



2011 Third Quarter Colorado DSM Roundtable Update November 15, 2011

To comply with the 2011 DSM Plan Stipulation and Settlement Agreement, Docket No. 10A-471EG, 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 third quarter 2011 (through September 30, 2011) product energy and demand savings achieved, and product expenditures and CO₂ and SO₂ emissions avoided. In total, DSM electric products have achieved savings of 219.5 GWh and gas savings of 329,228 Dth by September 30, 2011. This represents 86 percent of the 2011 electric DSM plan's energy savings target of 255.9 GWh and 89 percent of the gas goal of 368,227 Dth. The Commission adopted the 2011 goals for our DSM products in Decision No. C10-1336 issued in Docket No. 10A-471EG.

The following section provides product status activities for the third 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 third quarter with 2.1 GWh of net savings, which is 46% of the full year goal. Participation is similar to the prior year. However, average savings per participant is lower, which is consistent with our 2011 introduction of additional prescriptive measures.

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 oil & gas opportunities outside the company's service territory.

- **Cooling Efficiency** - The Cooling Efficiency Product completed the 3rd quarter of 2011 that achieved 1.49 GWh of savings. The trade incentive program is continuing and has had some impact on participation. The sweepstakes concluded on September 30th with the winner to be announced. 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 9 electric projects in the third quarter which achieved 0.895 GWh and 81 kW of savings. Several large projects are currently in the completion and M&V stage. We are expecting them to close during the fourth quarter. A 50% rebate bonus was launched during this quarter and has resulted in 8 completed projects. There were 8 committed gas projects during this period resulting in 1,100 net DThs of savings. The product is expected to achieve the year end goal for both electric and gas.
- **Data Center Efficiency** – In the third quarter of 2011, the Data Center Efficiency Product issued study funding preapproval letters for 2 new studies, gave engineering approval for 2 additional completed studies and continues to review additional completed studies and new applications submitted for engineering review. Approved studies are worth over 6 GWh if identified projects are implemented. Marketing activities this quarter included communication to customers and trade regarding adjustments to product participation guidelines. The adjustments are expected to better meet customer needs and include: allowing studies



smaller in scope to qualify for study funding, allowing review of individual projects without a study and streamlining the trade qualification process. The product continues to focus on trade communication and outreach as they are well connected to this customer segment. Plans are currently underway to develop future trade and customer informational events.

- **Energy Management Systems (EMS)** – To date, the EMS Product has had 27 participants with 7.2 GWh of savings, which is 98 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. We expect the full year savings to be 9.2 net GWh, which is 126% of goal. We also encourage continued improvement of on-peak controls strategies, and the product has attained net-generator kW demand savings of more than 140% of the prior year.

EMS Gas savings were 1,778 Net Dth, which is 79 percent of its goal. 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 complete the year with 115% of goal.

- **Heating Efficiency** – Our pipeline is fairly strong, however has slowed in the third quarter, similar to what we saw in 2010. We are anticipating achieving slightly under goal at approximately 92% or 40,000 dth. However, this could change during the 4th quarter as we traditionally see an increased volume come in during the last quarter of the year. The Heating Advisory Board, which was introduced in April, continues to be well received from all members. Through continued meetings with our Board, we will maintain close relationships with the trade network. We are currently conducting a product evaluation and plan to implement findings which will keep the product fresh and relevant to our customers.
- **Lighting Efficiency** – The Product achieved 51.5 GWh of savings through the 3rd quarter of 2011, 107 percent of its year end target. 50% bonus rebates implemented in March to remove inefficient fluorescent T12 fixtures from the business markets are positively impacting product performance, and higher levels of interest have been expressed by lighting and electrical trade partners and their customers. Although product participation is roughly split 50/50 between commercial & industrial and small business customers, kWh achievement has come mainly from C&I customers implementing core, prescriptive lighting measures.
- **Motor & Drive Efficiency** – The product achieved 14.3 GWh, or 70% of its full year goal. Adjusted for changes in Net-to-Gross factors, the achievement is 116% of the savings from the same period of the prior year. Within the quarter, we worked on encouraging the implementation and M&V of several large custom projects. We also began preliminary investigation of the availability and market for integrated VFD-motor-pumps. However, we will still continue to focus on Small Business opportunities for the remainder of the year. 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 to 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** – The pipeline remains robust, but projects anticipated for 2011 completion continue to be pushed back due to external factors. Achievement is still experiencing positive growth with more than a 200% improvement over 2010 final figures and an expected improvement of 285% by year-end. This improvement will still be short of the electric goal for 2011. We have experienced no gas potential in the market. As a result of this we are forecasting no achievement for 2011.
- **Recommissioning** – The Recommissioning Product has achieved 4.5 GWh of savings which is 90 percent of the goal and is on target to exceed the annual electric goal. We have exceeded the gas goal as of end of 3rd 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 discover more energy savings opportunities.
- **Segment Efficiency** – The Segment Efficiency Product has realized YTD savings of 21 kW and 1.2 GWh. No additional study measures are expected to be implemented in 2011. The study provider continues to directly market to building owners, facility managers, and other stakeholders. This product relies heavily on Xcel Energy's account management team. The economic environment has posted a major barrier for building managers/owners to follow through with implementation of study measures.
- **Self-Directed Custom Efficiency** – The Self Directed Custom Efficiency Product had no committed projects during this quarter. Several projects are in the completion stage and final completion reports are being prepared. The Self Direct Product is expected to achieve its year end goal.
- **Small Business Lighting** – The Product achieved 13.59 GWh of savings through the 3rd quarter which is 268 percent of its 2011 target. This is due to higher-than-expected prescriptive project conversions through the first three quarters of 2011. Franklin Energy Services, the consultant implementing the Small Business Lighting product, is promoting the 50% bonus rebates for fluorescent T12 fixture removal and has experienced an increase in requests by small- to mid-sized businesses to audit their premise's lighting, assess energy savings and rebate potential. The bonus promotion is especially popular with small businesses able to respond quickly and fund a lighting retrofit from their operating budget.
- **Standard Offer** – We remain at 2 projects committed to date, but there are 3 others that may be finalized before year-end. These 5 projects could result in achievement of 109% of our electric goal. This would be the first time the program has surpassed the goal since inception during 2009. This was anticipated however due to the long sales cycle required for this product. The gas opportunity is limited with expectations to reach less than half the filed goal. Anticipated 2012 projects look much more favorable for achieving goal.

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 utilizing a 57 percent installation rate which is based on the 2010 actual install rate. We will continue using this install rate until the program completes its M&V, which is currently being conducted. Through the end of September, the



program had approximately 36,000 participants which resulted in 841,884 Gen kWh and 22,892 Dth of savings.

- **ENERGY STAR New Homes** –The ENERGY STAR New Homes program continues to have a successful year. We estimate approximately 3,500 homes will have successfully completed the product requirements by the end of the year. This is an increase of 40% over the same period in 2010. This is a remarkable achievement when you consider the new housing market and economy are still struggling to gain a foothold on stability. Success of this product is directly related to the dedicated builders and participating energy raters who continue to support the program and promote ENERGY STAR.
- **ENERGY STAR Retailer Incentive Pilot** – 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 training sessions for sales representatives. All participating retailers completed these requirements. In addition, Xcel Energy promoted the product through a bill insert in June. We continue to work with retailers by visiting stores regularly to help provide support, conduct additional training of sales representatives and ensure that the signage is displayed. Sales to date show over 27,000 units sold and an achievement of 3.9 GWh, 48% of goal. The product is expected to reach the goal for 2011.
- **Evaporative Cooling Rebates** – The Evaporative Cooling Rebate Product is on target to make goal. This year the program introduced a contractor and retailer incentive to encourage an increase of evaporative cooling sales. WECC, who manages our retailer channel, has been able to obtain their target of a 30% increase in retailer participation which we can largely contribute to the incentive. Another area of program growth is the Tier 3 units, whole house evaporative cooling systems. Through the various contractor training efforts, we've been able to penetrate this market and have already processed over 40 Whole House rebate applications.
- **Heating System Rebates** – Due to the final push of ARRA funds, the program has been successful through 3rd quarter of 2011. More than 745 contractors are registered with the product and 4,647 customers have taken advantage of the rebate. This has provided 38,052 Dth of savings through September of 2011 which is 70 percent of the year end goal. More than 93 percent of heating rebates have been paid out for the highest efficiencies of 94 percent AFUE or higher.
- **High-Efficiency Air-Conditioning** – This year, Public Service has seen a significant number of participants in the High Efficiency Air-Conditioning program compared to last year. Almost 200 contractors are participating in the program this year and 1,110 customers have taken advantage of the rebate. This has provided 1.1 GWh of savings through the third quarter.
- **Home Lighting & Recycling** – The Home Lighting Product continues to motivate customers to purchase and install energy efficient lights by offering discounts on compact fluorescent light bulbs (CFLs) and new this quarter Light Emitting Diodes bulbs (LEDs). Public Service continues to advertise and promote the Product using: television, radio, online, point of purchase displays and local events. To date the Product has been very successful. CFL sales are above expectations. The Product is expected to exceed the goal.

Promotion of LED began in August as a test to understand the level of interest by retailers and manufacturers, the attractiveness of the product to the general public and the necessary incentive level to overcome the high prices. Public Service is currently offering a \$10



discount on six models of LEDs including A-lines and floods at three retailers: Home Depot, Lowes and Sam's Club. To date, 250 units have been sold.

Through September 30th, Public Service recycled 15,400 fluorescent bulbs in Colorado, which is consistent to this time in previous years.

- **Home Performance with ENERGY STAR** – The HPwES program offers customers higher rebates for complete whole house improvements. The program is on target to make participation goals but under achieving on savings. This is largely due to the optional measures customers are selecting to complete. Instead of choosing a combustion appliance to upgrade, 85% are choosing a program thermostat.
- **Insulation Rebate** – The Insulation Rebate Product incents customers to upgrade their inefficient insulation. Year to date, the product has achieved 509 percent of its electric goal, saving 987,369 kWh, and 303 percent of its gas goal, saving 72,856 Dth. ARRA funds, in addition to Public Service rebates, have made this product extremely popular, with over 5,237 participants through 3rd quarter.
- **Refrigerator Recycling** – The Refrigerator Recycling Product continues to perform well through 3rd quarter. Year to date, the product has achieved 137 percent of its electric energy savings goal, saving 1.4 GWh. This is notably the first time in the product history to have surpassed its participant and electric savings goals. One of the key drivers found in surveys, done by ARCA, Inc., was the increase in the incentive. Additionally, the success for this product was also by implementing an aggressive marketing and advertising campaign, provided by our third party vendor ARCA, Inc., and by our advertising group. This included additional call-to-action tactics such as direct mail and bill inserts on schedule, supported by multiple awareness tactics (print ads, web ads, e-newsletter sponsorships, classifieds, community packets, etc.) to continue to drive customer participation through 2011.
- **School Education Kits** – The School Education Kits Product has completed its seasonal sixth grade classroom outreach. The kits have been successful for the year, with 64 percent average install rate of the CFL light bulbs (two per kit), a 37 percent install rate for the 1.5 GPM aerator, and a 37 percent install rate for the 1.5 GPM showerhead. Year to date, the product has achieved 91 percent of its electric goal, saving 2.0 GWh, and 78 percent of its gas goal, saving 11,515 Dth. Public Service will be continuing to work with our third party vendor, Resource Action Programs (RAP), on improvements to the installation rates.
- **Water-Heating Rebate** – The Water Heater Rebate Program uses rebates to encourage residential customers to purchase energy efficient water heating equipment. Rebates are available for energy efficient storage and tankless water heaters. Additionally, Colorado allows for an Electric Heat Pump Water Heater in the program. Year to date, the product has achieved 58 percent of the 2011 year end goal saving 4,352 Dth. Additionally, year to date, the product has achieved 5 percent of the electric savings goal with 29,459 kWh. The Product is expected to reach near goal by year end, and Public Service is continuing outreach efforts with retailers for in-store signage displays and trainings.
- **Saver's Switch**[®] – In the first three quarters of 2011, we installed just over 13,883 switches on customer premises, approximately 71% of the full-year target. To date we have received approximately 22,600 signup requests and are making progress towards the goal of 19,500 switch installations. We are currently experiencing that approximately 25% of signups do not materialize into installations as customers change their mind, or have ineligible equipment.



- **In-Home Smart Device Pilot** – Final field testing of the EnergyHub in home devices was successfully completed in late August and resulted in Xcel Energy's certification of the EnergyHub system. Xcel Energy employees that participated in the field testing expressed how easy the system was to use and the value of seeing electricity energy use displayed in real time right in their home. Certification set off a number of activities including: initial shipment of devices to EnergyHub's installer (Honeywell), finalizing installation plans and processes and customer leave behind materials. Xcel Energy call center training, which will provide tier 1 support, was completed in late September in order to support moving to full scale installation of devices in early October. Recruitment efforts initially are targeting Pricing Pilot customers who were initiated in September. The email campaign was the first tactic used and will be followed by third party outbound calling and direct mail materials.

Low-Income Program

- **Energy Savings Kits** – Public Service continues to offer educational pieces and collateral contents in both English and Spanish in the Energy Savings Kits. Three large mailings were done reaching 19,774 electric customers and 26,070 gas customers. Many of these customers are combination electric and gas customers, therefore will count towards both electric and gas participation.
- **Multi-Family Weatherization** – Through the third quarter, Public Service funded seven Multi-Family Weatherization gas and electric projects. One of these projects was approved at the end of 2010 and completed implementation in 3rd quarter of 2011. With these projects, Public Service achieved 126% of the electric goal and 98% of the gas goal.
- **Non-Profit Energy Efficiency** – Through the third quarter of the product, Public Service funded 27 electric non-profit projects and 26 gas non-profit projects. This is almost double what was approved in 2010. Additional projects were received in the third quarter and will be evaluated by year end. With these projects, Public Service achieved 109% of the electric goal and 83% of the gas goal.
- **Single-Family Weatherization** – The Single-Family Weatherization program is coming in at 96% of the gas goal and 106% of the electric goal for 2011. The program's success can be largely attributable to ARRA funding and a successful advertising campaign.

Indirect Program

- **Customer Behavioral Change - Business** – Through the third quarter of 2011 this product achieved 140 percent of the product target with 2,772 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** – Through the third quarter of 2011 this product achieved 115 percent of the product target with 78,206 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 has achieved almost 115 percent of goal. Targeted mailers and promotions were implemented throughout the summer and a new online assessment tool became available at www.xcelenergy.com. Mass media ad campaigns primarily print, radio and web, also rotated throughout the summer in a variety of outlets. Coordination between community stimulus funded products will continue with cross promotional mailers and events.



- **Home Energy Audit** – The product is currently achieving 40 percent of goal. With the warm winter, GEO audit rebates ending, and the economic recession the program has been under performing this year. The Home Energy Audit program has partnered with several community programs which have helped keep a steady flow of audits during the slower months. In efforts to increase audit lead generation the product modified the advertising message to be a direct message rather than just an awareness message.
- **DSM Market Research** – The two Residential Program Evaluations, Showerhead and Low Income Single Family Weatherization, are on schedule to be completed by November 18, 2011. Two Business Program Evaluations, Self Direct Custom Efficiency and Heating Efficiency, are on schedule to be completed by November 23, 2011. Final report revisions are currently underway for all four Residential and Business evaluation reports.
- **DSM Planning & Administration** – On August 1, 2011 Public Service filed it's 2012/2013 DSM Biennial Plan with the Colorado Public Utility Commission Docket 11A-631EG. Since that date we have held several settlement meetings with our intervenors in the case. We are anticipating a settlement agreement during the 4th quarter of 2011.
- **DSM Product Development** – During the third quarter of 2011, the DSM Product Development team continued with development of new products for 2011 and/or the next Biennial Filing.

In the third quarter of 2011 the following products were launched. These are all Business products.

- Computer Efficiency
- Plate & Frame Heat Exchangers
- VFDs on Chillers

The following products are in the Build Phase of the Product Development Process.

- ASD/VFD Study
- Turn-Key Services
- Residential LED lighting
- LED Wall Pack fixtures

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

- Lighting Fixture Reduction
- Building Tune-up
- 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
- Residential Condensing Boilers
- Outdoor Resets for Residential Boilers
- 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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