



2014 First Quarter Colorado DSM Roundtable Update

May 8, 2014

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 (M&V) modifications.

Product Implementation Status

Please refer to the attached table for the preliminary first quarter 2014 (January 1 – March 31, 2014) product energy and demand savings achieved, product expenditures, and CO₂ and SO₂ emissions avoided. In total, Demand-Side Management (DSM) electric products have achieved savings of 89,628,702 GWh and gas savings of 115,253 Dth by March 31, 2013. This represents approximately 23% of the 2014 electric DSM plan’s energy savings target of 384 GWh and 18% of the gas goal of 623,543 Dth. The 2014 first quarter results are fairly on-target with expectations, but slightly lower than electric savings achieved in Q1 of 2013. The Commission adopted the 2014 goals for the Company’s DSM products in Decision No. R14-0389 issued in Proceeding No. 13A-0773EG.

The following section provides product status activities for the first quarter of 2014 in the Business, Residential, Low-Income, and Indirect Products, as well as other related activities.

Business Program

- **Commercial Refrigeration Efficiency** – The Commercial Refrigeration product is off to a successful start in Q1 2014, realizing more than 1 GWh of savings. Marketing efforts continue to focus on education of both the trade and customers. The product continues to build the project pipeline for the remainder of 2014.
- **Compressed Air Efficiency** – So far in 2014, the product has achieved ~30% of its goal. Additionally, the pipeline is full and is on track to hit 2014 targets. Trade partners have expressed interest in three new prescriptive measures which will be implemented under the 2014 DSM Plan. The measures are hoped to increase participation and build the pipeline for the remainder of the year.
- **Computer Efficiency** – The Computer Efficiency product achieved 23% of the program goal in the first quarter of 2014. The upstream program, which provides incentives to PC manufacturers for selling energy efficient power supplies to business customers in Xcel Energy’s Colorado electric service territory, is beginning the year with steady sales. There have also been a few participants in the downstream program; which provides prescriptive rebates to customers for installing Virtual Desktop Infrastructure. Updated rebate application and information sheets were created in 2014 to increase customer awareness of these prescriptive products.
- **Cooling Efficiency** – The product achieved 0.79 GWh in the first quarter of 2014. The product has a very strong pipeline of custom cooling and prescriptive projects for the year. A cooling expo for customers and trade partners was held April 17th with expectedly high attendance of 300. Under the 2014 DSM Plan, a number of measures will be added to the Cooling Efficiency product.
- **Custom Efficiency** – The product achieved 0.97 GWh in the first quarter of 2014. The pipeline of projects is very strong for the year and the product is expected to exceed its electric target.

The product launched a new single-page application and electronic workbook to expedite the custom project approval process.

- **Data Center Efficiency** – The product achieved 5.7 GWh of electric energy savings in the first quarter, achieving 76% of the filed forecast goal. A large project, flat plate heat exchanger, contributed significantly to those achievements. The Company has also begun efforts to implement study recommendations for three pilot projects, with support from CLEAResult, although customers have voiced their apprehension to initiate modifications due to risk of downtime.
- **Energy Management Systems (EMS)** – In the first quarter, the Energy Management Systems product has achieved over 1.2 GWh in savings. With the anticipation of a few monitored projects being completed by year-end, EMS anticipates that reaching year-end targets. Additionally, the product launched an advertising campaign in the first quarter to increase future participation.
- **Heating Efficiency** – The product achieved 6,529 Dth of natural gas savings in the first quarter of 2014 with 59 participants. The heating advisory board committee met during this period with its largest turnout of participants to date. Presentation topics at the board meeting included an E-Source gas products technology update and a review of the Xcel Energy natural gas quality control process.
- **Lighting Efficiency** – The product closed the first quarter at 10% of the year-end electric savings target, achieving 9.6 GWh. On January 21, a 60-Day Notice was filed to add two new prescriptive measures to the lighting portfolio—LED parking garage fixtures and LED troffer fixtures. The Notice also added the DesignLights Consortium Qualified Product Listing for LED measures that do not already have an ENERGY STAR[®] specification. These new measures became effective on March 21. The Company is developing a marketing and awareness campaign which will target business customers that are likely to have parking garages and troffers currently in use that would be eligible for a rebate with an LED upgrade.
- **Motor & Drive Efficiency** – The product achieved 6 GWh of energy savings in the first quarter of 2014, or 31% of the year-end target. With the move of Electronically Commutated Motor (ECM) measures to other programs, Variable Frequency Drives (VFDs) accounted for virtually all of the product's achievement. The Company continues to focus on VFDs for office building ventilation within our media campaign and in meetings with mechanical contractors.
- **New Construction** – First quarter electric savings achievements had a slow start, but the product is still anticipated to exceed energy savings targets for 2014 year-end due to successful pipeline building in previous years, a stronger economy, and opening the Energy Design Assistance offering to seven additional qualified energy consultants. The product helps building owners and developers prioritize energy efficiency by educating and marketing to architects, contractors, small and large businesses, and other interested stakeholders. The Company continues to work on building a solid pipeline of projects for future years.
- **Process Efficiency** – The product achieved 42% of its year-end target in Q1 and continues to be popular with large industrial customers. Planned marketing efforts in 2014 include outreach events to encourage new potential customers to participate in the program and educational events targeting customer's current mechanical contractors to educate them on the benefits of the product.
- **Recommissioning** – The Recommissioning product is off to a successful start in Q1 2014, realizing nearly 140,000 kWh of savings for the product in Q1. Marketing efforts continue to focus on education of both trade partners and customers. With nearly a dozen recommissioning

studies currently in progress, the product continues to build a robust project pipeline for the remainder of 2014.

- **Segment Efficiency** – Segment Efficiency is off to a better start in 2014 than at the start of the previous year. The product has minimal savings booked, but the Company is working, in partnership with our third-party implementers, to develop seminars and marketing efforts that will increase awareness and educate customers on the product offerings. The Company is also responding evaluation recommendations made in 2013, by conducting an analysis of the current segment offering (commercial real estate) and other possible segments.
- **Self-Directed Custom Efficiency** – The Self-Directed product is off to a slow start in Q1. However, marketing efforts that were initially launched in 2013 to encourage more participation are coming to fruition with a marked increase in the product pipeline and several large projects forecasted to close by year-end.
- **Small Business Lighting** – The Small Business Lighting product achieved 7% of its year-end target in Q1, during a transition to a new implementer (effective February 1). Concentrated efforts to identify new lighting savings opportunities are underway with the new implementer in place. This includes segmented marketing and outreach efforts to small business customers to offer a free lighting assessment, reports, and resources. Focused communication to introduce lighting trade partners to the new third-party implementer were also initiated in the first quarter.
- **Standard Offer** – As previously noted, the product was discontinued in 2013, is in a maintenance phase with the measurement and verification (M&V) of energy savings continuing into 2014. A small amount of energy savings is anticipated to result from a few projects still undergoing required M&V.

Residential Program

- **ENERGY STAR[®] New Homes (ESNH)** – ESNH is off to a very fast start in 2014 with over 970 homes having completed the product requirements to receive a rebate. This level of participation is significantly higher than what has been typical for Q1 in the past. Rebate levels will be reduced approximately 30% with the upcoming implementation of the 2014 DSM Plan. Builders and raters have been informed about this change via monthly communications. The increased rebate expenditures are higher than anticipated for 2014; thus, the Company is looking at ways to manage the impact to the budget in order to keep the program open all year.
- **Evaporative Cooling Rebates** – The product achieved 0.31 GWh with 364 participants. Marketing efforts continue to focus on big-box stores and media advertising as well as contractor training and communication.
- **Heating System Rebates** – Through the first quarter of 2014, the product attracted over 1,100 participants and over 14,500 Dth of natural gas savings—over one-third of the 2014 year-end target. Achievements were driven primarily by continuation of high-efficiency furnace installations. The addition of ECMs to high efficiency furnaces—a new measure coming to the product under implementation of the 2014 DSM Plan—is also anticipated to drive new savings. The Company held a contractor training in Q1 to help trade partners acquire North American Technician Excellence (NATE) Gas Heating certification, which is becoming a new requirement for the product in 2014.
- **High Efficiency Air Conditioning (HEAC)** – Extensive training for the HEAC product was offered once again in preparation for the cooling season. The trainings included an overview of HEAC rebates, sales trainings, and NATE exam preparation. Seventy-five technicians attended

the NATE exam preparation sessions. The product achieved only 3% of its year-end energy savings target given that cooling and commissioning season is yet approaching.

- **Home Lighting & Recycling** – The Home Lighting & Recycling product is off to a great start. LED bulbs sales are making a considerable impact. Price wars are taking place in the market on A-line LEDs, reducing the price of the bulbs significantly. As prices decline, sales are increasing. First quarter sales reached 86,000, which is near the total number of LED bulbs sold through the program in all of 2013. The Company monitors the price of the bulbs on a monthly basis and reduces incentives accordingly as the price of the bulbs goes down.
- **Home Performance with ENERGY STAR® (HPwES)** – HPwES continues to have successful participation in the Colorado territory, with over 148 applications resulting in 148,730 kWh and 7,327 Dth of energy savings. Additionally, the Company is reviewing recommendations resulting from a recently completed evaluation by Cadmus.
- **Insulation Rebate** – The product has completed the first quarter with 8,705 Dth and 60,026 kWh. The Company continues to support the contractor community with availability of advanced and beginner blower door and CAZ (Combustion Appliance Zone) courses which were provided throughout the first quarter. Additionally, efforts are being made to gain more participation in the product via trade partner outreach and trainings being planned for the second quarter.
- **Refrigerator Recycling** – The product launched a limited-time promotion on March 1, continuing through May 31, for Colorado electric customers. The promotion is a sweepstakes for two Kindle Fire tablets. Additionally, advertising and media efforts—including a TV segment featuring the promotion and radio ads—have been implemented. At the end of March, the Company had recycled over 1,114 units with 776,287 kWh.
- **School Education Kits** – The Company is preparing for kit distribution to teachers and students during the second quarter, following implementation of the 2014 DSM Plan. Showerheads, kitchen and bath aerators, and LED bulbs have been added to the kits this year.
- **Showerheads** – The Company is preparing for its 2014 campaign launch in June. The product, which has added kitchen and bath aerators, is hoping to reach approximately 23,500 natural gas and electric customers, which will equate to energy savings of 24,165 Dth and 579,393 kWh.
- **Water Heating Rebate** – Electric water heating has achieved 60,156 kWh. Gas savings have achieved 2,827 Dth with 892 participants. Electric heat pump education and awareness tactics have been increased with more in-store branded collateral.
- **Saver's Switch®** – The Saver's Switch program normally has a slow first quarter as promotions are limited and installations are highly weather dependent. Nonetheless, approximately 500 switches have been deployed. There are also approximately 1,000 sign-ups awaiting installations this year. Marketing plans, including direct mail, radio advertising and outbound telemarketing, are being finalized; and deployment is slated to begin in April.
- **Pool Pumps** – The 2014 swimming pool “opening” season begins in mid- to late-April and the Company's third-party implementer is making preparations to deliver the first customer marketing effort of the year to coincide with the season. A one-piece direct mailer will be sent to a list of targeted customers in early May and a second will follow approximately three weeks after. During Q1, the focus has been to engage the current pool partners (pool pump retailers, distributors and installers) and identify additional partners. Currently there are 17 pool partners participating. The vendor's local Field Coordinator initiated face-to-face contact with all existing partners and sent out regular bi-weekly communications informing them of program changes, such as increasing the customer rebate from \$100 to \$200, as well as upcoming marketing plans that are intended to drive pool customers through their doors. A bill insert was developed that

can be used by partners when invoicing their clients and will be delivered to partners in April. PSCo is planning to run a marketing promotion in May using the company's customer bill Onsert.

Low-Income Program

- **Energy Savings Kits** – The Company is preparing for the 2014 program year by developing materials that will be sent to eligible customers. The list of eligible customers will be developed after Low Income Energy Assistance Program (LEAP) season ends on April 30. The first offer for a free Energy Savings Kit will be sent during the second quarter.
- **Multi-Family Weatherization** – In the first quarter of 2014, Energy Outreach Colorado (EOC) identified gas and electric savings among low-income multi-family facilities and began building the product's 2014 pipeline. However, no projects were committed in Q1.
- **Non-Profit Energy Efficiency** – In the first quarter of 2014, EOC identified gas and electric savings among low-income non-profit facilities and presented proposals representing a robust 2014 pipeline. However, no projects were committed in Q1.
- **Single-Family Weatherization** – During the first quarter of 2014, gas and electric achievements are 14% and 4% to goal, respectively. The Colorado Energy Office (CEO) and EOC are working together to administer the product, identify eligible customers, and ensure that new equipment met energy efficiency standards to qualify for an incentive. By working together, the Company is able to increase its reach to the low-income sector to ensure that eligible customers are being served.

Indirect Program

- **Business Energy Analysis** – This product offers analysis services to Colorado business customers to help identify energy saving opportunities. The product includes three different types of assessments: online assessments, onsite audits, and engineering assistance studies. The product is off to a successful start in Q1 2014, with 11 participants in Q1. Marketing efforts continue to focus on customer education. The product continues to build a robust project pipeline for the remainder of 2014, largely as the result of an email campaign targeting over 16,000 Colorado business customers. For the first time in the product's history, the Company is actively tracking identified energy conservation opportunities (ECOs) to encourage implementation and participation in the Company's other DSM products.
- **Community Energy Efficiency Planning Pilot** – The pilot has continued with support for implementation of energy efficiency strategies with the city of Salida, Grand Junction, Lafayette, and is still in the energy plan drafting phase with the city of Aurora.
- **Consumer Education Business** – In the first quarter of 2014, the Business Education program delivered 2,050 interactions against a total interaction goal of 1,978. Participation and outreach through key community and trade association events continue to create a meaningful conversation with customers. In addition, the program has been supported through energy efficiency messaging via the Energy Solutions newsletter, as well as a mass marketing print, online advertising, and social media campaign. The combination of these initiatives continues to support the participation goal.
- **Consumer Education Residential** – In the first quarter of 2014, Consumer Education achieved 51% of the participation targets (34,740 participants). Participation and outreach through key community events continues to create a meaningful conversation with customers. To date, the

Company has provided outreach through 31 community-based event/outreach days. In addition, the program has been supported through conservation messaging in residential newsletters and web based channels. The combination of these initiatives continues to support participation goals.

- **Energy Efficiency Financing** – The Company continues to work with established alliances to educate trade partners and connect customers with financing solutions to remove the up-front capital barrier for upgrading to energy efficient equipment. First quarter ally data shows three closed commercial loans and 40 closed residential loans. New contractor resources were developed during the first quarter of 2014 and posted on the Company's website for public accessibility. Concerted efforts to incorporate financing in third-party implementer processes and offerings also began in 2014.
- **Residential Home Energy Audit** – The product continues to be successful with over 947 electric and 1,042 gas participants. In Q1 of 2014, the Home Energy Audit will be conducting 500 post-audit consultations, which provide targeted follow-up and assistance to keep customers on the pathway to completing upgrades and submitting rebate applications. The overall goal of this effort is an aggressive 50 percent conversion rate of the 500 Home Energy Audits that are included in the pilot, in coordination with Populus, Inc. Additionally, the SnuggHome audit will be included in the pilot, in coordination with Populus, Inc. Additionally, the SnuggHome audit will be including an advanced financing section, that auditors will receive training on once launched. The tool is set to help auditors provide financing resources to customers for implementation, and also will show available loans based on the customers region.
- **DSM Planning & Administration** – During the first quarter of 2014, considerable work done in compiling the information for the 2013 DSM Annual Status Report that was filed on April 1. Additional efforts included support for the Strategic Issues docket, 60-Day Notices, and planning related to 2014 DSM Plan Settlement items.
- **Program Evaluations** – Two process-only evaluations are slated for c 2014: Multi-Family Weatherization (Low-Income) and Energy Management Systems (Business). Project kickoff is scheduled for May. An evaluation of the Energy Efficiency Financing offering is currently under way. This two-year study will focus on process issues in 2014, most notably lender and trade partner marketing. All evaluations will include interviews with internal staff, trade partners, and peer utility contacts for comparable programs.
- **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.
- **DSM Market Research** – Xcel Energy utilizes memberships and subscription services to maximize our ability to reach targeted customer segments and increase Company awareness of best practices. Advertising tracking research is helpful to ensure effective energy efficiency messages are reaching customers.
- **DSM Product Development** – During the first quarter of 2014, the DSM Product Development team continued with development efforts of new products for the 2015/2016 Biennial DSM Plan.

The following products are in the Concept Evaluation step (Stage 3) of the product development process:

- Residential Multi-family Pilot – The study group has met; and the Company is actively engaged in developing a pilot.
- Smart Thermostats Pilot – The study group has met; and the Company is actively engaged in developing a pilot.
- Large Customer Data Program – Create an offering for customers greater than 500kW to drive DSM impact with energy usage data analytics.

- Western Cooling Control Device – Retrofit control device for older A/C units to continue fan operation after condensing units shuts off, recovering wasted space conditioning energy.
- Small/Medium Enterprise Direct Install – Create an offering to engage small- and medium-sized business customers by offering direct install measures.
- LED Area Lighting – New outdoor area lighting measures such as parking lot lights for the Business Lighting program.
- Upstream Strategy and DOE RTU Challenge – Evaluate an upstream approach to the HVAC market including incentives to offer units that meet the DOE RTU Challenge.

The following product is in the Development step (Stage 4) of the product development process:

- Midstream LEDs – Current product model is downstream; evaluating for move to upstream (distributor level).
- **Energy Feedback Pilot** – Electricity savings in Q1 2014 trended downward for the 89,859 participants currently receiving paper and electronic Home Energy Reports. Gas savings have been steady for the original print recipients and the while expansion group continues to ramp up, early forecasts are predicting achievement lower than filed energy savings targets. The Online Feedback measure had not yet received regulatory approval (within the 2014 DSM Plan) during Q1 2014, but is expected to contribute 14.5% to year-end achievements, upon implementation later this year. Internal contingency planning will begin next quarter to address predicted shortfalls in expected year-end achievement.
- **Business Energy Feedback Pilot** – This pilot is still awaiting regulatory approval as part of the Colorado 2014 DSM Plan.
- **In-Home Smart Device Pilot** – The evaluation of energy and demand savings is complete. The evaluation found statistically significant demand savings during demand response events and energy savings across the duration of the pilot. A final report has been posted to the xcelenergy.com website. The posting contains a cover letter, addendum to the cover letter outlining the answer to the pilot research questions, the evaluation report and the participant survey results.
- **Electric Vehicle Charging Station Pilot** – The Pilot consists of three phases, each testing a unique control technology.
 - *Phase I:* Deploy market-ready electric vehicle charging stations to insure participants are available during the summer control season. Each of the ten planned systems has been installed with 12 charging events planned for this year.
 - *Phase II:* Install load relays on customers' existing EV chargers. Each of the ten planned has been installed with 12 charging events planned for this year.
 - *Phase III:* Work with an automotive Original Equipment Manufacturer (OEM) to investigate using existing on-board controls to control EV charging. The Company has begun discussions with the General Motors OnStar team to implement a demonstration project to test the ability to leverage OnStar's onboard technology for facilitating the use of electric vehicles as Demand Response resources. The Teaming Agreement with OnStar is nearing completion and once signed recruitment of 10 customer participants will begin.