



2012 Second Quarter Colorado DSM Roundtable Update August 15, 2012

To comply with the 2012/2013 DSM Plan Stipulation and Settlement Agreement, Docket No. 11A-631EG, Decision No. R11-1326, Public Service Company of Colorado ("Public Service" or the "Company") provides the following update regarding product status, including energy and demand savings, achieved product expenditures, implementation changes, and measurement and verification modifications.

Product Implementation Status

Please refer to the attached table for the preliminary second quarter 2012 (through June 30, 2012) product energy and demand savings achieved, and product expenditures and CO₂ and SO₂ emissions avoided. In total, DSM electric products have achieved savings of 183.7 GWh and gas savings of 185,044 Dth by June 30, 2012. This represents 56 percent of the 2012 electric DSM plan's energy savings target of 329.3 GWh and 42 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 second quarter 2012 in the Business, Residential, Low-Income, and Planning & Research Products, as well as other related activities.

Business Program

- **Compressed Air Efficiency** – To date, the product yielded 1.0 GWh, or 24% of its annual goal. The average project size is one third less than in the prior year. That trend is expected to continue as larger projects are captured within our comprehensive products. Nevertheless, we are forecasting 65% of the full year goal for savings.

We have increased our efforts to remind trade partners of the profit potential of the metro-area market, and how our custom incentives are available for a wide variety of equipment. We believe two providers who had stopped performing compressed audits will soon reintroduce audits. Other providers continue to focus on oil production markets outside of our territory.

- **Computer Efficiency** - The Computer Efficiency Product has continued to build its 2012 pipeline. During the 2nd quarter of 2012, we did not have any new projects. Although the 1st half of the year has been slow, the 2nd half of the year looks strong.
- **Cooling Efficiency** – The Cooling Efficiency Product completed 31 projects in the second quarter that achieved approximately .48 GWh and 171 kW. An RTU early retirement program is currently under review. This program is expected to increase the installation of High Efficiency RTU's through increased incentives.
- **Custom Efficiency** – The Custom Efficiency product completed 13 projects in the second quarter that achieved approximately 270,252 kWh and 109 kW. A large project is in the M&V phase and should be committed by year end.
- **Data Center Efficiency** – The Data Center Efficiency product continued promotions by hosting a DOE/ASHRAE Data Center Efficiency workshop in May which was well-attended by over 80 customer and trade partners. The first few projects are expected to be completed in the last half of the year.
- **Energy Management Systems (EMS)** – EMS achieved 4.3 GWh of savings, or 50 percent of its annual goal. We anticipate finishing the year near our goal for savings, but within 90 percent of our budgeted spend. For pre-approved projects, we have achieved high implementation rates. However, the 2nd quarter had a sharp decline in the proportion of



applications that could be pre-approved. We will closely monitor that trend to determine initiatives.

EMS Gas savings were 2,437 Net Dth. We anticipate surpassing our full-year goal by 26%. Most EMS applicants have not been retail gas customers. However, we have found recent success of dual-fuel projects, especially among our healthcare/hospital customers.

- **Heating Efficiency** – The Heating Efficiency product has achieved 7,259 Dth of savings, or 23 percent of its annual goal. The product continues to have sustained awareness and consistent participation. The product underwent an evaluation in 2011 and will have a few minor changes that will be made this year for a few measures and a 60 day notice will be filed in the near future. We anticipate finishing the year under goal with steady participation. We are continuing to see participation in the small business sector producing more savings than the larger commercial and industrial customers.
- **Lighting Efficiency** – The Product achieved 48 GWh in first half of 2012, 76 percent of its year end target. 30 percent bonus rebates to remove inefficient fluorescent T12 fixtures from business facilities continued in the quarter and lighting retrofit project volume continues to be brisk. At the same time, lighting new construction achievement is sluggish as a proportion of total projects. Large opportunities in Q2 were committed in long-term care, property management, and manufacturing facilities. A trade seminar “From Principles to Payback” was facilitated in June to assist lighting trade partners in conducting audits and identifying efficient-lighting opportunities.
- **Motor & Drive Efficiency** – The product achieved 7.8 GWh in Net Gen savings, which is 37 percent of its full-year goal. We have eliminated rebates for new capacity motors of the now-standard NEMA Premium efficiencies. The majority of savings continues to be from the retrofit of variable frequency drives.

We continue to run a media campaign to increase awareness about motors and drives in HVAC systems. We are also working to increase awareness of our newly-introduced incentives for Electronically Commutated Motors (ECMs) and Constant Speed Motor Controllers. Within the quarter, motor controllers have garnered no interest, but the ECM's have begun to develop a pipeline of near-term opportunities.

- **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** – Seven of the active Process Efficiency customers have implemented a total of 15 projects through the 2nd quarter. At 51% of the year end goal, the product looks well positioned to once again improve on the previous year.
- **Recommissioning** – The Recommissioning Product completed eight electric projects and two gas projects in the second quarter of 2012 achieving 2.3 GWh, representing 38% of its filed 2012 kWh goal and 451 kW, already surpassing its filed 2012 kW goal of 330 kW. The product also achieved 528 Dths representing 23% of the product's 2012 gas goal. A major contributor to the product's electric achievement in the second quarter can be attributed to the inclusion of study-driven credit taken for a custom project totaling 1.2 GWh. The product continues to remain on track to meet its overall 2012 goals.



- **Segment Efficiency** – The Segment Efficiency Product had no achievement in the second quarter. Lighting achievements are submitted and in rebating. A Study is currently in progress for Alpine Bank in Grand Junction. Marketing efforts are under way to reach Building owners and facility managers by the study provider.
- **Self-Directed Custom Efficiency**– The Self Direct Efficiency product had no completed projects in the second quarter. Several projects are in the completion phase and will be committed this year. The Self Direct product is expected to achieve the 2012 energy savings goal.
- **Small Business Lighting** – The Product achieved 21.8 GWh, or almost 200% percent of its 2012 target, due to continued project volume related to fluorescent T12 fixture removal. Participation levels continue to be good among property managers with smaller buildings, and small- to medium sized city, county and town facilities.
- **Standard Offer** – Substantially sized projects remain in the pipeline but we are seeing delays in completion for various reasons – e.g. adjusted scope, M&V checks, etc. Although the goal may not be met, we still expect a significant improvement over last year's achievement.

Residential Program

- **ENERGY STAR New Homes** – The ENERGY STAR New Homes Product continues to perform well, even with the struggling economy. On June 27, 2012, we posted a 60 Day Notice regarding proposed product changes. Primary changes revolved around managing the achievements to remain in line with the filed and approved product achievements and maintaining the ENERGY STAR brand. Participating builders are installing measures that generate higher overall savings and greater than expected energy efficiency levels. We are also seeing a higher level of participation on the electric side of the product than originally forecasted. This has resulted in a significantly higher than anticipated Generator kW. Customer kWh savings has more than doubled on a per home basis.
- **Evaporative Cooling Rebates** – Participation through the second quarter has been greater than in past years. This is due to increased advertising through radio and print, warmer than usual temperatures and through newly created Point of Purchase (POP) advertising distributed by our contracted vendor WECC, within the retailer stores. Additionally, our trade partners continue to embrace the trade incentive rebates available within our market. As of June 30, the Evaporative Cooling product has received over 1,013 applications and provided 742,242 kWh in savings.
- **Heating System Rebates** – Participation in the second quarter has been lower than in past years due to the elimination of promotions and mass marketing. Almost 800 contractors are registered with the product and 1,523 customers took advantage of the rebate, providing 12,351 Dth of savings through June 2012 which is 23 percent of the year end goal.
- **High-Efficiency Air-Conditioning** – The product's number of participants is off to a slow start. Product marketing is working with advertising to develop a summer promotion that will help engage customers into participating in the product. Product management sent an RFP for a new measurement and verification vendor and selected, Group 14 Engineering- a local Colorado company. The product will start the in-home inspections in late summer. In addition to the M&V activities, the product is going through a program evaluation with The Cadmus Group. The program evaluation is scheduled to be completed in late September.
- **Home Lighting & Recycling** – The Home Lighting and Recycling product is progressing incredibly well this year with 85 GWh achieved, reaching 95% of the goal. First and second



quarter promotions have performed much better than expected. In second quarter, Xcel Energy encouraged customers to purchase specially designated CFL packages by offering a chance to win \$3,000 in Energy Star products. Selected CFL packages had stickers applied to them with details about the sweepstakes and a unique entry code. The campaign was promoted with radio advertising, store signage, a bill insert and newspaper free standing insert. Total entries received equaled 4,181. In the future, this type of promotion could be used to segment specialty CFLs or LEDs that provide higher energy savings for customers.

Xcel Energy will continue offering incentives on energy efficient lighting throughout the year, however advertising will be cut back for the fall. The product achievements are expected to be substantially over goal by year end.

- **Home Performance with ENERGY STAR** – The product’s contractors are responding well to the newly redesigned product and participation is on track to make goal. Overall the product has been simplified allowing customers to complete three measures instead of five and only requiring attic insulation, air sealing, and CFLs if they are not already completed improvements. Also the participating contractors have required certifications such as BPI and NATE. The programs’ energy concierge pilot kicked off June 18, 2012 with the veterans working out of the Populus, LLC office.
- **Insulation Rebate** – Through the second quarter, the insulation product has performed well with minimal advertising or promotions in the market. Through June 30, there have been 30% less applications than this time last year, however, the product is still on track to meet our natural gas savings goal. Additionally, the Insulation Rebate product conducted stakeholder meetings to further improve the product standards and quality assurance measures for this product. During early fall, Product Marketing intends to file a 60 day notice with these proposed changes for 2013.
- **Refrigerator Recycling** – As of March 26th, the Refrigerator Recycling product began accepting primary refrigerators and freezers. Product Marketing revised all outward facing radio ads, advertising and print/online mediums. During this time ARCA (Appliance Recycling Center’s of America) has had to lease an additional truck and hire additional workers for the increased pickups. The product is ahead of where we were last year by over 1,000 units. During the month of June, ARCA received 1,104 used appliances, which equals more than 30% of the 2012 goal achieved during one month’s activity. Among the 1,104 appliances, 251 were freezers and 115 were primary refrigerators. Currently, the product year to date has recycled 2,313 total appliances or 54% of product goal.
- **School Education Kits** – As of the end of second quarter, Resource Action Programs (RAP) has outreached and enrolled 30,002 kits to our electric service customers. Installation rates have been on the decrease over the course of this product, and Product Management is currently working with RAP to consider alternatives and improvements to increase the installation rates. Focus groups were conducted by RAP in both Colorado and Minnesota in May and June. Based on the results, changes will be made to the actual kit measures and curriculum within the booklets included in the kit. Installation rates are expected to be submitted to PSCo by early fall.
- **Showerheads** – This seasonal product launched its 2012 campaign in mid May. The company mailed out 225,000 offers for a free energy-efficient massage showerhead to targeted Colorado natural gas and combination (natural gas and electric) customers. The goal is to bring in savings of 786,000 Gen kWh and 30,000 Dth. This year’s marketing postcard made a concerted effort to more clearly communicate the key benefits of the showerhead, including bill savings, shower satisfaction and ease of installation.



- **Water-Heating Rebate** – The product has seen limited participation but is performing at an improved pace over 2011 for both electricity and natural gas products. It has achieved 2,288 Net Dth natural gas savings or 19 percent of annual goal. For electric water heater participation, the product has achieved 17,296 kWh savings or 3 percent of goal and has a significant barrier to entry including high product cost, despite a very good rebate amount.
- **Saver's Switch[®]** – As of the end of the second quarter, approximately 2,000 Saver's Switches have been installed at customer premises. Marketing activities have been increase for the summer peak season. As of the end of June, the company had received approximately 8,800 installation requests.

Low-Income Program

- **Energy Savings Kits** – Public Service finalized the new kit materials for the product during the second quarter. This included a new kit box, updated instruction guide and a new mailer offering the free energy savings kit to qualified customers. Public Service has identified 19,600 eligible customers for the product year.
- **Multi-Family Weatherization** – Through the second quarter of the year, Public Service has received three completed multi-family projects. We are anticipating a large quantity of projects to be submitted in third quarter.
- **Non-Profit Energy Efficiency** – Through the second quarter of the year, Public Service has received five completed non-profit projects, and approved an additional eight projects that are pending completion.
- **Single-Family Weatherization** – The Company has been working closely with the Colorado Energy Office to ensure the product is on track to reach its 2012 targets. The product will be filing two 60 Day Notices in the third quarter which will add new measures to the product and update the technical assumptions to be representative of the housing types and climate zones across the state. The new measures are storm windows, crawl space insulation, water heaters, and attic insulation for mobile homes.

Indirect Program

- **Business Energy Analysis** – Participation for Energy Analysis has slowed in the second quarter. The reduced number of projects can be partially attributed to the lack of ARRA funds that has supported the product over the past year. The product remains an affordable introduction into energy efficiency and marketing efforts during the remainder of the year will target small businesses to increase participation. Energy Analysis utilizes online and onsite tools to identify energy efficient solutions to business customers by providing them with actionable items to reduce energy and costs through DSM programs.
- **Consumer Education Business** – Through the second quarter of 2012 this product achieved 89 percent of the product target with 1,763 participants. Public Service executed a campaign which included an Energy Solutions newsletter, event marketing, stakeholder relations, educational workshops, and distribution of Smart Energy Employee materials.
- **Consumer Education Residential** – Through the second quarter of 2012 this product achieved 134 percent of the product target with 90,555 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.



Second quarter events included: The Denver Nuggets game on April 20, TEVA Mountain games (5/31-6/3), the Denver Public Library, Derby Daze (6/9), and the Colorado Rapids (6/30).

- **DSM Planning & Administration** – During the second quarter of 2012, work primarily focused on the 2011 Annual Status Report which was filed on April 1, 2011. Additionally, we have posted a 60 day notice for Energy Star New Homes on June 27th. 2012.
- **Residential Home Energy Audit** – The Home Energy Audit rebate product picked up speed in participation during the second quarter as we held additional trainings, released various updates to the iAuditPro, Snugg Home software tool, and contractors became familiar with the new product.
- **DSM Market Research** – Two residential products are currently in the process of evaluation. Low Income Energy Savings Kits product is in the final reporting phase. Residential High Efficiency Air Conditioning program evaluation is scheduled to conclude in mid-November.

For 2012, the CO business Process Efficiency product is under evaluation. Customer interviewing is complete along with trade ally and vendor surveys. The process study report is expected during the fourth quarter of the year. Recommendations for the study will not include a net to gross value due to the low number of high use customers participating in the product.

- **DSM Product Development** – During the second quarter of 2012, the DSM Product Development team continued with development of new products for 2012 and/or the next Biennial Filing.

Product Development activity for Colorado (CO) in the second quarter was focused on meeting commitments related to the CO Stipulation and Settlement Agreement.

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

- ASD/VFD Study
- Turn-Key Services – This product is currently being tested in our Minnesota (MN) service territory. We will review the MN results in the fourth quarter and determine whether changes need to be made before we develop it for a 2013 launch in CO
- Prescriptive Refrigerated Case Efficiency
 - Anti-Sweat Heater Controls
 - Zero Energy Glass Doors
- Low loss filters for Air Compressors (Mist Eliminators)
- Retrofit EC motors for existing residential furnaces
- Foodservice Equipment
- High Efficiency Computer Monitors
- LED Wall Pack fixtures
- Primary Refrigerator/Freezer Recycling Rebate
- Energy Efficiency Financing

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

- Bi-level Stairwell Fixtures
- Commercial Efficiency
- Lighting Fixture Reduction



- Plan B RTU's
- PC Power Management
- Outdoor resets for residential boilers
- Residential Multi-family

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

- RFP for Small Commercial and Residential AC Tune Up Program
 - Two proposals received, currently working with bidders to achieve a cost effective solution
- RFP for Innovative Technology
 - 55 proposals received, 12 programs were selected to move to the detailed proposal phase. The proposals are currently being evaluated.
- **Energy Feedback Pilot** - The residential Energy Feedback Pilot savings continued to improve during the second quarter of 2012. Preliminary results show total savings of about 2,724,000 kWh for April, May and June – almost twice as much as the first three months of 2012. The average savings percentage per household is approximately about 2% which is twice as high as the average for the first quarter. June savings were over 2.5% per household for print recipients resulting in the highest monthly energy savings yet in the pilot project.
- **In-Home Smart Device Pilot** – A revised 60 day notice became effective in early April and a notice was sent to the Commission explaining these revisions which covered the change in the number of participants planned for the Denver area (Westminster and Centennial), and a shift in the filed budget spend for 2012. The objectives of the pilot remain the same. Recruitment, enrollment and installations are well underway in the selected cities of Westminster and Centennial. The target is to have approximately 1,100 in home devices installed by this summer. We have initiated control events this summer with the first one occurring on May 18th. Customer education/outreach activities continue for both our Boulder and Denver area participants.
- **Electric Vehicle Charging Station Pilot** – Switches have been received from the vendor and the first switch has been delivered to NREL. NREL will be installing the switch in several configurations in order to confirm that the switch can be installed in the load line or in the J1772 plug line. This will allow future installations on either side of the EVSE itself.
- **Building Energy Code Support Pilot** - The pilot has been launched. We are in the process of talking to qualified Jurisdictions about participating in the pilot. We have just signed the first of two vendor contracts with Colorado Code Consulting to be our training contractor. We are in the final selection process for the second vendor to do the evaluation work.
- **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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