

Energy efficiency programs that could be cut have helped thousands of consumers



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Far more utility customers participate in energy-efficiency programs than put solar on their roofs.



(Photo: Cheryl Evans/The Arizona Republic)

Solar power might be the popular kid on the block in Arizona, but far more utility customers participate in energy-efficiency programs than put solar on their roofs, and far more will be impacted if those programs are cut as regulators propose.

Arizona Public Service Co., for example, has about 20,000 customers with rooftop solar, among the most of any U.S. utility. But that pales in comparison to the hundreds of thousands of customers who have efficient appliances, well-built homes and low-watt light bulbs in their homes and businesses, all funded in part by the company's efficiency program.

"We estimate that about 40 percent of our 1.1 million customers have participated in our programs," said Jim Wontor, energy-efficiency manager for APS.

On Nov. 4, the staff at the Arizona Corporation Commission suggested eliminating the requirement that utilities such as Arizona Public Service Co. reduce the electricity they sell by 22 percent by 2020. They also proposed cutting a similar efficiency rule for gas utilities.

While the proposal would still allow utilities to have efficiency programs, environmental and ratepayer advocates say that utilities will not use efficiency as aggressively without a state mandate forcing their hand.

Although it shared information about its energy efficiency programs, APS has declined to comment or share opinions on the proposal, instead choosing to respond through a formal filing with the commission by the deadline next week.

If the efficiency programs go away, APS consumers would immediately be impacted in a range of ways, from the price they pay for light bulbs at the store to the availability of energy efficient homes on the market.

Through the first six months of this year, APS customers have purchased nearly 1 million compact-fluorescent and light-emitting diode bulbs at a discount thanks to the efficiency program. The utilities pay a subsidy to the manufacturers, so the bulbs are discounted when they are sold through Ace Hardware, Lowe's, 99 Cents Only and other retailers.

Also in the January-June time frame:

- 3,848 APS customers took rebates to buy more efficient air-conditioners.
- 3,229 used rebates for variable-speed pool pumps.
- More than 3,500 turned in a second refrigerator or freezer they kept in the garage or back porch, receiving a \$30 rebate from the utility.
- 2,076 received discounted home energy audits. More than 22,500 people have used this discount to date.
- 1,600 new homes were built to higher efficiency standards with funding from APS customers.
- Nearly 2,000 customers took free shade trees.
- 448 small businesses applied for myriad rebates from lighting to equipment.

All of the efforts are funded by the \$2 to \$4 monthly tariff on utility bills directed at helping the company meet the state efficiency standard.

APS has spent more than \$22 million on such efforts so far this year, resulting in a savings of 1.67 million megawatt-hours of electricity.

If APS had to buy that much electricity on the open market last month, when a megawatt-hour averaged about \$40 in the region, it would have been worth about \$66 million. However, the actual savings from such programs are spread over many years in which the bulbs, appliances and other improvements do their work.

"Everything in our plan does pass the benefit-cost test," Wontor said. "Everything we currently are offering is beneficial."

He said APS efficiency experts review the program annually to consider what measures should be included. Some appliances, like efficient washers and dryers, can save water and power, but not enough to warrant an incentive from the utility, he said.

APS and other utility officials promote energy efficiency because conservation helps cut the peak demand and is less expensive than building and fueling new power plants. Unlike rooftop solar and other renewable projects that generate electricity, efficiency doesn't create issues with timing, such as solar panels or wind turbines that generate power when demand is low in winter.

"A lot of times people want to go right to that thing you see on your roof with solar," said Greg Bernosky, director of state regulation and compliance for APS. "But you get better economy of scale when you do energy-efficiency stuff first. Then you can make a more reasonable purchase for what you need to install with solar to power the (home or business)."

Wontor said efficiency can be thought of as "an essential appetizer" for renewable energy like solar.

Customers save

Customers who have taken advantage of APS efficiency programs said they see big savings.

Steve Lanini runs nine McDonald's restaurants in the West Valley, and has installed efficient lighting, grills, fryers, refrigerators and other equipment at his businesses with rebates from APS and Salt River Project.

In one restaurant where he installed more efficient lighting he said he saves more than \$300 a month in electricity costs.

"The new ones I put in were unbelievable," he said. "Now the new technology has come even further."

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He said the efficiency measures make sense for utilities, which are facing concerns about their coal-fired power plants.

"I'm not a big solar fan," he said. "I'm not sure about the money it costs. In our business, we try to cut everything we possibly can. We want to light up the buildings but not spend a fortune for it."

He said he is thankful for the rebate programs for efficiency at utilities, but that he would look for ways to cut costs even without the programs.

"It's a good thing they do it," he said. "I would probably do a lot of the stuff if they didn't rebate me."

Growing workforce

Energy efficiency also has its own growing workforce in Arizona, fueled largely by the state efficiency standard.

ThermalStar BPI Test Center expanded from Tucson to a new office in Phoenix recently to train and certify contractors who conduct energy audits and perform work such as duct repairs.

"We were doing a lot of training up here anyways," Vice President Jerry Lawrence said.

He and an industry trade group, Efficiency First Arizona, are asking regulators to maintain the standard.

Business has been picking up as utility customers increasingly turn to the home-energy audit deals offered by utilities.

Customers pay \$99 for a contractor to thoroughly inspect their home, including the quality of the duct work, which can be a major energy waster if not working properly. If not part of the efficiency program at the utility, customers would pay much more for the service. APS pays the contractors about \$200 for the audits.

The auditors provide reports to homeowners regarding where they are using the most electricity, and what appliance upgrades or repairs they can make that will be most cost effective. Customers are not obligated to pay for any repairs. However, some of the home improvements are eligible for further incentives from APS.

"The key to that program is getting customers to do more than the audit," Wontor said.

ThermalStar has certified about 400 contractors who can conduct such audits in the last 4.5 years. The company also sells home-energy testing equipment and its own proprietary duct sealing tape used for the audits.

Lawrence was surprised by the commission proposal to kill the efficiency standard.

"That came as quite a bombshell," he said.

The Corporation Commission has not scheduled a vote on the proposal to kill the standard.



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