



2012 Third Quarter Colorado DSM Roundtable Update November 15, 2012

To comply with the 2012/2013 DSM Plan Stipulation and Settlement Agreement, Docket No. 11A-631EG, Decision No. R11-1326, 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 third quarter 2012 (through September 30, 2012) product energy and demand savings achieved, and product expenditures and CO₂ and SO₂ emissions avoided. In total, DSM electric products have achieved savings of 303.9 GWh and gas savings of 270,235 Dth by September 30, 2012. This represents 92 percent of the 2012 electric DSM plan's energy savings target of 329.3 GWh and 62 percent of the gas goal of 435,504 Dth. The Commission adopted the 2012 goals for our DSM products in Decision No. R11-1326 issued in Docket No. 11A-631EG.

The following section provides product status activities for the third quarter 2012 in the Business, Residential, Low-Income, and Planning & Research Products, as well as other related activities.

Business Program

- **Compressed Air Efficiency** – Year-to-date, the program achieved 1.4 GWh, which is only 34% of its annual goal. However, we maintain our savings forecast of 65% of the full year goal. Within the quarter, we closed 22 projects, and have seen a resurgence of study activity that we hope will induce more custom projects. Small Business (Non-Account Managed) customers have grown by nearly 50% over the prior year, and now represent 47% of all the savings. We continued to focus intensive efforts on encouraging one trade partner to reintroduce audits, and on another trade partner who has only been servicing out-of-territory oil fields.
- **Computer Efficiency** - The product filed a 60-Day Notice on October 31st, 2012 to change the Measurement & Verification Plan and add a new measure, PC Power Management. The product has achieved 18,000 kWh's of savings in 2012, however the product is holding back claiming a large amount of savings from upstream incentives, waiting to adopt the proposed M&V changes.
- **Cooling Efficiency** – The Product achieved 871,891 kWh and 532kW during the third quarter which represented 86 projects. This is nearly 3 times the number of projects from the prior quarter. The Early Retirement program is currently waiting approval and is expected to be launched Jan 1, 2013. This program will offer higher rebates for retiring working RTU's that are 10 to 17 years old.
- **Custom Efficiency** – The Custom Efficiency product completed 22 electric projects and 4 gas projects in the third quarter. The electric projects achieved approximately 1.2 GWh of savings representing 16% of the of the products 2012 goal. The gas projects achieved 2,368 Dths representing 37% of the products 2012 goal. One large electric project expected to close this year will not close because monitoring could not be concluded due to customer operational issues. Another large electric project will not achieve any savings due to monitored results with no savings.
- **Data Center Efficiency** – The product achieved 1,239,261 kWh, and rebated one approved data center study through Q3 2012. An additional seven studies were in progress. The achievement represents 19% of the product year end goal. The program has seen continued challenges with long study timelines and project documentation challenges, but continues to



experience interest from the market. Marketing efforts in the third quarter continued to focus on trade outreach and education on expectations for energy savings calculations within a funded study.

- **Energy Management Systems (EMS)** – EMS achieved savings of 1.6 GWh within the quarter, 5.9 GWh year-to-date, and is at 70% of its annual goal. We anticipate finishing the year near our goal for savings, and within 90 percent of our budgeted spend. For pre-approved projects, we have achieved high implementation rates. However, the 3rd quarter continued a sharp decline in the proportion of applications that could be pre-approved. We will closely monitor that trend to determine action items.

EMS Gas savings are now 95% of its annual goal. We anticipate surpassing our full-year goal by at least 20%.

- **Heating Efficiency** – The Heating Efficiency product completed 69 projects this quarter across all measures and has achieved 9,416 Dth of savings, or 30% of its annual goal. The product continues to have sustained awareness and consistent participation. A 60-Day Notice was filed in August as the program evaluation changes were implemented this year and changes were communicated to DSM Roundtable participants and Heating Advisory Board members. We anticipate finishing the year under goal with steady participation. We are continuing to see participation in the small business sector producing more savings participation (63%) than the larger commercial and industrial customers (37%).
- **Lighting Efficiency** – The Product achieved 80.8 net GWh through Q3 2012, 128 percent of its year end target. 30 percent bonus rebates to remove inefficient fluorescent T12 fixtures from business facilities continued in the quarter and lighting retrofit project volume continues to be high, approaching 2013, when most T12-removal rebates will be phased out. Large opportunities in Q3 were committed in office, government and 24-hour facilities. Prescriptive rebates for LED lamps and fixtures continue to emerge, accounting for 11% of the lighting's year-to-date energy savings.
- **Motor & Drive Efficiency** – Within the quarter, the product achieved more than 13 GWh, and year-to-date, more than 21 GWh. We have increased our forecast to 112% of the full-year goal. The majority of savings continues to be from the retrofit of variable frequency drives. We are continuing our media campaign to increase awareness about motors and drives in HVAC systems. We have also increased awareness of our newly-introduced incentives for Electronically Commutated Motors (ECMs) and Constant Speed Motor Controllers. Although motor controllers still have gained little interest, the ECM's have achieved more than 400,000 kWh within Small Businesses.
- **New Construction** – Commercial new construction has remained slow in 2012, but as the economy improves new projects are entering the pipeline. Business New Construction has continued its mission to help building owners and developers prioritize energy efficiency through education and marketing to architects, contractors, small and large businesses and other interested stakeholders.
- **Process Efficiency** – At the mid-year point the Product looked poised to exceed goal, as it was at approximately 50% of goal at the time. With very little activity in the 3rd quarter it is now unlikely the Product will make goal. However, as the economy continues to improve and customers greater availability to capital for energy efficiency improvements, the outlook for 2013 looks positive.



- **Recommissioning** – The Recommissioning Product completed thirteen electric projects and five gas projects in the third quarter of 2012. The product's cumulative electric achievement through the end of the third quarter is 3.4 GWh, representing 58% of its filed 2012 kWh goal. Additionally, the product has exceeded the filed kW goal of 330 kW by 67% with 540kW achieved through the third quarter. The product also has cumulatively achieved 1,905 Dths which represents 84% of the product's 2012 gas goal. The product continues to remain on track to meet its filed kWh 2012 goals and to exceed its gas goal due to several large retail gas C & I customer projects slated to close in November.
- **Segment Efficiency** – The Segment Efficiency product realized 238,466 kWh during the third quarter. An RFP was issued to a new study provider for 2013 and is currently being evaluated.
- **Self-Directed Custom Efficiency**– The Self Direct Efficiency product had one completed project in the third quarter with 7.47 GWh of energy savings representing 83% of the products 2012 goal. Several projects are in the completion phase and will be committed this year. The Self Direct product is expected to achieve the 2012 energy savings goal.
- **Small Business Lighting** – The Product closed 432 projects, achieving 9.2 GWh, representing 81% of its 2012 filed target goal for this quarter. The product continues to see increased volume related to fluorescent T12 fixture removal with the 30% bonus rebate, which ends this year. Participation levels continue to be good among property managers with smaller buildings, and small to medium sized city, county and town facilities. Specific marketing efforts in the third quarter directly resulted in 40 new audits performed by Franklin Energy representing an additional 1 GWh in potential savings. Two trade contractor training events were conducted and focused on LED and High Bay technology with the largest attendance this year. In addition to input from the Lighting Advisory Board, individual one-on-one trade partner meetings were also conducted to increase their knowledge of forthcoming rebate level changes and share marketing strategies for 2013.
- **Standard Offer** – Two projects have achieved 45% of the Product's year-to-date results. Along with five other projects in the final stages of engineering review, the Standard Offer product has a high probability of achieving goal.

Residential Program

- **ENERGY STAR New Homes** – The 60 Day Notice posted on June 27 was implemented on August 27, 2012. Comments were received from EEBC during the posting period. The EEBC requested the rater incentive be lowered from the proposed \$250 level for each completed home to \$100 and also requested the Company provide bi-monthly program updates. After meeting with the EEBC it was decided a survey would be sent to all participating rating company's to determine their thoughts on lowering the incentive to \$100. It was also agreed the Company would provide bi-monthly updates to all participants in 2012 and once a month in 2013. The survey was sent out on September 28 to 16 rating companies. Results and any actions taken will be provided at the next DSM Roundtable meeting. The program achieved its filed goal of 72,521 Dth during the month of September and on September 27th, a communication was sent out to all participants that the program was closed for 2012. Participants were also informed enrollments for the 2013 program year will open again beginning December 11, 2012.
- **Evaporative Cooling Rebates** – Participation continued to increase over previous year's participation well into Q3. As of September 30, the Evaporative Cooling product rebated over 3,700 applications, which is approximately 86% of our program goal, attributing 2.6 GWh in savings. Furthermore, Evaporative Cooling has started planning for 2013, with key



relationships with our manufacturers incorporating innovative marketing tactics including QR codes printed on qualifying equipment for 2013.

- **Heating System Rebates** – Participation in the third quarter has been lower than in past years due to the elimination of promotions and mass marketing. Almost 800 contractors are still registered with the product and 2,186 customers took advantage of the rebate, providing 17,877 Dth of savings through September 2012 which is 33 percent of the year end goal.
- **High-Efficiency Air-Conditioning** – The High Efficiency Air Conditioning program currently has more than 640 applications in rebate processing that are yet to be closed. If 90% of these are processed, the program will be 97% to goal. The program started the year off to a very slow start and has picked up momentum over the last two months. Product Marketing attributes the rebate promotion to the recent surge in customers submitting their applications. The program is also reporting a 90% program realization rate for 2012 which is an 8% increase over last year. Overall this program's success can be attributed to contractor training held by DSM marketing and the new measurement and verification implementer, Group 14.
- **Home Lighting & Recycling** – The Home Lighting program has surpassed the goal for the year. The program was heavily promoted in the winter and spring to balance the sales throughout the year and ensure that the goal was met. The promotion and advertising were very effective, creating higher than expected sales. The program achieved over three million in bulb sales. As a result, all promotional activities and incentives were postponed for the months of October and November. The program will start up activities again at year end to jump start our 2013 promotions. The recycling component to the program will continue through the year end.
- **Home Performance with ENERGY STAR** – Rounding out the third quarter, the Home Performance with ENERGY STAR program has met its program goals. Overall, the program has seen greater participation from various contractor companies this year as the barriers for customers to participate have been reduced. The year to date conversion rate from audit to HPwES program completion has risen from 1.64% to 20%. Product Marketing attributes the program redesigns and the introduction to in home energy modeling software the keys to this year's success.
- **Insulation Rebate** – The Insulation rebate product is continuing to perform well, however, has been lower in participation than in previous years due to elimination of the ARRA or community funds that were available. We anticipate reaching our electric and gas savings goals, forecasting 990,000 kWh and 86,000 Dth by year end.

Additionally, we have been working during the third quarter, with our stakeholders group to incorporate air sealing and quality assurance into our 2013 Insulation rebate product. As part of the Insulation Working Group, Public Service was approved to move forward with contractor and trade trainings for 2012. A 60 day notice is being developed for filing in Q4, and additional dollars were available to be used for training the trade and contractors within the Colorado market. On September 25th and 26th, Marketing and Trade Channel Management coordinated their first Insulation and Air Sealing Clinics, in cooperation with local BPI Proctors and Super Proctors in Colorado. The clinic presenters showcased the proposed 2013 Insulation Rebate program, as well as Best Practices, Combustion Safety Appliance standards, Blower Door technology and Air Sealing demonstrations.

- **Refrigerator Recycling** – The Colorado Refrigerator Recycling product has met its 2012 settlement goal of 4,250 participants for the year. Success for this product is greatly attributed to expanding the program to accept primary refrigerators and freezers, as of March 26th 2012.



Since April, Colorado customers through this program have recycled more than 399 primary refrigerators and 948 freezers. An estimated year end achievement of 3.4 GWH in electric savings is forecasted. Marketing efforts that greatly attributed to the success of this program included radio and online advertising, door hangers and bill inserts announcing the expanded program opportunities.

- **School Education Kits** – Resource Action Programs (RAP) had conducted focus groups in May and June for Colorado and Minnesota teachers to help increase our declining installation rates. Based off of this feedback, Public Service will be including improved Parent Letters, a DVD on How to Properly Install the items within the Kit, and a Quick Start Guide. RAP concluded outreach in the Colorado territories for the spring, with over 30,002 kits delivered. We intend to have final installation rates this fall, and expect to meet our electric savings goals for 2012.
- **Showerheads** – This seasonal product launched its 2012 campaign in mid May. The company mailed out 225,000 offers for a free energy-efficient massage showerhead to targeted Colorado natural gas and combination (natural gas and electric) customers. The goal is to bring in savings of 786,000 Gen kWh and 30,000 Dth. This year's marketing postcard made a concerted effort to more clearly communicate the key benefits of the showerhead, including bill savings, shower satisfaction and ease of installation. Through the end of September, the program had 15,323 participants, and achievements of 15,166 Dth and 386,129 Gen kWh, factoring in the estimated 50% install rate.

To achieve additional gas savings, the company is planning on doing a second showerhead campaign in October. The goal for the campaign is to increase participation by 7,500 participants, and achievements by 7,500 Dth and 190,000 Gen kWh.

- **Water-Heating Rebate** – The product has seen limited participation but is performing at an improved pace over 2011 for both electric and natural gas products. We have 1,415 participants in the program, and have achieved 3,433 Net Dth natural gas savings or 29 percent of annual goal. For electric water heater participation, marketing was increased to raise awareness of electric heat pump water heaters and the product has achieved 50,632 kWh savings or 9 percent of goal with 21 customers participating. Heat Pump Water Heaters are not as prevalent in the market as typical natural gas storage and have a higher product cost, despite a sizable rebate amount.
- **Saver's Switch[®]** – As of the end of the third quarter, Xcel Energy has installed approximately 9,500 new Saver's Switches. In spite of an intense marketing effort in 2012 enrollment is lagging behind prior years and the 'breakage rate' (i.e. customers who sign up and subsequently change their minds, have ineligible equipment, etc) is 20-25%. Public Service Company does not anticipate meeting the full enrollment target for the year.

Low-Income Program

- **Energy Savings Kits** – The product launched the 2012 campaign in July. The Company mailed offers to 19,600 income-qualified customers. The campaign's mailing was redesigned to focus on the benefits of the kits to the customer. The redesigned shipping boxes helped customers identify when their kits arrived at their home. Through the end of September the program has 2,454 participants providing 2,650 Dth and 461,007 kWh in savings using the filed install rates.

Additional campaigns are planned for the fall to increase participation counts.



- **Multi-Family Weatherization** – Through the third quarter of the year, Public Service has received ten completed multi-family gas projects and twelve completed electric projects. An additional three projects have been approved and are pending completion in the fourth quarter.
- **Non-Profit Energy Efficiency** – Through the third quarter of the year, Public Service has received twelve completed non-profit gas projects and ten completed electric projects. An additional thirteen projects have been approved and are pending completion in the fourth quarter.
- **Single-Family Weatherization** – The Single Family Weatherization program worked with the Colorado Energy Office to update its contract to include the four new program measures introduced to the program through the 60 Day Notice process. Upon approval of the 60 Day Notice, the program will offer crawl space insulation, water heater replacements, and the addition of storm windows to the existing offering of attic and wall insulation, furnace and refrigerator replacements, and CFLs.

Indirect Program

- **Business Energy Analysis** – Participation in the Energy Analysis (EA) program remained slow in the 3rd quarter. In an effort to increase customer participation a mailer was sent to small businesses highlighting the benefits of an EA On-Site Assessment. The feedback from the mailer was positive, but limited. To continue to encourage participation, an email campaign is scheduled for Q4 focusing on the EA Online Assessment. This offering benchmarks energy use against comparable buildings and is free to Xcel Energy customers. EA remains an affordable introduction into energy efficiency and marketing efforts during the remainder of the year will target small businesses to increase participation. EA utilizes online and onsite tools to identify energy efficient solutions to business customers by providing them with actionable items to reduce energy and costs through DSM programs.
- **Consumer Education Business** – Through the third quarter of 2012 this product achieved 203 percent of the product target with 6,003 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
- **Consumer Education Residential** – Through the third quarter of 2012 this product achieved 212 percent of the product target with 144,540 interactions. 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.
- **DSM Planning & Administration** – During the third quarter we posted the following 60 day notices: Low Income Single Family Weatherization on August 16th, 2012, Low Income Single Family Weatherization Program Evaluation and Business Heating Efficiency Program Evaluation on August 22nd 2012, Self Direct Program Evaluation, and Showerhead Program Evaluation on August 24th. Additionally, we are working on an Energy Efficiency Financing Product, and our filing that is due on November 1st to provide information on filling our shortfall in meeting our goal for 2013.
- **Residential Home Energy Audit** – The Home Energy Audit program now has 75 participating audit contractor companies and tracking to reach the participation goal of 2,500 completed in-home audits by year end. The Company conducted over five contractor program trainings this year that included software training on the Snugg Home in home energy modeling software.



- **DSM Market Research** – Two residential products and one business product are currently in the process of evaluation. The Low Income Energy Savings Kits and the Residential High Efficiency Air Conditioning program evaluations are both scheduled to conclude by mid-November. The Business Process Efficiency evaluation is also in the final phases and will be completed no later than year-end.
- **DSM Product Development** – During the third quarter of 2012, the DSM Product Development team continued with development of new products for 2012 and/or the next Biennial Filing.

The following products were in the Stage 4 (Product Development) of the Product Development Process.

- ASD/VFD Study
- Turn-Key Services – This product is currently being tested in our Minnesota (MN) service territory. We will review the MN results in the fourth quarter and determine whether changes need to be made before we develop it for a 2013 launch in CO
- Prescriptive Refrigerated Case Efficiency
 - Anti-Sweat Heater Controls
 - Zero Energy Glass Doors
- EC motors for new residential natural gas furnaces
- High Efficiency Computer Monitors
- LED Wall Pack fixtures
- Energy Efficiency Financing
- RTU Early Retirement
- Bi-level Stairwell Fixtures
- PC Power Management
- Small Business Refrigeration

The following products were in Stage 3 (Concept Evaluation) of the Product Development Process:

- Behavioral Measure for Process Efficiency
- Building Tune-up (RCx Lite)
- Residential Multi-family

The following RFP's were issued in accordance with the 2012-2013 DSM Plan Stipulation and Settlement Agreement:

- RFP for Small Commercial and Residential AC Tune Up Program
 - Two Proposals were received and analyzed for cost effectiveness. It was determined that the proposals were not cost effective and a 60 day notice was filed indicating that we would not be proceeding with an AC Tune-up program.
- RFP for Innovative Technology
 - The 12 detailed proposals were evaluated and four were selected to be included in the 2013 CO DSM Plan. We are currently working with the bidders to finalize technical assumptions and contract terms.
- **Energy Feedback Pilot** - The residential Energy Feedback Pilot continues to perform well. Cumulative savings to date exceed 12.2 GWh and 56,000 DTH. Average electric savings of 2.5% per household are ahead of expected results at this point of the pilot. Currently we are preparing to expand the pilot to an additional 50,000 participants in early 2013.



- **In-Home Smart Device Pilot** – Recruitment, enrollment and installations wrapped up in August with 1006 systems successfully installed in Customer's homes. The team has transitioned into operations mode providing support to Customers and continuing the outreach program including a Customer survey this quarter. We have completed 12 control events this summer with participation levels just over 50%. The evaluation team will begin working on their preliminary report utilizing this summer's data and Customer survey results.
- **Electric Vehicle Charging Station Pilot** – Trial installations have been completed at NREL, an Xcel Energy facility and one customer. Additional research is being conducted with vendors to see if additional hardware options exist that will provide a more streamlined installation. The pool of potential participants is being collected from customer inquiries to Xcel Energy's Repowering Transportation website and the automotive industry's EVIX list (electric vehicle purchases). Recruitment is expected to begin before year end.
- **Building Energy Code Support Pilot** – Six Denver metro area building jurisdictions have agreed to participate in the pilot. Training and evaluation plans have been individually designed for each jurisdiction. Baseline data collection and training has begun at five of the jurisdictions. Training at each jurisdiction is expected to be complete in April of 2013 with evaluation results expected to complete by July of 2013.
- **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.

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