

THE \$20 BILLION BONANZA



Best Practice Electric Utility Energy Efficiency Programs and Their Benefits for the Southwest



Arizona Highlights

The Bottom Line: Households and businesses in Arizona can save \$7.3 billion through greater commitment to energy efficiency.

Energy efficiency is the lowest-cost, cleanest, and least risky resource available to electric utilities in Arizona. By implementing best practice energy efficiency programs, electric utilities would:

- Save their customers **\$7.3 billion net**
- **Cut electricity use in 2020 by 21%** and peak demand by 15%
- **Avoid 10.5 large power plants**
- Save nearly 17 billion kilowatt hours per year by 2020, equivalent to **the electricity use of 1.4 million typical households**
- Support **10,400 new jobs** and boost economic activity in the state
- Cut air pollution and **improve public health**
- Reduce CO₂ emissions by 9.6 million metric tons per year by 2020, equivalent to taking **1.9 million passenger vehicles off the road**
- Reduce water consumption by **4.1 billion gallons** per year by 2020

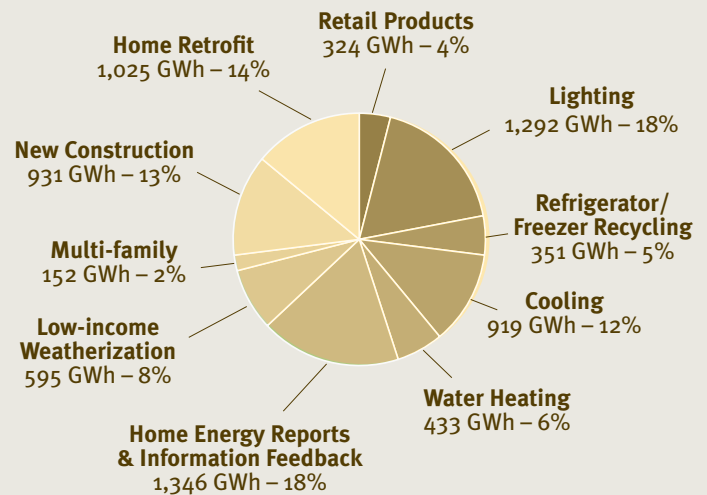
We'll Get There by Employing Best Practices

To reap the benefits listed above, Arizona utilities should ramp up their energy efficiency funding significantly during 2013–2020.

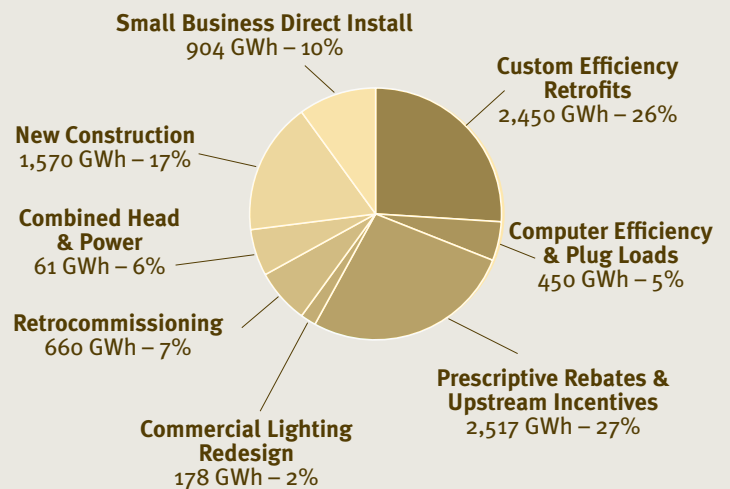
Best Practice utility energy efficiency programs include education, technical assistance and financial incentives for all customers.

Utilities should promote all cost-effective energy efficiency measures including energy-efficient lighting, appliances, air conditioning systems, electronic devices, control systems, building envelope retrofits and better performing new homes and commercial buildings.

TOTAL RESIDENTIAL ELECTRICITY SAVINGS IN 2020 BY PROGRAM (GWh)



TOTAL COMMERCIAL & INDUSTRIAL ELECTRICITY SAVINGS IN 2020 BY PROGRAM (GWh)





THE \$20 BILLION BONANZA — Arizona Policy Recommendations

Arizona is on track to reach the report's goals for savings and benefits. Arizona should adopt the following policies to ensure that utilities stay on track:

- **Remove Disincentives:** The Arizona Corporation Commission (ACC) should adopt decoupling or a lost revenue recovery mechanism for all investor-owned utilities, not just Arizona Public Service.
- **Reward Performance:** The ACC also should establish performance-based incentives that reward all utilities for reaching energy efficiency goals. Incentives enable utilities to earn a profit when they help their customers save energy and lower their utility bills.
- **Maximize Participation and Electricity Savings:** Electric utilities and the ACC should fully fund all cost-effective efficiency programs.
- **Involve All Utilities:** All utilities in Arizona should implement comprehensive energy efficiency programs, not just the largest utilities.
- **Timely Plan Approval:** The ACC should approve in a timely manner the energy efficiency implementation plans submitted by utilities.

