



2015 First Quarter Colorado DSM Roundtable Update

May 15, 2015

To comply with the 2009/2010 DSM Plan Stipulation and Settlement Agreement, Proceeding No. 08A-366EG, Decision No. R08-1243, 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 2015 (cumulative Jan. 1 – Mar. 31, 2015) 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 78.7 GWh and gas savings of 95,958 Dth thus far in 2015. This represents approximately 19% of the 2015 electric DSM plan’s energy savings target of 407.5 GWh and 16% of the gas target of 595,960 Dth. At the end of Q1 last year, the Company was 11 GWh and 20,000 Dth ahead of where we are at Q1 this year.

The following section provides product status activities for the first quarter of 2015 in the Business, Residential, Low-Income, and Demand Response Programs, as well as Indirect Products & Services and other related activities.

Business Program

- **Commercial Refrigeration Efficiency** – The Commercial Refrigeration product is off to a successful start in Q1-2015, realizing nearly 1 GWh of savings. Marketing efforts continue to focus on education of both the trade and customers. The product continues to build a robust project pipeline for the remainder of 2015.
- **Compressed Air Efficiency** – The product achieved over 0.6 GWh of electric savings in the first quarter of 2015. The pipeline of projects for custom and prescriptive implementation is expected to be strong due to a steady approval of compressed air studies in the first quarter.
- **Computer Efficiency** – The Computer Efficiency product achieved nearly 1.1 GWh in the first quarter of 2015. The pipeline of downstream projects combined with the forecast of personal computer sales, is projected to enable the product to meet its energy savings target.
- **Cooling** – The product achieved 0.87 GWh of energy savings in the first quarter of 2015. The product is planning on offering a cooling bonus for Direct Evaporative Pre-cooling Technology for Air Cooled Condensers (DEPACC) during the second and third quarters of 2015.
- **Custom Efficiency** – The product achieved 6.7 GWh of electric energy savings and 376 Dth of natural gas savings in the first quarter of 2015. The pipeline of projects is very strong for the balance of 2015 and the product is expected to exceed its energy savings targets.
- **Data Center Efficiency** – The product achieved 6.3 GWh of energy savings in the first quarter of 2015, which is approximately 76 percent of the program target. The pipeline of projects has been very strong for the first quarter due to the number of study-driven projects being implemented. The product is expected to achieve its overall targets for 2015.

- **Energy Management Systems (EMS)** – In the first quarter, the product closed 0.9 GWh of electric savings and 3,336 Dth of gas savings. The product has exceeded its year-end natural gas target in the first quarter due to the pipeline of projects being strong from the previous year, coupled with many new projects coming in during the first quarter. The product is expected to achieve its overall targets for 2015.
- **Heating Efficiency** – The product achieved 5,553 Dth or 32% of its year-end natural gas savings target during Q1. The Company continues to educate customers about the benefits of heating efficiency upgrades and best practices for selecting qualified contractors. A new case study is being finalized to help customers better understand boiler replacement benefits. The semi-annual Heating Efficiency Board meeting is planned for the Q2.
- **LED Street Lights** – This product was introduced in the 2015/16 DSM Plan, which has not yet been approved as of the time of this filing.
- **Lighting Efficiency** – The product achieved 16% of its electric savings target within the first quarter. The program has a strong pipeline of over 28 GWh identified. The Business LED Instant Rebate Program launched January 15, 2015 and has achieved an estimated 500,000 kWh through 6,200 rebated lamps. The Lighting Advisory Board met in March, during which LED technology and advanced controls were discussed.
- **Lighting – Small Business** – The product achieved 13% of its year-end electric savings goal in the first quarter. The third-party implementer completed 60 new assessments during this period and finished the first quarter with a 34% conversion rate for projects that received a free on-site lighting assessment.
- **Motor & Drive Efficiency** – The product achieved 4.7 GWh, or 42% of its year-end target, at 33% of budget; much of the achievement was from large projects. The Company will continue its focus on small business customers during Q2. We are forecasting that the product will finish the year at or above its target.
- **New Construction** – The Company anticipates achieving both its electric and natural gas savings targets for this product in 2015. New Construction continues its success due to pipeline building in previous years, a stronger economy, and opening the Energy Design Assistance offering to 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's lower than anticipated Q1 achievement of 1.5 GWh of savings was due to multiple customers submitting projects that had below average savings levels. The majority of the projects expected to participate in the product in 2015 are anticipated to close in Q2 or Q3. Product management is working closely with both internal and external stakeholders to provide any support needed by program participants, ensuring all forecasted projects are submitted by year-end to meet the filed target.
- **Recommissioning** – The Recommissioning product is off to a successful start in Q1-2015, realizing nearly 1.5 GWh of savings in Q1. Marketing efforts continue to focus on education of both the trade and customers. With over a dozen recommissioning studies currently in progress, the product continues to build a robust project pipeline for the remainder of 2015.
- **Segment Efficiency** – The product achieved 0.38 GWh in the first quarter of 2015. The product is currently in a maintenance phase and will be closed upon approval of the 2015/16 DSM Plan.

- **Self Direct** – The product closed Q1 at 32% of the year-end electric savings target due to the completion of one project. The product is forecasted to achieve its year-end target based on projects currently in the pipeline.

Residential Program

- **Energy Efficiency Showerheads** – The product has not produced any savings yet because kit marketing and distribution has not yet begun in 2015. The Company is in the final stages of planning to release a marketing campaign to offer customers a showerhead kit option—based on the 2014 DSM Plan that remains in effect—in order to achieve savings in the first half of 2015.
- **Energy Feedback Residential** – The Company is conducting initial ramp-up for product expansion, following issuance of a 60-Day Notice in December 2014. The program remains in pilot status until Plan approval. See the *Indirect Program* section below for additional information.
- **ENERGY STAR® New Homes (ESNH)** – A 60-Day Notice was implemented beginning in January, to change the product to award rebates based on the percentage-better-than-code achieved. The new rebate structure better aligns the rebate with the incremental savings claimed by the Company. Product participation was less than anticipated through the first three months of 2015; the slow start is being attributed to builders overestimating year-end sales for 2014 and some unsold inventory that has carried over into 2015, according to participating raters. Participation is expected to pick-up during the remainder of the year.
- **Evaporative Cooling** – The product achieved 0.1 GWh of electric energy savings in Q1, with 133 participants. Marketing efforts are centered on big-box stores and media advertising as well as contractor training and communications in ramp-up for the product’s “busy season” in Q2 and Q3.
- **High Efficiency Air Conditioning** – The product saw a strong start to the year, with a 34% increase in participation over the same period in 2014. Part of this success may be attributable to the above average temperatures experienced during the last part of the quarter. The Company is preparing for the upcoming training sessions which include an overview of the HEAC rebates, load calculation training, and a Quality Installation review conducted by the third-party M&V vendor (including an overview of the Western Cooling Control device). Participation is expected to ramp up with the cooling and commissioning season approaching.
- **Home Energy Squad** – This product was introduced in the 2015/16 DSM Plan, which has not yet been approved as of the time of this filing.
- **Home Lighting & Recycling** – To reach the lofty goals this year, the product has planned many promotions ranging from widespread advertising to small local events. New advertising components were developed this year that highlight both CFLs and LEDs, but have a much more significant focus on LEDs than in the past. The advertising is scheduled to hit the market in two main waves during the spring and fall. The first advertising push took place in February with television and radio advertising driving customers to the stores to get discounts on CFLs and LEDs. Sales were strong in January and February achieving approximately 18 GWh of electric energy savings (March sales had not yet been received at the time of this filing).
- **Home Performance with ENERGY STAR® (HPwES)** – The product has started the year with 80,259 kWh and 2,258 Dth, achieving 13% and 14% of the year-end target, respectively. The product has seen slightly lower participation than in previous years. The Company has planned for bundled product advertising during the second and third quarter of the year. Additionally, the Energy Advising service offered through the Home Energy Audit product is expected to support increased participation in HPwES.

- **Insulation & Air Sealing** – The product has started the year strong with over 0.1 GWh of electric energy savings, and 5,734 Dth of natural gas savings. The Company implemented a promotional rebate of \$500 that started in December 2014 and continued through March 2015, which resulted in an increase in customer participation. In addition to the increased rebate, the product bundled the increased incentive with the Residential Heating product through a direct mailer and email blast.
- **Refrigerator & Freezer Recycling** – The product began the first quarter with 1,393 units recycled, which equates to approximately 0.8 GWh of electric savings. This is a 25 percent increase over the first quarter in 2014 and is due to some early advertising. Additionally, the Company planned an ENERGY STAR refrigerator giveaway to coincide with Earth Day through May 31, 2015. The Company has also started internally planning for an RFP for a three-year contract to secure a vendor for the product, for multiple states. Expected timing of the RFP release is May 2015.
- **Residential Heating** – Through the first quarter of 2015, the product attracted almost 1,500 unique participants, with 60% of the rebates including an electronically-commutated motor (ECM) rebate. The ECM rebate was a new addition to the product under the 2014 DSM Plan. A bonus rebate of \$100 (ECM only) was offered throughout Q1-2015 to promote awareness and participation. It has achieved over 40% of the 2015 year-end ECM target, delivering 1.1 GWh of electric savings. The furnace/boiler measures are at 25% of goal, with 10,541 Dth of natural gas savings. NATE Gas Heating certification is required. The Company is offering a reimbursement “scholarship” of \$120 when technicians get their NATE certification. There are now 221 trade partner companies able to offer our heating rebate, one year after the NATE certification became a requirement.
- **School Education Kits** – The Company is currently enrolling classrooms to receive the School Education Kits during the spring semester. The Company hopes to enroll at least 50% of the participation target during the first two quarters of the year. In Q1, 9,619 kits were delivered.
- **Water Heating** – The first quarter saw a small number of electric participants and achieved just over 12,000 kWh. Natural gas water heating participants achieved 1,468 Dth of natural gas savings, with 277 participants. Focusing on enhancing cost-effectiveness, the Company will only employ low-cost or no-cost promotional communications in 2015 for this product.

Low-Income Program

- **Energy Savings Kits** – The Company is preparing for the 2015 program year by developing materials that will be sent to eligible customers. The list of eligible customers will be developed after the 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. The Company plans to test email offers along with sending the direct mail offers, which are always well received.
- **Multifamily Weatherization** – In the first quarter of 2015, Energy Outreach Colorado (EOC) identified gas and electric savings among low-income multi-family facilities and began building the product’s 2015 pipeline. However, no projects were committed in Q1.
- **Non-Profit** – In the first quarter of 2015, EOC identified gas and electric savings among low-income non-profit facilities and presented several proposals to build the 2015 pipeline. However, no projects were committed in Q1. Some projects that were either not funded in 2014, or were in an earlier stage of development, will likely be completed in 2015.
- **Single-Family Weatherization** – Product implementation was completely transitioned to Energy Outreach Colorado (EOC) as the sole program administrator. EOC partners with State weatherization agencies throughout the Xcel Energy service territory to identify eligible customers

and ensure that new equipment meets energy efficiency standards to qualify for an incentive. During the first quarter, the product achieved 2% and 8% of the electric and gas targets, respectively.

Indirect Program

- **Business Education** – In the first quarter of 2015, the Business Education program achieved 22% of the year-end participation target and generated 55 customer leads. Participation and outreach through key community and trade association events continue to create a meaningful conversation with customers. By the end of Q1, the Company provided outreach through four community-based events. In addition, the program has been supported through energy efficiency messaging via the Energy Solutions newsletter, as well as a mass marketing print campaign. The combination of these initiatives continues to support DSM goals.
- **Business Energy Analysis** – The 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 2015, with 29 participants. Marketing efforts continue to focus on customer education. The product continues to build a robust project pipeline for the remainder of 2015, largely as the result of direct mail, e-mail, and social media campaigns.
- **Consumer Education** – In the first quarter of 2015, Consumer Education achieved 57% of the year-end participation target and generated 2,070 customer leads. Participation and outreach through key community events continues to create a meaningful conversation with customers. By the end of Q1, the Company provided outreach through 31 community-based events. 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 DSM goals.
- **Energy Efficiency Financing** – The Company continues to work with established alliances to continue outreach, marketing, and education about financing options to remove the up-front capital barrier for upgrading to energy-efficient equipment. This includes outreach to commercial and residential customers with projects that have not yet been completed and working to integrate financing education into study based programs to provide participating customers with financing information in their assessment reports. In the first quarter, a formal alliance was established with Key Bank's Equipment Financing for their commercial offering.
- **Home Energy Audit** – The product had 774 electric and 952 natural gas participants in the first quarter. This is slightly lower than past year's participation during this period due to a changing residential market, shifting towards new construction. Although the existing housing market in Colorado is still strong, the focus of home energy auditors has begun to shift to new construction for the metro area. The Company has planned outreach in 2015 to increase participation in the Home Energy Audit program. Additionally, the product will continue to offer the free Energy Advising services through 2015.
- **DSM Planning & Administration** – During the first quarter of 2015, the Company concluded Settlement negotiations related to the 2015/16 DSM Plan, responded to several Discovery requests, filed Rebuttal Testimony and associated Motions in the proceeding, and concluded participation in the hearing. The Company also completed and submitted the 2014 DSM Annual Status Report.
- **Program Evaluations** – Two impact evaluations are scheduled in 2015: Home Lighting & Recycling and business Lighting Efficiency. Research under the evaluations will include internal staff interviews, customer and trade ally surveys, and discussions with peer utilities with similar programs. Final reports for the evaluations are expected near the year-end.

- **Measurement & Verification** – The Company’s third-party verification contractor, Nexant, has begun random field inspections for prescriptive products. The resulting data will be utilized for the 2015 DSM Annual Status Report.
- **Market Research** – Xcel Energy continues to utilize memberships and subscription services to maximize our ability to reach targeted customer segments and increase Company awareness of best practices. Of note, ad tracking research helps ensure effective energy efficiency messages that are reaching customers. Additionally, the 2015 Residential Attitudes, Awareness, and Usage (AAU) study is scheduled for the fall; the study focuses on DSM program AAU with both participating and non-participating customers. Additionally, a Lighting Product Market Assessment has been procured by a third-party to assess lighting opportunities in Colorado, and to help understand the availability and extent of remaining stock of inefficient bulbs.
- **Product Development** – During the first quarter of 2014, the Company worked on implementation of the products added to the 2015/16 DSM Plan, the Multifamily Building and the Smart Thermostat Pilots added through 60-Day Notices in 2014.

In addition to preparing for the launch of previously developed products the Company has been identifying potential new products that may be ripe for development. Gate 1 review of 162 potential new products / measures resulted in 22 of those being recommended for continued review in Gate 2, and an additional 9 of the 162 are progressing through the PD Express process.

They will be researched in more detail to prioritize the sub-set of these measures and products that the Company has resources to develop further in 2015 and 2016.

- **Energy Feedback Pilot** – The year began with significant expansion of the printed home energy and emailed reports in preparation for the transition from pilot to residential product. Approximately 400,000 new participants were added starting in mid-January. This expansion brings total program participation to just over 500,000, including the 100,000 existing (legacy) participants. For Q1, savings for the legacy group is averaging 26 kWh and 1.5 therms per participant each month. It’s too early to measure savings for the expansion group; however, the Company expects to start seeing measurable savings from this group in Q2.

We continue to promote the online Energy Feedback measure (My Energy) using various email marketing strategies. Promotional emails designed to drive both non-My Account and existing My Account customers to the My Energy online tools are being sent approximately every six weeks. Open rates (the percentage of emails that are opened) are meeting benchmark expectations; however, click-through rates (the percentage of site visits that click to open additional pages on the site) are lower than expected. Various types of messaging, including use of emails created and designed by the third-party implementer, will continue to be tested. In Q2, the Company will also test messaging and delivery methods utilizing the Xcel Energy online panel—the objective is to gain better customer insights and improve click-through rates to the My Energy tools.

The third-party evaluator has determined that the “Time of Adoption” savings methodology is not working and is currently trying to determine if the “Matching” methodology will work. The Matching methodology attempts to match current My Energy users with those customers that have similar characteristics in order to measure any savings. Any savings methodology adopted will be vetted with a 60-Day Notice.

- **Business Energy Feedback Pilot** – Two Business Energy Reports were delivered during Q1-2015 to approximately 10,000 small business customers. In order to encourage more behavior change from the Treatment Group, a template was developed for a monthly email version of the Business Energy Report, in addition to the bi-monthly printed report; this will start in Q2.

- **Multifamily Building Pilot** – In Q1, the Company decided not to submit a request for information (RFI) and instead went directly to development of the RFP for the Multifamily Buildings Pilot implementation support services. The Company anticipates releasing the RFP in April 2015 and is planning for launch of customer-facing activity in late Q2.
- **Smart Thermostat Pilot – EE** – The Company has continued negotiations with multiple smart thermostat manufacturers and expects to have those agreements finalized and signed by early May. The RFP for a demand response provider was issued and the Company is currently evaluating proposals. The winner will be announced once the contract is signed, which is expected by early May. The Company has yet to release the RFP for the M&V provider, primarily due to the focus and time spent on manufacturer contract negotiations. Once the agreements are in place, work will continue on the RFP for the M&V provider and the Company will be able to identify a specific timeframe for the pilot launch.

Demand Response Program

- **Saver's Switch®** – The first quarter of the year is seasonally slow for the Saver's Switch program. Marketing plans are being prepared for an April rollout. In total, approximately 400 switches have been deployed so far in 2015.
- **Smart Thermostat Pilot – DR** – See above.
- **Small Business Smart Thermostat Pilot** – This pilot was introduced in the 2015/16 DSM Plan, which has not yet been approved as of the time of this filing.
- **Building Optimization DR Pilot** – This pilot was introduced in the 2015/16 DSM Plan, which has not yet been approved as of the time of this filing.