



## 2012 Fourth Quarter Colorado DSM Roundtable Update February 15, 2013

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 fourth quarter 2012 (through December 31, 2012) product energy and demand savings achieved, and product expenditures and CO<sub>2</sub> and SO<sub>2</sub> emissions avoided. In total, DSM electric products have achieved savings of 396.6 GWh and gas savings of 435,028 Dth by December 31, 2012. This represents 120 percent of the 2012 electric DSM plan's energy savings target of 329.3 GWh and 100 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 fourth quarter 2012 in the Business, Residential, Low-Income, and Planning & Research Products, as well as other related activities.

### **Business Program**

- **Compressed Air Efficiency** – The product finished the year with only 47% of its goal for Net Gen kWh, and 67% of its goal for Net Gen kW savings. For the first time, small businesses contributed more impacts than large businesses. Within the 4th quarter, we closed 23 projects, which is more than one third of the full-year total. Many of those projects were studies that are expected to yield achievements in 2013. The studies, along with implemented projects not-yet closed, contributed to a pipeline of more than 1 GWh. We continue our efforts to help one trade partner reintroduce audits, one partner replace and train its staff, and other partners see the value of participating within our service territory.
- **Computer Efficiency** - The product achieved an additional 2.3 GWh of energy savings in the fourth quarter. The 60 day notice that we filed, that included the upstream manufacturer's incentive was successful in gaining program participation from Dell, Lenovo and HP. The 2013 Pipeline looks smaller than 2012 as the trend appears to be businesses are purchasing tablets instead of traditional PC's. Marketing efforts will focus on the new PC Power Management rebate and Thin Client rebates for help in bridging the gap.
- **Cooling Efficiency** – The program achieved an additional .434 GWh of energy savings in the fourth quarter. An upstream Distributor incentive program was instituted to incent the sale of high efficiency roof top units. Distributors who participate in the program will receive an incentive equal to 10% of the customers rebate. In exchange, the Distributor will provide sales and installation data for each high efficiency unit sold.
- **Custom Efficiency** – The program recorded an additional .485 GWh of energy savings in the fourth quarter, achieving 2.26 GWh or 30% toward its annual goal. Several large projects were not completed by the customer as expected in 2012. The pipeline for 2013 is satisfactory and more marketing outreach will be conducted to increase participation.
- **Data Center Efficiency** – The program recorded additional 4.4 GWh of energy savings within the fourth quarter, achieving 5.6 GWh or 88% toward its annual goal. Marketing efforts focused on 2013 strategy and planning based on 2012 outcomes. Strategic efforts include customer outreach and advertising, ongoing trade outreach and education, as well as augmenting customer service in the form of project management.



- **Energy Management Systems (EMS)** – For the full year, EMS achieved 6.0 net gen GWh, or only 71% of its annual goal, but with only 60% of its budgeted expense. Anticipated savings did not materialize in the fourth quarter. However, customers delayed implementation of 5 of the projects for which we still expect to have achievements in 2013. The rate of projects passing TRC, as well as the implementation rate of pre-approved projects, declined sharply in the 2nd half of the year. We are continuing trade partner information sessions to promote reasonable pricing and more complete applications.

EMS Gas achieved 590 Dth in the fourth quarter to finish the year at 115% of its annual goal.

- **Heating Efficiency** – The Heating Efficiency product completed 198 projects this quarter across all measures and has achieved 23,015 Dth of savings, or 75% of its annual goal. The product continues to have sustained awareness and consistent participation and involvement through our Heating Advisory Board. A 60-Day Notice was filed in August stemming from a program evaluation and changes were implemented this year and changes were communicated to DSM Roundtable participants and Heating Advisory Board members. We have continued to see the trend of more participation in the small business segment producing more savings (69%) than the larger commercial and industrial segment (31%).
- **Lighting Efficiency** – The Product achieved 15.2 net GWh and 600 additional participants in Q4 2012, ending the year at 153 percent of its year end energy savings target. 30 percent bonus rebates to remove inefficient fluorescent T12 fixtures from business facilities, and a 2012 year-end deadline motivated customers and trade partners to complete those projects. Large opportunities in Q4 were committed in the Lighting New Construction category as well as manufacturing and office complexes. In mid-October, a 60-day notice was posted to add three new lighting measures categories, and to help achieve higher energy savings goals in future years. In the same 60-day notice, rebates for several categories (especially prescriptive LED lamps and fixtures) were reduced in response to lower market pricing. Collectively the proposed modifications will help maintain and improve the Product's cost effectiveness.
- **Motor & Drive Efficiency** – Within the quarter, 120 participants achieved 3.5 GWh, bringing the full-year total to 24.6 GWh, or 119% of its full year goal. On a customer kWh basis, the impacts were more than any year in the product's history. The portion of the impacts from small businesses almost doubled, to 8% of the total. We continue to increase awareness of our incentives for Electronically Commutated Motors (ECMs), which have achieved more than 1.5 GWh. We are also continuing our media campaign to increase awareness about variable frequency drives in HVAC systems.
- **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** – With an improvement in the economic outlook for the industrial sector, manufacturing in particular, it is looking like the Process Efficiency product will see progress in the coming year. In addition, we are working to expand the offering to commercial customers to further increase potential. These two factors had little impact in our 4<sup>th</sup> quarter 2012 results, but should see the product perform well in 2013.
- **Recommissioning** – The Recommissioning Product finished 2012 at 200% of the filed kW goal and 210% of the filed Dth goal. The product continues to be a popular choice for our large C & I customers due to the attractiveness of both the study funding levels and the identification of low-cost/no-cost efficient measures. Although traditionally small and mid-market customers have had



low participation rates, the product saw an increase in participation in the fourth quarter of 2012 and that segment pipeline continues to be a promising source of potential achievement in 2013.

- **Segment Efficiency** – The program had no additional achievement in the fourth quarter. A new study provider has been selected for the program for 2013.
- **Self-Directed Custom Efficiency**– The program recoded an additional 2.1 GWh of energy savings in the fourth quarter, achieving 9.7 GWh or 108% of its annual goal. The pipeline for 2013 is good and additional outreach efforts will be conducted with engineering consultants to increase participation.
- **Small Business Lighting** – The product continued to see strong results in the fourth quarter driven by the phase-out of the T12 fixture prescriptive rebates achieving 300% of the filed goal in 2012. Specific marketing efforts were implemented communicating to both the trade and customers the May 1, 2013 deadline for submitting any T12 rebate applications remaining in the market. To compensate for the T12 fixture phase out 2013 marketing efforts will be focused on LED and High Bay technology and customer and trade education around these technologies. Participation levels continue to be good among property managers with smaller buildings, and small to medium sized city, county and town facilities. Marketing strategies will also be developed to target mid-size customers in 2013.
- **Standard Offer** – Through our collaboration with the Colorado Energy Office in their private performance contracting pilot we had hoped to increase participation and achievement in the Standard Offer product. However, even with these efforts we still saw limited activity in 2012 and foresee little potential for 2013. Due to no achievement for 4<sup>th</sup> quarter and these continual struggles in attracting new participants, we will be closely reviewing our options for 2013.

### **Residential Program**

- **ENERGY STAR New Homes** – The program achieved its 72,521 Dth savings goal in early October and shortly thereafter was closed. Program closing was detailed in the 60 Day Notice posted on June 27 and implemented August 27. Participation for the year stands at 2,131 homes and it is noteworthy that reaching the Dth savings goal was done with fewer homes than originally forecasted. Builder's moved to install more efficient measures in their homes faster than we anticipated. We met with the EEBC during the 60 Day Notice process and it was decided we would survey our participating energy raters to determine their thoughts on lowering the current rater incentive from \$250 to \$100 for each completed home. The survey was sent out September 28 to our 16 participating companies and 8 of these companies responded. Although the results were mixed, 50% of the respondents felt the \$250-\$200 level was the right level for them and it was decided to stay with the current \$250 amount. Survey results were communicated to our participating raters on October 31.
- **Evaporative Cooling Rebates** – The program exceeded its 2012 participation goal reaching over 4,350 applications which is 101% of our goal. Additionally, the program provided 3.1 GWh of electric savings 83% of our annual goal. Increased in-store marketing and upstream coordination with large retailers and including revised Point of Purchase materials attributed to the success in 2012.
- **Heating System Rebates** – The program maintained participation among 800 registered contractors. 3,508 residential customers took advantage of a high-efficiency furnace or boiler rebate, providing 28,725 net Dth of savings through December of 2012 which is 54 percent of the year end goal. 95 percent of home furnace rebates were paid at the highest efficiencies of 94 percent Annual Fuel Utilization Efficiency (AFUE) rating or higher.

- **High-Efficiency Air-Conditioning** – The High Efficiency Air Conditioning program exceeded its 2012 energy savings and participation goals. Strong relationships with AC contractors and improved trainings were the main drivers to achieving 2.43 GWh, 102% of filed goal.
- **Home Lighting & Recycling** – The Home Lighting & Recycling program had an excellent year achieving well over filed goal in the first nine months of the year. Because of the high achievement, incentives were postponed from October through December. The program provided incentives on over 3 million energy efficient bulbs, and achieved more than 131 GWh in net generator kWh savings. In 2012, the program offered incentives on a wide variety of CFLs, including specialty bulbs and LEDs. 2012 was the first full year of providing LED incentives. Interest in LED bulbs is growing faster than projected; Xcel Energy provided incentives on more than 50,000 units in 2012. The Recycling component of the program performed consistent with previously years, recycling approximately 25,000 CFLs.
- **Home Performance with ENERGY STAR** – The product closed the year achieving 129% of the electric savings goal and 179% of gas savings goal making 2012 the most successful year to date. During 2012, we redesigned the product offering that eliminated some of the barriers for customers and contractors to participate. The Home Performance contractors are now required to have BPI or NATE certifications for their related expertise, three required improvements instead of five, and the contractor can own the project from Audit to Quality Assurance completion. All of these changes have allowed more projects to qualify and be completed through the product.
- **Insulation Rebate** – The Insulation rebate product performed well in 2012, ending with 783, 061 kWh (182% of our electric savings goal) and 69,575 Dth (85% of our gas savings goal).

As of January 2, 2013, Product Marketing has filed a 60 day notice for the Insulation and Air Sealing product bringing Quality Assurance, Air Sealing and expanded Measurement and Verification changes. Additionally, the product now requires Building Performance Institute (BPI) certifications for participating contractors, Combustion Appliance Zone (CAZ) safety and pre and post blower door testing.

- **Refrigerator Recycling** – The Refrigerator Recycling product exceeded its electric savings and participation goals for 2012, with 5,347 participants and over 4.1 GWh of electric savings 189% of electric goal. Success was attributed to the ability to launch the expanded program early in the year, and increase our communications through door hangers, online mediums and bill inserts.
- **School Education Kits** – The School Education Kits program exceeded its 2012 participation and electric savings goal, with the distribution of 30,002 kits and over 5.8 GWh of electric savings 101% of electric goal. Our success was driven by increasing awareness of declining installation rates, which prompted inclusion of revised kit contents for teachers and parents. Overall our installation rates increased by 7% between our 13 watt and 18 watt CFL's.
- **Showerheads** – The 2012 Energy Efficient Showerhead product finished the year with 23,304 participants 97% of the annual goal. The program was able to achieve a very respectable installation rate of 55%. This was attributable, in part, to two installation reminder emails that were sent to customers prior to the formal Measurement and Verification (M&V) process. The result of the product efforts were savings of 649,310 Gen kWh and 25,505 Dth.
- **Water-Heating Rebate** – The product finished the year with 1,899 total participants in both electric and gas products and increased customer education and rebate communication at national retail locations through improved point of purchase materials. For gas, 1,869 customers participated achieving 4,438 Dth or 38% of our annual gas goal. For electric water heaters, marketing and customer education was implemented to raise awareness of electric heat pump water heaters with 30 participants, achieving 73,621 kWh or 14% of our electric goal.



- **Saver's Switch®** – The Saver's Switch program finished the year with approximately 13,000 switches deployed, reaching about 67% of the year's goal. During 2012 we conducted an intensive marketing effort to increase customer signups. However we still experienced lower customer participation compared to previous years. In addition the quality of the signups declined leading to higher cancellation rates as customers changed their minds or had ineligible equipment.

### **Low-Income Program**

- **Energy Savings Kits** – PSCo worked with Energy Federation Inc. (EFI) to distribute kits to qualifying Colorado residential customers in 2012. 6,086 electric customers and 7,373 gas customers received a kit. Many of these customers are combo customers, therefore one combo household will count towards both electric and gas participation. Three mailings of Business Reply Cards were mailed to qualifying customers. The program completed a 60-Day Notice to update technical assumptions for the showerhead measure. The technical assumptions now match the Energy Efficient Showerhead program.
- **Multi-Family Weatherization** – At the close of the fourth quarter, Xcel Energy and the Energy Office of Colorado completed 20 multi-family projects containing electric measures and 18 projects containing gas measures. Additionally, the program received one more project with both electric and gas savings at the end of the quarter that will close in 2013.
- **Non-Profit Energy Efficiency** – At the close of the fourth quarter, Xcel Energy and the Energy Office of Colorado completed 26 Non-Profit projects containing electric measures and 25 projects containing gas measures. Additionally, the program received three more projects at the end of the quarter that will close in 2013.
- **Single-Family Weatherization** – PSCo worked collaboratively with the Colorado Energy Office to implement several program changes and work towards achieving targeted energy savings goals. The program completed two 60 Day Notices to add three new program measures and modify the technical assumptions. Water Heaters, crawl space insulation, and storm windows are now eligible for rebate in addition to the current five measures offered. The technical assumptions now include the housing construction type and climate zone. The program completed the year 143% to gas and 65% to electric achievement.

### **Indirect Program**

- **Business Energy Analysis** – Business Energy Analysis reached 56% of the electric participation goal and 152% of the gas participation goal for 2012. The decrease in 2012 participation can be mainly attributed to the lack of ARRA funds available to city and counties to conduct energy audits. The program finished the year significantly under budget for electric and gas, 49% and 29% of the filed budget, respectively. Adjustments to the program and its marketing are being explored to improve 2013 participation and implementation rates.
- **Consumer Education Business** – Through the fourth quarter of 2012 this product achieved 362 percent of the product target with 7,166 participants. Public Service executed a campaign which included an Energy Solutions newsletter, visits to the small business page on RBN driven by banner advertising, event marketing, stakeholder relations, and educational workshops.
- **Consumer Education Residential** – Through the fourth 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 fourth quarter we posted the following 60 day notices: A/C Tune-up RFP responses issued on 10/01, Process Efficiency 10/04, Computer Efficiency 10/31, Lighting Efficiency 10/22, Low Income Kits 11/26, Residential Pool Pumps 12/18, and Community Energy Planning 12/19. We have also started work on our Strategic Issues Filing and our Annual Status Report that will be filed in 2013.
- **Residential Home Energy Audit** – The in-home energy audit program completed the year 120% to participation goal and under spend. The program launched Feb. 1, 2012 redesigned as a rebate program with in home energy modeling software. This change was well received amongst the trade allies. The program hired Populus, LLC to provide the program with administrative support in quality assurance, contractor management, and overseeing the software management.
- **DSM Market Research** – All three 2012 DSM Program Evaluations are complete and in the process of response. The programs that are scheduled for an evaluation in 2013 are: Residential Home Performance, Business Compressed Air, and Business Segment Efficiency.
- **DSM Product Development** – During the fourth 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 added through a 60 Day Notice:

- LED Wall Pack fixtures
- Bi-level Stairwell Fixtures
- PC Power Management

The following products were in 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
- Energy Efficiency Financing
- RTU Early Retirement
- 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 was issued in accordance with the 2012-2013 DSM Plan Stipulation and Settlement Agreement:



- RFP for Innovative Technology
  - The 12 detailed proposals were evaluated and four were selected to be included in the 2013 CO DSM Plan. We added two through 60 Day Notices. We are currently working with the remaining bidders to finalize technical assumptions and contract terms.
- **Energy Feedback Pilot** - The Energy Feedback Pilot finished the year with savings in line with expectations. For print reports the average per participant savings was 1.91% for electricity and 1.16% for natural gas. Participants receiving reports via e-mail showed slightly less savings with was 1.16% for electricity and 1.02% for natural gas. The pilot will be expanded to an additional 50,000 participants beginning in January 2013.
- **In-Home Smart Device Pilot** – Focus has been on Customer support and outreach activities which included a Customer survey. Customer survey results were positive with a 51% response rate of which 89% responded that they are satisfied with their In-Home Devices. We completed 13 control events in 2012 with participation levels around 50%. The evaluation team will have their preliminary report finalized and available towards the end of first quarter 2013.
- **Electric Vehicle Charging Station Pilot** – During the first year of the pilot the Company deployed control devices for testing and evaluation. Our initial experiences led us to re-evaluate and look for alternate control devices for deployment in 2013. Additionally a list of potential participants has been developed using inquiries from the Repowering Transportation website and the EVIX listing of electric vehicles purchased within PSCo territory.
- **Building Energy Code Support Pilot** – Six Denver metro building jurisdictions agreed to participate in the pilot. Colorado Code Consulting, the Consultant selected to implement the program, worked with each jurisdiction to customize a scope of work that would meet the jurisdictions training and support needs related to the International Energy Conservation Code (IECC). Additionally, data was collected from each jurisdiction in order to establish a baseline of how the jurisdiction is reviewing and the inspection of energy measures. Training began last fall, but was not completed due to the limited availability of the jurisdictions. Training for three jurisdictions will be completed in early 2013. Continued participation of the three other jurisdictions is under review as their commitment to the pilot has been minimal.
- **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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