

Conservation Improvement Program (CIP) Update



MN Legislative Energy Commission

12.19.13

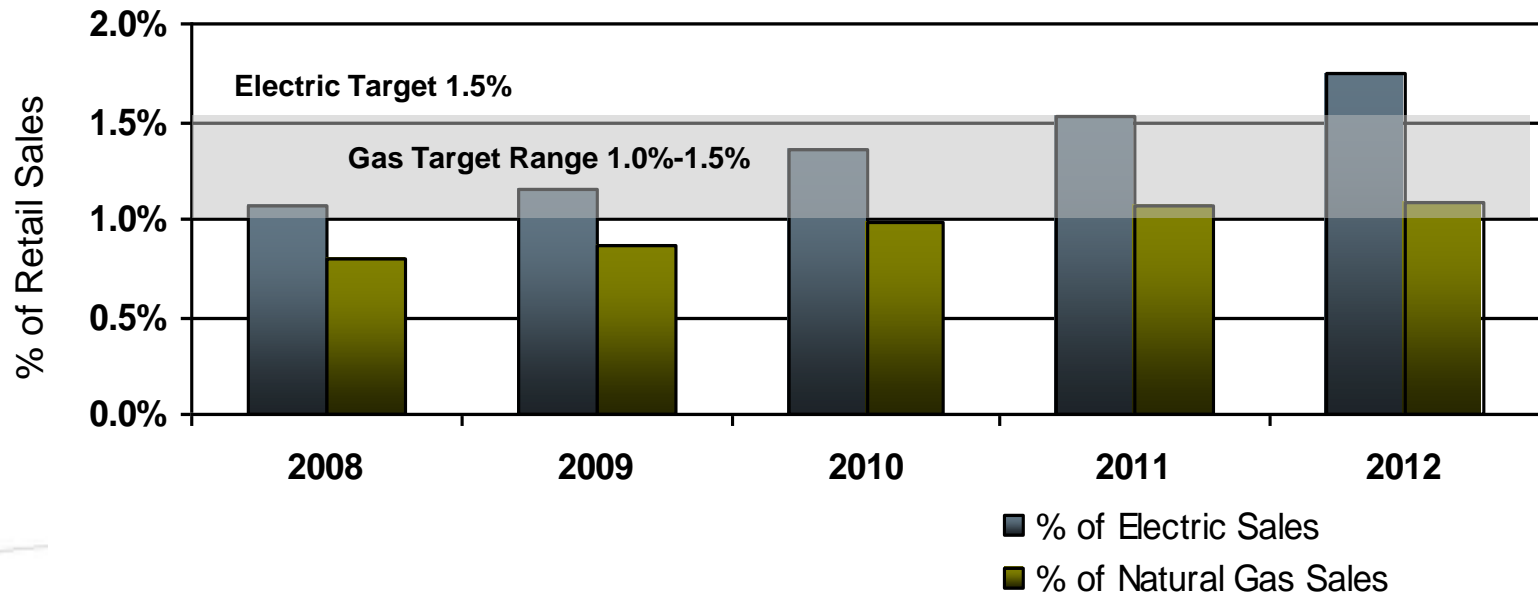
Supporting CIP: A Utility Perspective

Conservation programs

- ▶ Save customers money
- ▶ Provide customer choice
- ▶ Benefit the environment
- ▶ Support our communities

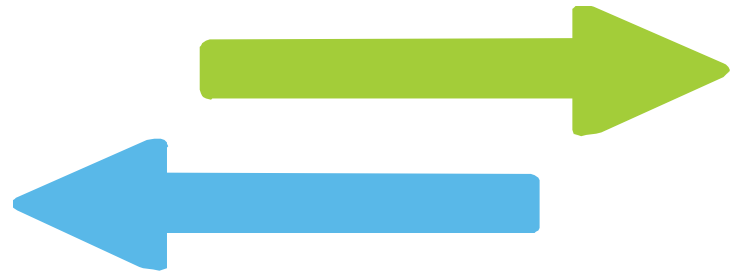
Performance

- ▶ **Xcel Energy has exceeded energy savings targets since 2011**
 - ▶ Avoided 143 MW energy in 2012 alone
- ▶ **Participants saved nearly \$2 billion dollars over the past 10 years**



Changing Dynamics for CIP

- ▶ **Historical performance is no longer a reliable guide for future opportunity**
- ▶ **Changing dynamics include**
 - ▶ Changing efficiency standards
 - ▶ Rising costs
 - ▶ Declining use per customer



Changing Standards

- ▶ **Federal energy efficiency standards are increasing** [lighting, appliances, air conditioning, etc.]
- ▶ **Standards raise the baseline from which the utility counts savings** [higher standards mean less savings within CIP]

Light Bulb Comparison

Incandescent	Halogen	CFL	LED
100W	72W	26W	N/A
75W	53W	23W	N/A
60W	43W	15W	12W
40W	29W	11W	9W

Rising Costs, Declining Use

- ▶ **CIP budgets nationally have more than doubled since 2007**
- ▶ **Cost Drivers (Minnesota):**
 - ▶ The latest technologies are more expensive so we need to provide higher incentives
 - ▶ Utilities must spend more to promote energy savings to harder to reach customers
 - ▶ Less savings requires more participation
- ▶ **Declining use per customer**

Next Steps

- ▶ Xcel Energy's recent CIP filing notes important adjustments in cost-effectiveness, energy standards/baselines, and programs outside traditional equipment replacement.
- ▶ We will fully explore these issues and potential implications for future energy efficiency goals in our next Integrated Resource Plan due July 2014.



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