How to Achieve Success for Low-Income Families Intervening in Utility Demand Side Management Filings

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ENERGY OUTREACH
Colorado
Helping Coloradans afford home energy

Presented by
Jeff Pearson, Attorney for EOC
Jennifer Gremmert, Deputy Director
Luke Ilderton, Director of Energy Efficiency
Energy Outreach Colorado

Energy Outreach Colorado Overview

- Statewide Fuel Fund
- Founded in 1989
- Revenue of approximately $20 million/year
- Since 1989 raised $200 Million
- Programs - bill payment assistance, energy efficiency, behavior change and advocacy
- Strong utility partnerships
- Staff serve on Governor appointed energy committees
- NEAUC Board and Advisory Board
- Monitor many coalitions – state and national

EOC Program Matrix

Bill Payment Assistance	Energy Efficiency Projects	Efficiency Education & Advocacy
Utility Bill Check off Programs	Utility DSM Contracts	Individual and Corporate donors
Residential Late Fees – Xcel Energy	State Weatherization Funds – Multi-family buildings	Contracts with Affordable Housing Developers and Housing Authorities
Severance Tax Operational Funds – State funds	Crisis Intervention Program – LIHEAP Funds	
Individual Donors	City and County of Denver – franchise fee negotiation	
Corporations and Foundations	Oil and gas producers	
	Individual and Corporate donors	

EOC's Successful Revenue Generation through Advocacy

- Regulatory Activities
  - Intervention in Rate Cases
  - Intervention in Utility Mergers
  - Participation in Rule Making
  - Initiated Percent of Income Program
  - Fines from utility noncompliance
- Legislative Activities
  - Unclaimed Utility Deposits and Refunds
  - Natural Gas Deregulation (not active in CO but EOC would benefit)
  - Low Income Energy Assistance Act – voluntary check off program on utility bills
  - Severance tax funding for low-income programs

EOC DSM Successes

- Demand Side Management (DSM)
  - Contractor for multiple utilities
  - Statewide Weatherization Contractor
  - Crisis Intervention Program Sub contractor for Colorado LIHEAP
- Severance Tax (State) funding
  - Funds LIHEAP, Weatherization and EOC
  - $13 million per year
- City and County of Denver
  - Franchise fee renegotiation generated funding for low-income energy efficiency programs
  - $2 million per year

History of DSM in Colorado

- 2007 Colorado General Assembly passed HB 07-1037 to promote DSM for investor-owned gas and electric utilities
- EOC added language to the legislation for gas utility DSM providing, "One or more programs may be targeted to low-income customers…"
- Language in the bill for DSM by electric utilities provides, "The Commission shall ensure that utilities develop and implement DSM programs that give all classes of customers an opportunity to participate and shall give due consideration to the impact of DSM programs on nonparticipants and on low-income customers."
- Statute directs utilities to use TRC test for calculating the cost-effectiveness of DSM and in so doing to consider nonenergy benefits. Statute says nonenergy benefits are to be determined by the commission (PUC).
- In 2007, EOC intervened and provided testimony in favor of expansive low-income DSM programs in first case by Xcel Energy, state's largest electric and gas provider, to implement electric DSM consistent with HB 07-1037.

History of DSM (cont.)

- In 2007, EOC intervened and provided testimony in favor of expansive low-income DSM programs in first case by Xcel Energy, state's largest electric and gas provider, to implement electric DSM consistent with HB 07-1037.
- EOC advocated a 20% non energy benefit adder for low-income electric DSM programs to recognize the utility (e.g., reduced collection costs), participant (e.g., increased personal comfort) and societal (e.g., reduced public assistance budget) benefits of low-income DSM
- In its decision in the case the PUC called for Xcel to make a "substantial commitment" to low-income DSM (both electric and gas, even though this was an "electric-only" case), to pursue low-income DSM programs that fail to achieve a 1.0 TRC, and to coordinate low-income DSM implementation with EOC
- The PUC ordered Xcel to implement the 20% non energy benefit "adder" that EOC had advocated for low-income DSM programs (non-low-income DSM was allowed a 10% non energy benefit adder); and that low-income programs that failed to achieve a TRC of 1.0 could be excluded from the calculation of total DSM benefits on which Xcel's DSM "incentive bonus" was calculated

History of DSM (cont.)

- 2008 CPUC approved rules regarding gas DSM
  - EOC intervened in rulemaking
  - Rules included a 5% adder for non energy benefits for all gas DSM programs, including low-income
  - Rules required utilities specifically to address low-income DSM and allowed utilities to propose low-income DSM programs with total resource cost (TRC) scores less than 1.0
  - Rules allowed utilities to exclude low-income DSM programs with TRCs under 1.0 from calculation of effectiveness of total utility gas DSM plan cost-effectiveness for purpose of utility DSM incentive bonuses
- In 2008, Colorado gas and electric utilities filed DSM plans for 2009/10
- In 2008, Xcel Energy issued an RFP for assistance in implementation of low-income gas and electric DSM throughout its service territory. EOC won the bid for a portion of the low-income programs
    - <u>Multi-family Energy Efficiency (EOC)</u>
    - <u>Nonprofit Energy Efficiency (EOC)</u>
    - Single-family Energy Efficiency
    - Energy Efficiency Kits

Focus on Non-Energy Benefits

- Xcel Energy initially had a 5% NEB adder for all gas programs and a 10% NEB for electric programs.
- July 2010, Xcel Energy files one-year 2011 DSM plan.
- August 2010, Xcel Energy initiates a “Strategic Issues” filing that opens the door to consideration of changes in DSM implementation to date.
- In the 2010 DSM Strategic Issues case, EOC advocates increasing the NEB adder for low-income gas and electric programs to 25%.
- We were successful! The 25% non energy benefit adder was adopted for gas and electric low-income DSM and implemented in program years 2011-2014. (Note: the non energy benefit adder for non-low-income DSM remained at 5% for gas and 10% for electric, as previously).
- In 2013, Xcel Energy initiates another Strategic Issues filing. EOC intervened and advocated a 50% NEB adder for low income programs. The case is now under advisement by the PUC.
- Results - ???

Modified TRCs for Xcel Energy DSM Low-Income Programs

Budget	$2.84M	$4.44M	$1.94M	$3.6M	$2.3M	$4.3M	$2.1M	$4.2M	$1.6M	$2.9M
Year	2013	2013	2012	2012	2011	2011	2010	2010	2009	2009
TRCs	Electric	Gas	Electric	Gas	Electric	Gas	Electric	Gas	Electric	Gas
Kits	3.10	6.99	3.07	3.94	3.89	3.69	12.06	1.80	10.8	5.66
Multi-Family	1.35	1.02	0.77	0.65	1.99	1.11	2.87	2.35	1.16	4.75
NEEP	1.46	0.89	1.34	0.90	1.33	1.11	1.13	0.87	2.82	0.68
Single-Family	0.87	1.72	1.14	1.67	1.68	1.39	1.80	1.33	1.62	1.36
Total Average	**1.32**	**1.39**	**1.21**	**1.30**	**2.00**	**1.52**	**4.89**	**1.39**	**4.51**	**2.36**

TRCs challenged with low natural gas prices and utilities' use of calculated deemed savings from market rate buildings. Buildings we work with have, on average, older equipment that has been maintained at minimal levels to continue operations.

Results

- For Xcel Energy – serves 70% of the state
- Total funding for low-income programs since 2009
  - Gas - $24,000,000
  - Electric $13,800,000
- Total Dth claimed – 586,000 Dth
- Average Gas MTRC – 1.63
- Total kWh – 58,000,000
- Average Electric MTRC – 2.57
- Other Colorado utilities – approx. $3 million in funding for low-income programs

Project Example – Garden Court Project, Denver

- 15 building affordable housing complex with 300 units and annual total utility costs of $263,765; usage - 189 kW, 1,588,301 kWh, and 14,808 Dth

- Measures include:
  - Boiler replacements ($895K), pipe insulation, common area lighting, in unit lighting, low-cost measures, and refrigerators

- Total Project cost – $1,050,000
  - $248,000 from state weatherization program – LIHEAP funds
  - $91,000 from City and County of Denver
  - $79,000 from EOC private funders
  - $418,000 from building owner – nonprofit affordable housing developer
  - $214,000 from Xcel Energy – combined utility provider

- Predicted Savings
  - Total Project Predicted Annual Savings – $69,120 – 26% Annual Reduction
  - 74 kW, 168,525 KWH, and 6,969 Dth! With leverage, 6-year simple payback for owner.

Challenges

- Size differences between utilities
- Utility managed versus third-party manager
- Which cost test is used
- Availability of additional funding to leverage
- Coordination between gas and electric providers
- Cost of energy

Some Components of Successful DSM Intervention in Utility Cases

- Harmonize utility commission intervention strategy with legislative strategy and strategy for working with utilities to achieve low-income DSM benefits.
  - Choose issues that leverage existing favorable low-income legislation, or help tee up efforts to seek such legislative provisions.
  - Choose issues on which your agency can offer internal low-income energy assistance expertise to utilities to design/implement effective low-income DSM
- Intervene in appropriate utility DSM docket(s). E.g., rulemaking; utility resource acquisition (if DSM considered a resource); utility DSM implementation.
- Offer testimony from specialists/experts (either in-house or outside). Consider that:
  - general policy recommendations should be accompanied by concrete proposals for utility implementation of policy
  - nonenergy benefit adders as robust way to increase success of low-income DSM implementation if jurisdiction uses a TRC-type DSM cost-effectiveness test
  - focused discovery on demographics of utility’s low-income and/or LIHEAP customer population; degree of current participation by that population in utility’s DSM program; costs currently paid by that population for DSM participation by non-low-income customers

Other Advocacy Strategies

- Organization has strong commitment to advocacy
- Staff regularly participates in advocacy coalition meetings
- State level legislation is closely monitored
- Public Utility Commission filings are closely monitored – locally and nationally
- Try to coordinate with utilities prior to filings
- Executive Director kept informed and commits time to testify at the Public Utilities Commission and the legislature
- Work with contract lobbyists
- Publish and release annual advocacy report
- Increased budget for advocacy efforts

Contact Information

Jennifer Gremmert
Deputy Director
Energy Outreach Colorado
303-226-5052
jgremmert@energyoutreach.org

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