engineering approval for five completed studies and continues to review additional completed studies submitted for engineering review. To date, the program has approved seven studies worth over 5 GWh if identified projects are implemented. Marketing activities continued to focus on trade communication and outreach, and also focused internally on developing expanded options for customer participation and is currently creating communications around that effort.



- **Energy Management Systems (EMS)** – To date, the EMS Product has had 15 participants with 5.2 GWh of savings, which is 71 percent of its 2011 goal. Efforts to improve implementation rates have been successful. In several cases, previously preapproved projects that had been abandoned were revived and implemented after our follow-up visits and bonus letters. A few additional projects have been rejected because of conservative modeling assumptions, but we continue to work with those applicants to explore designs that achieve greater savings. Despite a softening pipeline, we expect the full year savings to be 9.9 net GWh, which is 133% of goal.

EMS Gas savings were 1,094 Net Dth, which is 49 percent of its goal. The product was very successful with one 800 Dth project in a large medical office complex. Most of the larger EMS applicants have not been retail gas customers. However, we continue to target retail customers of both gas and electricity, and we expect to meet 2011 goals.

- **Heating Efficiency** – This product is at 45% of the 2011 goal, 3,000 dekatherms more than the same point in 2010. Our pipeline is still strong and is keeping us well poised to reach goal in 2011. Our Heating Advisory Board was introduced in April and has been well received from all members. We anticipate that through meetings with our Board, maintaining close relationships with the trade network and implementing findings from the product evaluation which is currently underway, we will be able to keep the product fresh and relevant to our customers.
- **Lighting Efficiency** – The Product achieved 29.8 GWh in the first half of 2011, 62 percent of its year end target. In an effort to remove inefficient fluorescent T12 fixtures from the business markets – ahead of Department of Energy (DOE) lighting efficiency standards that take effect in 2012 – 50% bonus rebates were introduced in March to encourage fluorescent T12 to T8 or T5 retrofits or delamping projects. This has generated increased awareness and a sense of urgency to complete fluorescent fixture retrofits prior to the end of 2012. Product participation in 2011 has been split evenly between commercial & industrial and small business customers, and kWh achievement has come from core, prescriptive rebate measures. New construction lighting opportunities are increasing as a proportion of overall Lighting Efficiency achievement, but not up to the levels of 2008 or 2009. Although businesses continue to struggle to cost-justify, and obtaining funding for, lighting retrofits, lighting and electrical trade partners report increased interest in lighting retrofits as a way for businesses to cut costs. A 60-day notice (Lighting Efficiency product modification) was posted in mid-June to expand the available prescriptive rebates, add more fluorescent fixture retrofit combinations to the existing menu, and phase out retrofit measures affected by 2009 DOE efficiency standards.
- **Motor & Drive Efficiency** – The Product achieved 11.4 GWh, which at 56 percent is on a pace to meet its 2011 goal. Variable Frequency drives contributed for almost 90 percent of the impacts.

In June, we hosted a two-day “Fans & Pumps” seminar for almost 50 customer and trade partners. We also had a prominent position at the Electrical Apparatus Service Association national conference, where several suppliers entering the Colorado market learned about our program. Small Business impacts continue to be an opportunity that we will focus on for the balance of the year. We will also focus on Motors and Drives at an increasing number of trade events, including AFEC, AAMD, NAIOP, and BOMA. We will also begin working with OEM representatives to help them market to smaller customers. In conjunction with our pending exit of “plan A” (new capacity/restored capacity) motors, we’re working to promote this year as a great time purchase more efficient motors for any purpose.



- **New Construction** – The Business New Construction mission is to help Public Service business customers prioritize energy efficiency when constructing new buildings. By providing whole building energy analysis for larger buildings and a checklist of opportunities for smaller buildings, we help customers achieve their energy and sustainability goals. The product is not expected to meet the electric goal in 2011 due to the recession and downturn in the commercial new construction market. We anticipate new building construction to improve some in the near future and therefore continue to work to increase the pipeline for future years, with a focus on education and marketing the products to architects, contractors, and other interested stakeholders.
- **Process Efficiency** – We have experienced good development from newer customers and continual improvement from our more mature participants in the Process Efficiency product. Having surpassed 50% of goal with a solid pipeline for the remainder of 2011, greater emphasis will be placed on cultivating prospective customer opportunities. No gas opportunities have been identified.
- **Recommissioning** – The Recommissioning Product has achieved 3.1 GWh which is 62 percent of the goal and is on target to exceed the annual electric goal. We have exceeded the gas goal at end of second quarter, with 2,496 Dth which is 113 percent of goal. Earlier this year, we added a new requirement to the product that helps identify if the study provider analyzed all of the potential recommissioning opportunities within a building. With this addition, we hope to help customers uncover more energy savings opportunities.
- **Segment Efficiency** – The Segment Efficiency Product realized 21 kW and 1.2 GWh of savings in the second quarter. Implementations of measures are continuing across current studies. The study provider continues to directly market to building owners, facility managers, and other stakeholders. The product is continuing to be promoted through NAIOP, BOMA, Watts-2-Water, and ENERGY STAR.
- **Self-Directed Custom Efficiency** – The Self Directed Custom Efficiency Product had one project committed during the second quarter accounting for 24% of the 2011 goal. Several projects are in the completion stage and final completion reports are being prepared which will contribute to second quarter 2011 achievements. The Self Direct Product is expected to achieve its year end goal based on projects in the pipeline.
- **Small Business Lighting** – The product achieved 6.95 GWh, 150 percent of its 2011 target, on higher-than-expected prescriptive project conversions in the first half of 2011. Franklin Energy Services, the consultant implementing the Small Business Lighting product, is promoting the 50% bonus rebates for fluorescent T12 fixture removal (see Lighting Efficiency information above) and has experienced an increase in requests by small- to mid-sized businesses to audit their premise and propose lighting efficiency measures. The product will also benefit from the 60-day notice posted in mid-June to expand lighting retrofit projects eligible for prescriptive rebates, and is expected to significantly exceed 2011 energy savings goals.
- **Standard Offer** – The Standard Offer Product has 2 projects nearing completion for approximately 1.3 GWh of savings. The pipeline remains strong for 2011 with many projects still in the implementation phase. The Energy Services Coalition and the Governor's Energy Office remain the primary focus for promotion of the Product.



Residential Program

- **Energy Efficient Showerhead** – This seasonal product launched its 2011 campaign in early May. The company mailed out 325,000 offers for a free energy-efficient massage showerhead to targeted Colorado natural gas and electric customers. Based on the 2010 product performance, we expect a 16 percent response rate which will yield about 44,000 participants. For 2011, the product is taking into account a 57 percent installation rate which is based on the 2010 actual install rate. We will continue using this install rate until the program conducts its M&V in August 2011.

Through the end of June 2011, the program had approximately 21,000 participants (508,949 Gen kWh and 14,000 Dth).

- **ENERGY STAR New Homes** – The ENERGY STAR New Homes product has exceeded its participation levels for 2011 and will continue to perform well through the remainder of the year. The new homes market continues to struggle due to the economy however, market penetration within the state continues to increase. According to the Governor's Energy Office (GEO) market penetration was 47% for state at the end of 2010.
- **ENERGY STAR Retailer Incentive Pilot** – The ENERGY STAR Retailer Incentive Pilot Product posted a 60 Day Notice in February 2011 to increase the rebate criteria for televisions from ENERGY STAR 4.1 to ENERGY STAR 5.1. Public Service also added computer monitors as a product measure with a \$5 rebate for ENERGY STAR +10 percent models. Public Service considered adding a second tier of dishwashers to the product, but after further investigation found that it was not cost beneficial to include it. Public Service implemented a request for proposals to potential retailers in the first quarter of 2011. Public Service launched the 2011 Product in May with retailers: Best Buy, Sears, K-Mart and Lowes. All retailers were required to complete a detailed summary of marketing and merchandising plans, display in-store signage during the promotion and implement a training for sales representatives. Xcel Energy promoted the product through a bill insert in June. There were no sales reported in the second quarter because of a two month lag time in getting sales results from the retailer and approving the models numbers before rebates can be paid.
- **Evaporative Cooling Rebates** – The Evaporative Cooling Rebate Product launched a retailer and contractor incentive beginning January 1, 2011. The tiered incentive for contractors and retailers is \$50 for Tier 1, \$75 for Tier 2, and \$100 for Tier 3. As of 6/30/11 the rebate applications are just starting to come in and it's too early to tell how the retailer and contractors incentive is going. Starting in August, we'll have an idea if the program will likely meet and or exceed the goal this year.
- **Heating System Rebates** – This product is cross-marketed with the Water Heating and Insulation Rebate Products, referred to as the "gas bundle". More than 3,519 customers have taken advantage of the rebate, providing 28,759 Dth of savings during the second quarter 2011 which is 53 percent of the year end goal. More than 90 percent of heating rebates have been paid out for the highest efficiencies of 94 percent AFUE or higher.



- **High-Efficiency Air-Conditioning** – This product is cross-marketed with the Evaporative Cooling Rebate Product, referred to as the “cooling bundle”. Approximately 280 customers have taken advantage of the rebate, providing 295 MWh of savings during the second quarter 2011. Participation in this program is still low, but the second quarter is only the beginning of the busiest part of the season.
- **Home Lighting & Recycling** – The Home Lighting Product motivates customers to purchase and install energy efficient compact fluorescent lights (CFLs) by offering discounts. Public Service provides two ways for customers to purchase energy saving CFLs:
 - Retail Store Instant Rebates: Public Service provides limited-time instant rebates at participating retailers for the purchase of CFLs. Public Service works with retailers and manufacturers to buy down the price of twist bulbs to roughly \$0.99 each and discount the price of specialty CFLs.
 - Mail Order Program: Customers can purchase a wide variety of CFLs via mail, telephone or Internet. There are 20 different models available for purchase. Customers get wholesale prices and an incentive if they order over \$35 in products.

Public Service kicked off the Product offering instant rebates on CFL twists and specialty bulbs through several retailers. Public Service continued to advertise and promote the Product using: television, radio, online, point of purchase displays and local events through second quarter. To date the Product has been very successful. CFL sales are above expectations.

Through June 30th, Public Service recycled 11,000 fluorescent bulbs in Colorado, which is consistent to the same time frame in previous years.

- **Home Performance with ENERGY STAR** – The Home Performance program is on target to reach participation goal this year, but falling short on the energy savings achieved per home. Many customers have already installed many CFLs which makes the electric achievement about 50 percent short per home. Overall, we’ve seen an increase in air sealing and insulation contractor support which is driving completed projects. Per the 2011 Plan Stipulation agreement, the program launched an auditor and contractor incentive based on qualified customers signing-up and completing the program.
- **Insulation Rebate** – The Insulation program is continuing to perform strongly in 2011. Year to date, the product has surpassed its year end goal of 193,812 kWh and 24,063 Dth. We currently are 390 percent of its electric goal, saving 756,803 kWh, and 229 percent of its gas goal, saving 55,158 Dth. The budget for this product is being closely monitored because of the increased participation and exceeded budgets.
- **Refrigerator Recycling** – The Refrigerator Recycling program is on target to surpass goals this year. Year to date, the product has achieved 82 percent of its electric energy savings goal, saving 861,202 kWh. Throughout Q1 and Q2 the product implemented marketing and advertising campaigns provided by our third party vendor ARCA, Inc., which included radio, direct mailers, newspaper ads, online ads, and point-of-sale initiatives.
- **School Education Kits** – The School Education Kits product has delivered 18,318 kits to fifth and sixth grade classrooms. The kits savings will be generated once all kits have been delivered and verified this fall. We will be using the 2011 Annual Filing for our install rates which are: 66 percent install rate of the CFL light bulbs (two per kit), a 46 percent install rate for the 1.5 GPM aerator, and a 48 percent install rate for the 1.5 GPM showerhead.



- **Water-Heating Rebate** – Year to date, the Water Heating product achieved 43 percent of the 2011 year end goal saving 3,230 Dth. The budget for this product will be closely monitored because of the increased participation for the remainder of the year. We are continuing to work towards market transformation with both consumers and distributors, providing rebate applications, point-of-sale rebate information and receipt verification printouts of purchasing and supplying higher efficiency water heating products, respectively.
- **Saver's Switch[®]** – In the first two quarters of 2011, we installed just over 4,000 switches on customer premises, about a fifth of the full-year target. To date we have received approximately 18,000 signup requests and are making progress towards the goal of 19,500 switch installations.
- **In-Home Smart Device Pilot** – One home area network (HAN) vendor, EnergyHub Inc., has recently met our security and functional requirements for this product. As a result, a contract was executed with EnergyHub, which allows us to move into the final phase of device testing. This field testing involves installing a small number of EnergyHub devices in the homes of Xcel Energy employees. Testing will take 3-4 weeks to complete and during this time, employees will be asked to execute various user tasks and document their results. Should EnergyHub's devices successfully complete the field testing, the devices would be certified by Xcel Energy. Shortly afterwards, plans for full scale deployment would be initiated in the Boulder area, however, actual installations would not begin until mid-fall of 2011.

Low-Income Program

- **Easy Savings Energy Kits** – Public Service redesigned the kit to contain more educational pieces and offer all collateral contents in both English and Spanish. The first mailing was sent to just under 11,000 income eligible combo customers in late March. Replies started to be received during the months of April and May, and kits were mailed out in June.
- **Multi-Family Weatherization** – In the second quarter, Public Service received four projects performed by Mile High Youth Corps. There is still a large project that was approved at the end of 2010 that is still implementing approved measures in early 2011.
- **Non-Profit Energy Efficiency** – Through the second quarter of the product, Public Service had thirteen completed electric non-profit projects and twelve gas non-profit projects. This year we have received a larger amount of projects in the beginning of the year allowing for more time to monitor the product and provide additional funding for future projects if necessary.
- **Single-Family Weatherization** – The product has seen a steady stream of participation during the second quarter of 2011 and has met over 50 percent of the year end goals. Marketing and advertising efforts have also been underway through bus shelters, televised phone bank, internet, and a direct mail partnered with the Xcel Energy PEAP and EEP programs.

Indirect Program

- **Customer Behavioral Change - Business** – During the second quarter of 2011 this product achieved 80 percent of the product target with 1,581 participants. Public Service executed a campaign which included an Energy Solutions newsletter, event marketing, stakeholder relations, educational workshops, and distribution of Smart Energy Employee materials.



- **Customer Behavioral Change - Residential** – During the second quarter of 2011 this product achieved 95 percent of the product target with 64,925 participants. Primary activities included execution of a mass media ad campaign used in print, radio, and Web; development of the “ResponsibleByNature.com” web presence; participation in community based marketing events statewide; educational workshops; and neighborhood sweeps.
- **Energy Analysis** – The Energy Analysis product is set to surpass its 2011 participation goals. During the second quarter, the product has achieved over 62 percent of goal. Throughout the year the product has implemented mass media ad campaigns primarily in print, radio and web. During the third quarter, Public Service will be distributing a direct mailer sweepstakes, and will host a Hispanic Chamber of Commerce webinar. Additionally, the new Online Assessment tool, and Quick tool on ResponsibleByNature.com will be online during the later part of the third quarter.
- **Home Energy Audit** – The product has achieved 33 percent of the 2011 goal for the second quarter. We had a slow start to the year and put together additional direct mail campaigns to generate more leads. The program has also been working with several of the community partners, City & County of Denver, City & County of Boulder, Garfield County, and Grand Junction to provide the Xcel Energy Audit to their EECBG and Better Buildings grant funded programs.
- **DSM Market Research** – The two Residential Program Evaluations, Showerhead and Low Invoice Single Family Weatherization, are on schedule to be completed by October 15, 2011. Surveying is complete and both evaluations are in the analysis phase. Two Business Program Evaluations, Self Direct Custom Efficiency and Heating Efficiency are on schedule to be completed by November 16, 2011. Interviewing is completed and both evaluations are in the analysis and reporting phase.
- **DSM Planning & Administration** – The primary focus for the 2nd quarter has been the 2012/2013 Biennial DSM Plan for Colorado. The Plan was filed with the Colorado PUC on August 1, 2011.

Additionally, the following 60 day notices have been filed:

- Compressed Air
 - Cooling Efficiency
 - Lighting Efficiency
 - Home Performance with ENERGY STAR-Evaluation of Duct Testing/Sealing
 - Cooling Efficiency VSD Chillers and Heat Exchangers
 - Recommissioning Program Evaluation
 - Motor and Drive Efficiency Evaluation, Technical Assumption Changes
 - Evaporative Cooling Evaluation
- **DSM Product Development** – During the second quarter of 2011, the DSM Product Development team continued with development of new products for 2011 and/or the next Biennial Filing.

In the second quarter of 2011 the following products were in the Build Phase of the Product Development Process. These are all Business products:

- ASD/VFD Study
- Computer Efficiency
- Efficient small motors – ECM's
- “Plan A” for 10-45 HP VSD Air Compressors



- Plate & Frame Heat Exchangers
- VFDs on Chillers
- Turn-Key Services
- Residential LED lighting

The following products being developed are in the Design Phase of the Product Development Process:

- Lighting Fixture Reduction
- Building Tune-up
- LED Wall Pack fixtures
- LED Parking Garage fixtures
- Commercial Food Service Equipment
- Low loss filters for Air Compressors (Mist Eliminators)
- Prescriptive Refrigerated Case Efficiency
 - Anti-Sweat Eater Controls
 - Low Energy Glass Doors
 - Zero Energy Glass Doors
- Retrofit EC motors for existing furnaces
- Residential Multi-family
- Prescriptive rebates for condensing boilers (Residential)
- Outdoor resets for boilers (Residential)
- Freezer Rebate

The following pilots continue to be developed:

- Commercial Efficiency Pilot
- Automated Energy Audits (Residential)
- Residential Energy Feedback Pilot

The following pilots are completed:

- Commercial Energy Behavior Pilot – This proposed pilot was determined to not be cost effective and will not be implemented.
 - Enhanced Energy Assessment Pilot – Completed: It was evaluated and the resulting product will be developed as a “Building Tune-up” program and potentially launched under the Recommissioning program.
 - The Res A/C Tune-up Pilot – Completed: It was evaluated and will not be implemented as a product offering in 2011.
- **Measurement & Verification** – Our third-party verification contractor, Nexant, has been conducting random field inspections for our prescriptive products. Results so far are good with no major deviations from reported savings.

Please contact Suzanne Doyle at 612-330-5518 or Neil Cowan at 303-294-2115 with questions/comments or e-mail at suzanne.galster@xcelenergy.com, neil.cowan@xcelenergy.com.



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