Colorado DSM Roundtable

August 21, 2013
1:00 – 4:00 pm

1800 Larimer St., Room 03G01
Denver, CO 80202
Welcome and Introductions

Shawn White
Manager, DSM Regulatory Strategy & Planning
P: 303-294-2398
E: Shawn.M.White@xcelenergy.com
Agenda

- 1:00 – 1:05 p.m. Welcome and Introductions
- 1:05 – 1:30 p.m. 2014 Plan & Regulatory Update
- 1:30 – 1:50 p.m. DSM Program Highlights
- 1:50 – 2:30 p.m. Product Development
- 2:30 – 2:45 p.m. Break
- 2:45 – 3:15 p.m. Energy Modeling Applications (NREL)
- 3:15 – 4:00 p.m. Strategic Issues
Regulatory Update

Presented by Shawn White

Compliance information available on Xcel Energy’s DSM website:
http://www.xcelenergy.com/About_Us/Rates___Regulations/Regulatory_Filings/CO_DSM
2014 DSM Plan – Overview

- Filed: 7/1/2013
- Continuation of 2012-13 DSM Plan with no significant policy or program changes
- Contains most of the programs in place from prior years; with some enhancements
- Plan designed to meet 2014 goals:
  - 384.5 GWh of electric energy savings; TRC 1.88
  - 86.4 MW of electric demand reduction; and
  - 623,543 dekatherms of natural gas savings; TRC 1.49
- Electric DSM budget: $87.8 million
- Gas DSM budget: $12.3 million
## 2014 DSM Plan – Goals by Segment

<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>Budget ($ million)</th>
<th>Savings</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Gen kW / Dth</td>
<td>Gen kWh</td>
</tr>
<tr>
<td>Business</td>
<td></td>
<td></td>
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<tr>
<td>Electric</td>
<td>$47.3</td>
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<td>Residential</td>
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<td>Low-Income</td>
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<td>Electric</td>
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<td>8,169,590</td>
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<td>Gas</td>
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<tr>
<td>Indirect</td>
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<tr>
<td>Electric</td>
<td>$6.2</td>
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<tr>
<td>Gas</td>
<td>$2.0</td>
<td>164,741</td>
<td>-</td>
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</table>
2014 DSM Plan – Program Updates

**Measures Added:**
- Building Tune Up Measure – Recommissioning
- Bathroom and Kitchen Aerators – Energy Efficient Showerheads
- Anti-Sweat Heater Controls – Cooling Efficiency
- Electronically Commutated Motors For Furnace Fans – Heating System Rebates
- Online Energy Feedback – Energy Feedback Pilot
- Bathroom & Kitchen Aerators, & Energy Efficient Showerheads – School Ed. Kits
- LED Parking Garage Retrofit & New Const. – Lighting Efficiency & Sm. Business Lighting

**Measures Removed:**
- Separate Rebates for Plan B Boilers – Heating Efficiency
- Indirect Evap. Cooling measure removed as prescriptive; submitted as Custom Product
- Standard Tank Water Heater Rebates 0.65 & 0.62 Energy Factor – Water Heater Rebate
- Furnace Rebates w/ Less than 96% Annual FUE – Heating System Rebates
Pilots (continuing):
- Energy Feedback Pilot (Residential)*
- Community Energy Efficiency Planning Pilot
- Electric Vehicle Charging Station Pilot
- In-Home Smart Device Pilot

Pilots (new):
- Energy Feedback Pilot (Business)*

* Market Transformation programs for which the Company will claim energy savings
2014 DSM Plan – Summary

- DSM programs & products steady; changes made pursuant to 60/90-day notice process
- Anticipate PUC approval before end of 2013
- No interruption of programs is anticipated
- Over 50 products available to customers
- Plan targets to benefit over 1 million Colorado customers in 2014 through energy savings
## Past 60-Day Notices

<table>
<thead>
<tr>
<th>Program Notice Description</th>
<th>Notification Date</th>
<th>Comments Due</th>
<th>Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Efficiency Product Eval</td>
<td>4/17/2013</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Low-Income Energy Savings Kits Product Eval</td>
<td>4/17/2013</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>High Efficiency Air Conditioning Product Eval</td>
<td>4/17/2013</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Data Center Efficiency</td>
<td>5/22/2013</td>
<td>6/24/2013</td>
<td>6/25/2013</td>
</tr>
</tbody>
</table>
DSM Program Evaluations

2013:
- Colorado Technical Assumption & NTG Review
- Segment Efficiency
- Compressed Air
- Home Performance

Comprehensive Program Evaluations Proposed for 2014:
- Energy Management Systems
- Low Income Multi-Family Weatherization
Future DSM Filings / Meetings

- **November 13, 2013**
  Q4 DSM Roundtable Meeting

- **February 19, 2014**
  Q1 DSM Roundtable Meeting

- **Apr 1, 2014**
  DSM Annual Status Report

- **July 1, 2014**
  2015/16 Colorado DSM Plan
DSM Program Highlights

Presented by Bill Conrad, David Hueser, and Jennifer Elling
Second Quarter 2013 DSM Achievements

Total DSM Portfolio

- 2013 Electric Targets: 87.9 MW; 356 GWh; $86M
- Q2 2013 Achievements: 33.7 MW; 183.9 GWh; $33M

- 2013 Gas Goals: 428,310 Dth; $13.3M
- Q2 2013 Achievements: 162,205 Dth; $4.8M
Q2 2013 actual electric energy savings (kWh) is 52% of 2013 goal, back on pace with 2012
2014 filed Residential program changes

Program adjustments due to cost-benefit challenges

- High Efficiency A/C – program largely unchanged in 2014
  - 68% Net To Gross vs. 89% in 2012-13 per program evaluation
  - 2014 cost-benefit .93 as kW/kWh savings/participant decreased

- Residential Heating Systems – reducing 2014 budget
  - Increase minimum furnace AFUE to 96% in 2014 vs. 92% in 2012-13 for rebate eligibility, to reduce program costs
  - 2014 cost-benefit .78 as incremental costs and baselines increased, and gas prices remain relatively low
  - Adding ECM motors electric measure in 2014

- Residential Water Heaters – reducing 2014 budget
  - Increase minimum Energy Factor to .67 in 2014 vs. .62 in 2012-13 for rebate eligibility, to reduce program costs
  - Keep tankless gas WH (passing) and electric heat pump (not passing)
  - 2014 gas cost-benefit .42 as incremental costs increased
Residential Pool Pumps

Product launched April 29, 2013

Program updates

- Currently have 10 product partners
- Ecova, 3rd Party implementer responsible for marketing
  - Focus: supporting partners existing channels
  - Mailer: combined with partner’s monthly invoice
- Ecova provided personalized product & calibration training
- Initial challenge: partners behind opening pools due to weather, little time for product.

2013 progress

- No completed rebate applications through Q2.
- Expect applications in 2H 2013 as traction builds
Home Lighting

On track to meet the 2013 goals

■ 2013 Progress
  ◆ 53.3 GWh savings through Q2; if trend continues, will exceed 2013 goal
  ◆ Fall promotions planned for CFL twists and specialties, and LED bulbs

■ 2014 Plans
  ◆ Home Lighting baseline changes for 60 watt equivalent bulbs. Since incandescent bulbs are still readily available, using a blended incandescent/halogen baseline.
  ◆ Placing more emphasis in promotions on CFL specialty and LED bulbs than previous years

■ Program Evaluation
  ◆ In June 2013, Michaels Energy conducted a benchmarking review of several programs, including Home Lighting, to inform the 2014 DSM Plan
  ◆ A Home Lighting evaluation is planned for 2015 – 2016
Evaporative Cooling

2013 participation lower than last year
Increased promotions through end of cooling season

- **Program participation**
  - 2013 mid-year achievement slightly trailing 2012, partly due to cooler summer temperatures
  - Participation driven by consumer retail advertising and retailer point of purchase collateral, which continues to work well
  - Radio advertising for awareness building

- **Increased advertising**
  - Increased internal/external communications for employee & contractor awareness
  - Contractor promotion with Denver Broncos to stimulate increased participation with higher tier, whole house systems
New Product: Commercial Refrigeration Efficiency

- Product selected from 2012 Innovative Technology RFP responses

- Product Design:
  - Offers on-site assessments, free direct installation of low-cost measures, refrigeration maintenance and prescriptive refrigeration rebates to commercial customers

- 60-Day Notice posted 6/17/2013. Product forecasted to achieve 4.6 GWh in 2013

- Included in 2014 CO DSM Plan

- Third party implementer: Franklin Energy
Self Directed Custom Efficiency

- Underperforming YTD
- 2013 forecasting less than goal
- Promotion initiated to boost pipeline for future years
- Standard Offer projects moving over
Heating Efficiency

2014 Plan changes

Boilers:
- Plan B Boiler measure removed: starting Jan 1, 2014
  - Applications accepted through March 31, 2014. Plan B boilers submitted after this date are eligible for Plan A rebates.
  - Plan A-1 85% minimum efficiency remains the same and Plan A-2 92% minimum efficiency remain the same

Water Heaters:
- Rebate updated to scale with size ($200 per 100,000 BTUH) of water heaters versus set rebate per unit ($350/unit). Change also aligns with Minnesota. Update posted mid-year via 60-day notice.

Pipe Insulation: more pipe diameters were added to include larger pipe sizes
Lighting Efficiency: Midstream for screw-in LED

- Xcel Energy is evaluating moving screw-in LED from downstream to midstream incentives
- Incentives are provided at the point of sale from the distributor
- Currently looking at these three measures:

<table>
<thead>
<tr>
<th>ENERGY STAR®-Qualified Interior LED Lamps**</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5W or less</td>
<td>$7.00/lamp</td>
</tr>
<tr>
<td>Greater than 5W to 10W</td>
<td>$12.00/lamp</td>
</tr>
<tr>
<td>Greater than 10W to 20W</td>
<td>$15.00/lamp</td>
</tr>
</tbody>
</table>

Replace Incandescent or Halogen lamps with an ENERGY STAR-qualified LED that uses 3–6 times less energy (e.g., a 20W LED lamp replace a 60W–120W incandescent).
Lighting Efficiency: Midstream for screw-in LED

- What are the benefits?
  - Opportunity to increase achievement
  - Opportunity to increase LED screw-in sales
  - Opportunity to reduce program costs
DSM Product Development Update

Presented by Kevin Schwain, Pat Goggin and Andre Gouin

Program ideas can be submitted on Xcel Energy’s DSM website at:
http://www.xcelenergy.com/About_Us/Rates_&_Regulations/Regulatory_Filings/CO_DSM
Product Development Team

- Cover Multiple States and Platforms
  - Leverage Development Resources across States
  - Efficiency, Renewables, Demand Response, Transportation

- They’re here!
  - Better understand CO specific needs
  - Please feel free to meet them in person
2014 New Products

- Included what was ready in the 2014 Plan
- Filling the pipeline
- Improving our process to identify the best opportunities and concepts
- Your input is welcome
DSM Roundtable Concept Submissions

Western Cooling Control

- Received verbally from SWEEP
- Researched and developed a possible prescriptive savings methodology
Western Cooling Control – 1st Cut

- **Description**
  - Retrofit device for resident A/C units that increases cooling capacity by running fan after compressor cycle ends

- **Initial Cost-Benefit Analysis**
  - Simple Payback before Rebate = 2.9 years
  - MTRC = 1.72

- **Next Steps**
  - Recommend full evaluation of technology via Product Development process for 2014 60 Day Notice
Pilots

- Energy Feedback
- Codes Support
Energy Feedback Pilot
2013 Results YTD

- Savings from original print pilot continue to show year over year growth
- Email savings may have reached a plateau
- Savings from the print expansion group have shown a strong ramp up.

Electric Savings – 7.3 GWh ytd

Gas Savings – 42,000 Dth ytd
Energy Feedback Pilot Plans for 2014

- Filed to continue pilot for a 3rd year
  - Refill print/email participants lost to attrition
- NEW OFFERING: Online energy feedback portal
  - Integrated into MyAccount
  - Available to all PSCo residential customer (opt-in by visiting MyAccount)
  - Similar functionality (peer comparisons, savings tips, usage data)

Online Portal

<table>
<thead>
<tr>
<th>2014 Forecast</th>
<th>Participants (avg. annual)</th>
<th>Net Gen Electric (GWh)</th>
<th>Net Gas (Dth)</th>
</tr>
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<tr>
<td>Print</td>
<td>77,000</td>
<td>22.3</td>
<td>115,200</td>
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<tr>
<td>Email</td>
<td>19,000</td>
<td>2.4</td>
<td>7,700</td>
</tr>
<tr>
<td>Online</td>
<td>22,000</td>
<td>4.2</td>
<td>18,400</td>
</tr>
</tbody>
</table>
Status:

- Training completed in 3 participating jurisdictions
- Impact potential, methodology evaluation completed
- Results to be published

Heschong Mahone Group, Inc
Pilot Findings

- Slight compliance improvement observed: ~5%
- Very high (existing) baseline compliance: >90%
  - High compliance found in CO Energy Office’s Study
- Minimal opportunity to improve compliance = limited DSM energy savings potential (<1GWh/yr)

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Pre-Training</th>
<th>Post-Training</th>
<th>Compliance Delta</th>
<th>kWh Savings/home</th>
<th>Therm Savings/ Home</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Number of Sites</td>
<td>Weighted Overall Compliance Rate</td>
<td>Number of Sites</td>
<td>Weighted Overall Compliance Rate</td>
<td></td>
</tr>
<tr>
<td>Jurisdiction A</td>
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<td>13</td>
<td>95.30%</td>
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<tr>
<td>Jurisdiction B</td>
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<td>87.00%</td>
<td>9</td>
<td>92.80%</td>
<td>5.80%</td>
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<tr>
<td>Jurisdiction C</td>
<td>6</td>
<td>96.30%</td>
<td>11</td>
<td>93.70%</td>
<td>-2.60%</td>
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<tr>
<td>Average</td>
<td>20.9</td>
<td>5.6</td>
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</table>
What did we learn?

Our original questions

Q: Will a tailored approach to code training/technical support help jurisdictions adopt new codes? Additional energy savings quantifiable?

Q: Will a tailored approach help improve and accelerate code compliance? Can we quantify additional energy savings?

Q: Can the DOE Building Energy Codes Program (BECP) protocol be used cost-effectively to evaluate the Code Support pilot?

Q: Can we attribute savings to this pilot?

Takeaway: Pilot results do not support a Compliance-based program
Savings Attribution Methodology

Gross Savings
Per municipality that moves to a new code, total homes built times savings between codes
13.9 GWh

Jurisdictions upgrading code
Not all jurisdictions upgrade each year. 3-year code cycle is the fastest possible.
33% = 4.6 GWh

Compliance Rate
Not all of code is complied with
90% = 4.1 GWh

Discount factors will reduce claimed savings below technical potential

Savings Attribution
How much of savings is due to Xcel’s efforts and influence?
33%? = 1.4 GWh

Net Savings
Savings attributed to DSM programs

Takeaway: Code Upgrades potential small; rely on undefined attribution mechanism
Recommended Next Steps

- **End the Xcel Building Code pilot by September**
  - Compliance program not viable given high baseline compliance

- **Continue compliance support via builder training offered through our DSM new construction programs**
  - Working with designers/builders drives savings

- **Investigate feasibility of applying compliance results to new construction baseline**
  - Leverage infrastructure of an existing DSM program

- **Collaboration with CEO may be best path forward**
Break

2:30 – 2:45 p.m.
Strategic Issues

Presented by Deb Sundin

Compliance information is available on Xcel Energy’s DSM website:
http://www.xcelenergy.com/About_Us/Rates_&_Regulations/Regulatory_Filings/CO_DSM
Strategic Issues Filing: Overview

- Filed: 6/17/2013
- Last filed strategic issues docket in 2010
- Next strategic issues filing anticipated in 2016
- Filing adjusts DSM goals in response to shifting market dynamics
- Requests the PUC:
  - Re-examine emerging DSM strategic issues
  - Approve modifications to electric EE and DR goals (2015-2020)
  - Approve proposed non-traditional EE programs
  - Adjust the Company’s incentive mechanism
Energy Efficiency Long-Term Goals

- Re-examined DSM potential impacting goals:
  - Erosion of savings from traditional equipment-based EE programs
    - New lighting standards - 30% more efficient bulbs (per EISA 2007)
    - Tighter building energy codes
  - General decline in energy savings potential
  - Flattening of electricity sales due to slow-down in economy

- Based on updated *Colorado DSM Market Potential Assessment* by KEMA, June 2013 (Exhibit JAP-1)

- Treatment of CHP as renewable energy rather vs. energy efficiency
Proposed DSM Goals, 2015-2020

- Reflects 75% customer incentive scenario (plus 10% additional)
- Request to use in next PSCo Resource Plan in place bidding

Table DS-2: Energy Efficiency – Energy Savings Goals

<table>
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<tr>
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<tbody>
<tr>
<td>Traditional Energy Efficiency</td>
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<td>280</td>
<td>282</td>
<td>276</td>
<td>250</td>
<td>242</td>
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<td>Unidentified Emerging Technologies</td>
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<td>25</td>
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<tr>
<td>Behavioral</td>
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<td>28</td>
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<td>-</td>
<td>-</td>
<td>85</td>
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<td>LED Street Lighting</td>
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<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
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<td>60</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>349</td>
<td>321</td>
<td>322</td>
<td>288</td>
<td>288</td>
<td>276</td>
<td>1,842</td>
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Table DS-3: Energy Efficiency – Demand Savings Goals

<table>
<thead>
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<tr>
<td>Traditional Energy Efficiency</td>
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<td>Behavioral</td>
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<td>21</td>
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<tr>
<td>LED Street Lighting</td>
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<td>0</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>73</td>
<td>69</td>
<td>67</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td>382</td>
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</table>

Table 4: DVO – Collective Energy & Demand Goals

<table>
<thead>
<tr>
<th>2015-2020 Goal</th>
<th>Energy (GWh)</th>
<th>Demand (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DVO</td>
<td>506</td>
<td>56</td>
</tr>
</tbody>
</table>
Lighting Energy Standards Impact to DSM

![Graph showing projected near-term lighting decline](image)

- **Other programs**
- **Residential Lighting**
- **Business Lighting**

% indicates Residential and Business Lighting share of total.

- Standards begin to increase

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential Lighting</th>
<th>Business Lighting</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>67%</td>
<td>54%</td>
<td>121%</td>
</tr>
<tr>
<td>2010</td>
<td>61%</td>
<td>53%</td>
<td>114%</td>
</tr>
<tr>
<td>2011</td>
<td>66%</td>
<td>59%</td>
<td>125%</td>
</tr>
<tr>
<td>2012</td>
<td>73%</td>
<td>64%</td>
<td>137%</td>
</tr>
</tbody>
</table>

Projected 2012 results with higher standards.
Non-Traditional Energy Efficiency

**Behavioral Change**

- Programs that educate/influence customers to use less energy
- Pilot started 2011; expand to 500,000 customers in 2015 if approved; run for only three years
- New approaches:
  - Web-based information
  - Expansion of program to Business customers
  - Project-specific options for mid-/large-sized customers
- Work with industry experts to develop M&V methodology
- Finalize methodology for accounting / measuring savings
- $19M cost over 3 years for 85 GWh and 21 MW of savings
Non-Traditional Energy Efficiency

LED Street Lighting

- Company-owned / customer-maintained (to match DSM model)

- Company tentatively plans to file a 2014 program if PUC approves as DSM (if pilot is successful)

- $32M/yr over 5 years for 60 GWh in savings
Non-Traditional Energy Efficiency

**Distribution Voltage Optimization (“DVO”)**
- Centralized control and two-way communication optimizes voltage along the feeder to decrease customer energy use by ~1.8%
- Participation in EPRI Green Circuits pilot found voltage could be lowered ~2.5%
- System benefits; improved power factors; reduced fuel consumption
- Customers benefit with utility investment in distribution system
- PSCo has completed two pilots confirming results

**Proposed:**
- Implement 2015 through mid-2020
- $95M cost over 6 years for 506 GWh and 56 MW of savings
- Collective 2020 goal; with annual goals at the discretion of Company
- Recovery of capital and O&M expenses through DSMCA as a “bridge” until base rates can be set to recover 100% of the costs
- Performance Incentive of 2% incremental net economic benefits
Energy Goals
Proposed vs. Existing (10A-554EG)
Demand Response

- Proposed 2015-2020 goals that are 94MW above current levels set in the resource plan
- Used to reduce energy use during periods of peak demand (i.e. hot summer days)

Current programs include:
- Saver’s Switch
- C&I Interruptible Service Option Credit (ISOC)
- Peak Savings

- Does not propose any changes to existing programs
## Demand Response Goals

Table 5: Cumulative Demand Response – Demand Savings Goals

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total System Controllable Load (DR)</td>
<td>528</td>
<td>537</td>
<td>555</td>
<td>575</td>
<td>598</td>
<td>623</td>
</tr>
</tbody>
</table>
DSM Budget

- Historical spend is $45M-65M/yr for goals of 150-350GWh
- Recent budgets close to $75M for 400GWh/yr
- Expect future budgets may increase up to $100M-$130M/year
Current Incentive Mechanism

Current incentive mechanism has two components:

1. Annual lump-sum **Disincentive Offset**
   - $3.2M/yr for achievement of 80%-99.9% of goal
   - $5.0M/yr for achievement of 100% of goal

2. **Performance Incentive**
   - Based on Modified TRC Test
   - Company retains a portion (sliding scale, 1-12%) of attributable net economic benefits
Recommended Incentive Mechanism

- **Recommend continuing:**
  - Use of Modified TRC Test as cost-effectiveness measure
  - Link between retained benefits and program performance

- **Recommend altering:**
  - Disincentive Offset
  - Performance Incentive
Gas DSM Policy

- Forward-looking; requests guidance for future filings
  - Low gas commodity prices are causing gas DSM programs to be minimally cost effective
  - Requests guidance on annual spending levels
    - Currently maintaining $12M/yr
    - Minimum required spend (per statute) is just over $7M/yr
  - Discuss different cost benefit tests with respect to Gas DSM

- Changes require legislation (cost-benefit test) and adjustment to existing gas DSM regulatory rules
Summary
Strategic Issues

- Continue broad portfolio of programs available for all customers that balances long-term energy savings with near-term costs
- Proposed goals result that more closely align with potential for energy efficiency and historic achievement
- Goals in this docket proposed to be utilized in 2015 ERP
- Final order from Commission expected in 1st quarter 2014
Final Q&A