PART TWO: STATE SURVEYS

1. COLORADO

(1999 Utility statistics from www.eia.doe.gov)

Population (2001 Census Estimate)	4,417,714
Net Summer Capability (MW)	8,034
Electricity Consumption (MWh) (excludes line losses)	40,955,315

	Investor-Owned	Public	Federal	Coop-erative	Total
Number of Utilities	2	29	1	28	60
Percentage of Retail Sales	61.3	17.8	0.2	20.7	100.0

Mechanism:	Tariff riders
Creation:	Regulatory
Duration:	5 year planning period
Administration:	Utilities
Budget:	Largest current program is $75million total for five-year period
Program Name:	None
Benefit Measure:	Recently changed to Net Present Value of Rate Impact
Incentives:	Cost recovery

Survey Questions

1. Process and timeline

   Regulated electric investor-owned utilities (IOUs) have been acquiring demand-side resources as part of the Integrated Resource Planning process for many years. In December 2002 the Colorado Public Utilities Commission (PUC) amended Rules 3600-3615 changing the process to Least-cost Resource Planning.

2. Organizational structure

   The IOUs administer energy conservation and efficiency programs resulting from resource acquisition plans approved by the PUC. The IOUs utilize Requests for Proposals (RFPs) to competitively acquire the needed resources. Programs are generally implemented by third party contractors.

   Xcel, the largest IOU with 60% of the Colorado market, has a Roundtable of public participants who provide input and informal review of program planning.

3. Funding mechanisms

   The PUC approves the IOUs' proposed resource acquisition costs. IOUs file annually for adjustments to existing tariff riders to recover costs. Tariff riders are paying for current expenditures as well as 5-year capitalization costs. Xcel's current program budget is $75million for the period 2001-2005.

4. Degree of association with a long run resources plan

   The major IOU energy efficiency program in effect now, which is Xcel's, was the result of a 1999 Integrated Resource Plan (IRP) stipulation. The IRP process was typically the stimulus for IOU energy conservation/efficiency programs. However, effective December 2002, the PUC and IOUs will use new Least-Cost Resource Planning rules, which may be less likely to result in energy conservation and efficiency programs.

   The Colorado legislature passed SB144, effective June 2001, which gives direction to the PUC to consider utility investments in energy efficiency to be an acceptable use of ratepayer moneys. This statute also directs the PUC to "give the fullest possible consideration to the cost-effective implementation of new clean energy and energy-efficient technologies in its consideration of generation acquisition for electric utilities."

5. Guidelines for program effectiveness and success

   The RFPs will detail measures of success. Programs must meet demand or savings goals, as well as cost goals. Xcel's five-year goals from the 1999 IRP process are to acquire 124 MW through efficiency and conservation, and to distribute benefits to all customer classes. They anticipate acquiring 200,000 MWh in savings as well, over the five year period. Under the new rules, the way RFPs are written will encourage or dissuade energy efficiency or conservation respondents.

6. Pre-implementation program evaluation guidance

   Under the new Least-Cost Planning rules, resource acquisition has to be cost-effective using the "Net present value of rate impact" as the measure. The Total Resource Cost test had been used in the past, and is still in use for programs approved prior to the new rules.

7. Results of program evaluation

   Xcel files measurement and evaluation reports annually with the PUC. Measurement and evaluation criteria are written into the program contracts. Programs are implemented by third party contractors, then evaluated by either the IOU or a different third party.

   From 2001 through 2002 Xcel has acquired 23 MW and 42,000 MWh in savings. They anticipate the program will cost less than $60million, rather than the $75million originally proposed.

8. Financial and performance incentives

   IOUs file for cost recovery through tariff rider adjustments annually. No lost revenue recovery or other incentives. Xcel does business in Minnesota, which does provide performance incentives and that is perceived as a more favorable arrangement for energy efficiency programs.

Resources

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