



Conservation and Demand Side Management

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*Montana Governor's Energy Symposium
October 18, 2005*



Electric Supply

- **Choice vs. Default Supply**
 - § Large customers enter purchase contracts directly with suppliers
 - § Most residential and commercial customers receive electric supply from NorthWestern Energy (default supplier)
- **NorthWestern's electric resources**
 - § No owned generating resources
 - § Supply is purchased from wholesale power markets

Electric Default Supply Portfolio

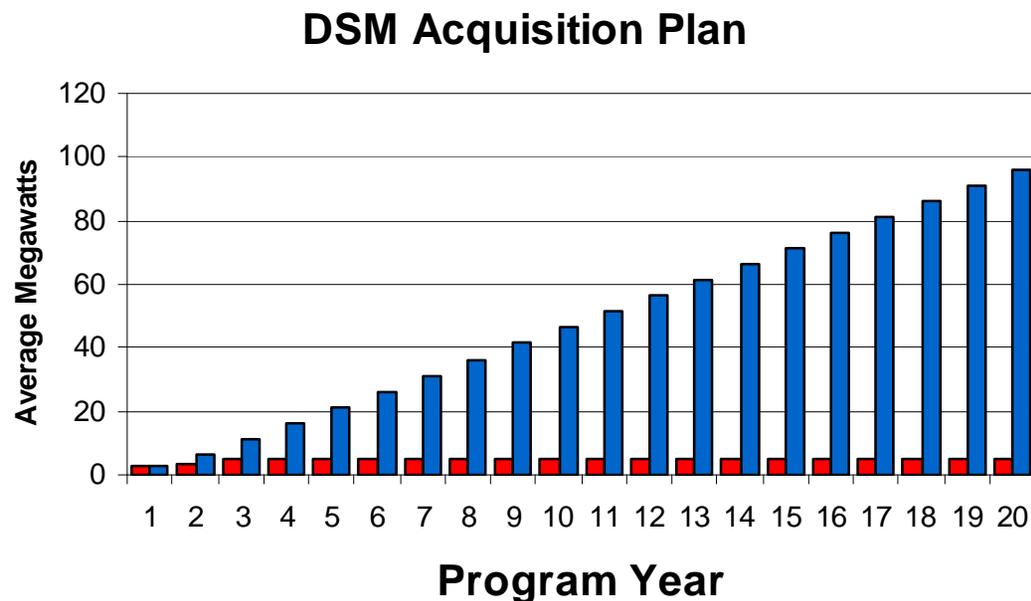
- **Portfolio maintained to meet 1,100 MW load**
 - § **Base load contracts**
 - § **Qualifying facilities**
 - § **Heavy load hours contracts**
 - § **Short-term market purchases**
 - § **Demand Side Management (DSM)**
- **Default Supplier Electric Procurement Guidelines**
 - § **Laws and regulations that guide resource planning and acquisition**

Default Supply Procurement Guidelines

- **Montana Code Annotated Section 69-8-419**
- **Administrative Rules of Montana Sections 38.5.8201- 8227**
 - § **Assessment of available supply resources includes DSM**
 - § **Quantify potentially cost-effective DSM ... available at or below avoided cost of other resources**
 - § **Evaluate DSM along with other electric resource supply options**
 - § **Optimize the acquisition of DSM over the planning horizon**

DSM Acquisition Plan

- **Assessment identified approximately 100 aMW of cost-effective DSM at \$19.00 - \$22.00 per MWH**



- **Steady, sustained acquisition schedule of 5 aMW per year**

DSM Acquisition Plan

- **Ramp up program activities to sustainable levels**
 - § 2.6 aMW – 2005
 - § 3.7 aMW – 2006
 - § 5.0 aMW – 2007 and beyond
- **DSM included in load forecast and default supply portfolio**
- **DSM has to deliver on schedule and on or under budget**

DSM Programs

- **DSM is available from all default supply customer classes**
- **Residential programs**
 - § **Energy Star[®] efficiency standards**
 - § **Lighting rebates, incentives, buy-downs**
 - § **Building envelope efficiency improvements**
 - Existing construction
 - New construction
- **Commercial programs**
 - § **Energy Star[®] efficiency standards**
 - § **Lighting rebates and incentives**
 - § **Site-specific proposals ... all cost-effective measures considered**
 - § **Irrigation projects**
 - § **Air conditioning equipment servicing and/or replacement**

DSM Programs

- **Other activities**
 - § Northwest Energy Efficiency Alliance
 - § Builder seminars
 - § Building operator training and certification
 - § Community events
- **Natural gas DSM**
 - § Following the same path as electric DSM
 - § Residential gas DSM program

Challenges

- **Building awareness**
- **Gaining customer participation**
- **Developing DSM program delivery infrastructure**
- **Monitoring and evaluation**

More Information

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Questions
