Vote **YES** on HB-1238
Modernize Gas Utility Demand-side Management Programs

Expanding gas utility energy efficiency programs in Colorado
Prime Sponsors: ***Rep. Bernett, Sen. Hansen,*** *Rep. Kennedy*

What does this legislation do?

- Directs the Colorado PUC to establish energy savings targets for gas utility energy efficiency (also known as Demand-Side Management or DSM) programs based on the maximum cost-effective and achievable level of energy savings.
- Directs the PUC and utilities to include the social cost of carbon dioxide and methane emissions in the cost effectiveness analysis of gas energy efficiency programs.
- Directs the PUC to discount future customer costs or utility bill savings recognized by customers at the long-term rate of inflation rather than at the utility's cost of capital. The former rate is appropriate for valuing costs or savings for customers over time.
- Allows gas utilities to promote behind the meter thermal renewable energy resources as part of their gas energy efficiency (DSM) programs.

Who is affected by the legislation?

- The legislation applies to the investor-owned gas utilities in Colorado. The largest gas utility is Xcel Energy, but in addition the legislation applies to Black Hills Energy's gas utility, Atmos Energy and Colorado Natural Gas Company. It does not apply to municipally owned gas utilities in the state, such as Colorado Springs Utilities.

What sort of activities do gas utilities implement as part of their energy efficiency programs?

- Gas utilities help households purchase higher efficiency furnaces, water heaters and other energy-efficient appliances through promotion and rebates.
- Gas utilities help improve the thermal integrity of homes and apartment buildings through rebates and promotion of insulation and air sealing measures, and in some cases more efficient windows.
- Gas utilities pay the full cost of weatherizing dwellings occupied by income-challenged families.
- Gas utilities help businesses adopt more efficient gas appliances and heating systems, e.g., heating systems in retail buildings, schools and hospitals or cooking appliances used by restaurants.
- Gas utilities train builders and contractors on how to construct more efficient new homes and commercial buildings, and provide incentives to builders that build properties that are "above code" with respect to energy performance.



What impacts will the legislation likely have?

- The legislation will lead to more energy efficiency programs and measures passing cost effectiveness screening, and will also help solar thermal energy measures pass cost effectiveness screening.
- The legislation should lead to new and expanded gas energy efficiency programs implemented by the investor-owned gas utilities, which in turn will help customers realize greater gas savings.
- Increase energy efficiency improvements and new technologies in multi-family retrofits, as well as in all residential new construction (single family and multi-family).
- As a result of new and expanded energy efficiency programs, more customers will participate in these programs, energy savings will increase, and gas bills will go down for customers as a whole.
- More income-challenged families will receive home weatherization assistance, thereby helping more households that are facing high energy cost burdens today lower their utility bills.
- As a result of new and expanded energy efficiency programs, there will be a reduction in carbon dioxide emissions from less use of gas and a reduction in methane emissions from less upstream methane leakage. This in turn will help Colorado meet its ambitious greenhouse gas emissions reduction goals.

What quantitative impacts might the legislation have?

- In recent years, gas utilities in Colorado helped customers save about 800,000 dekatherms of gas from energy efficiency programs implemented each year. This means customers are saving around 8 million dekatherms[1] of gas per year, from ten years of program activity. This latter value is equivalent to the gas use of about 110,000 typical households in Colorado.
- The legislation could lead to as much as a doubling in gas savings from utility energy efficiency programs, meaning total savings of around 15 million dekatherms per year by 2030 from programs implemented during 2021-30.
- Customers should realize net economic benefits of around $600-700 million from gas utility energy efficiency programs implemented during 2021-30 if the legislation passes.
- As a result of gas utilities implementing expanded energy efficiency programs, CO_2 emissions in Colorado should fall by about 300,000 tons in 2025 and 800,000 tons in 2030. CO_2 emissions are the main cause of global warming and dangerous climate change. In addition to cutting CO_2 emissions, the legislation will reduce methane emissions from upstream methane leakage associated with gas use; i.e., less gas use means less upstream methane leakage.

[1] A dekatherm is equal to 10 therms and has an energy content of one million BTUs.