Dept. Performance Plan: Colorado Energy Office (CEO) | FY14-15

Mission statement:
The CEO's mission is to improve the effective use of all of Colorado's energy resources and the efficient consumption of energy in all economic sectors, through providing technical guidance, financial support, policy advocacy and public communications.

Department Vision
The CEO's vision is to help Coloradoans live more prosperous and healthy lives by promoting innovative energy production and efficient energy consumption practices that are beneficial to the economic and environmental health of the state.

According to industry and governmental market reports, Colorado is now a leading state in electricity production from wind and solar technologies. At the same time, Colorado continues to be a leading state in the production of natural gas and coal. Colorado is thus establishing itself as a truly diverse energy economy. Fostering and maintaining a diverse energy portfolio contributes to Colorado's economic health by stimulating business development and keeping long-term consumer costs low.

The effectiveness by which Colorado businesses and households consume energy is also an integral part of the state's economic health. Inefficient energy usage is a drain on business and household resources, diminishing profitability and quality of life, particularly for the economically disadvantaged.

As lower-emission energy resource options enter the market the air quality of the state improves, directly benefitting the health of Colorado's residences. For example, replacing petroleum-based vehicles with compressed natural gas or electric vehicles can yield significant benefits particularly for households living adjacent to major roadways.

As Colorado's population grows from 5 million to an expected 8.1 million by 2040, demand and consumption of energy will continue to grow. Preparing for such growth accentuates the need for continued innovation in energy production and efficiency in energy consumption in order to maintain and improve Colorado's economic and environmental health.

Department Description
In 2012, The CEO was restructured under HB 12-1315 to enable the State's energy office to build on Colorado's national reputation as a leader in clean energy and energy innovation, and enhance the office's ability to support innovative energy production not only in the renewable energy sector but also in the state's traditional sectors like natural gas. The legislation changed

the office name to the Colorado Energy Office (CEO), secured funding for five years, requires the CEO to report to the Legislature annually via the SMART Act, and established two funds:

The Innovative Energy Fund: is funded from severance tax dollars and can be used for promoting, research, development, commercialization, education, attracting innovative industry investments to the state, providing market incentives for efficient innovative energy products, assisting in implementation of innovative efficiency projects, aid government agencies in innovative energy efficiency initiatives, innovative energy policy development. Innovative energy is defined as "existing, new, or emerging technology that enables the use of a local fuel source, establishes a more efficient or environmentally beneficial use of energy & helps to create energy independence & security for the state".

The Clean & Renewable Energy Fund: is funded from General Fund dollars and can be used for attracting renewable energy industry investment in the state, assisting technology transfer into the market place for newly developed energy efficiency and renewable energy technologies, providing market incentives for the purchase & distribution of energy efficient & renewable energy products, assisting in energy implementation of energy efficiency projects throughout the state, aid government agencies in energy efficiency initiatives, implementation of renewable energy technologies, overall advancement of energy efficiency & renewable energy throughout the state.

The office also receives state (Severance Tax), federal and utility funds dedicated to delivering residential energy efficiency services to income-qualified households, as well as an annual State Energy Programs award from the U.S. Department of Energy that is dedicated to specific energy efficiency initiatives.

The office is structured into the areas outlined below.

The *Programs/Initiatives* area initiates and manages programs and contracts in support of the CEO's mission - supporting the efficient consumption of energy in all of Colorado's economic sectors (i.e. residential, commercial, industrial, agricultural and governmental); reducing market barriers to energy investment and the deployment of effective and innovative energy technologies; partnering with the Office of Economic Development and International Trade (OEDIT) to improve the vitality of Colorado's energy market.

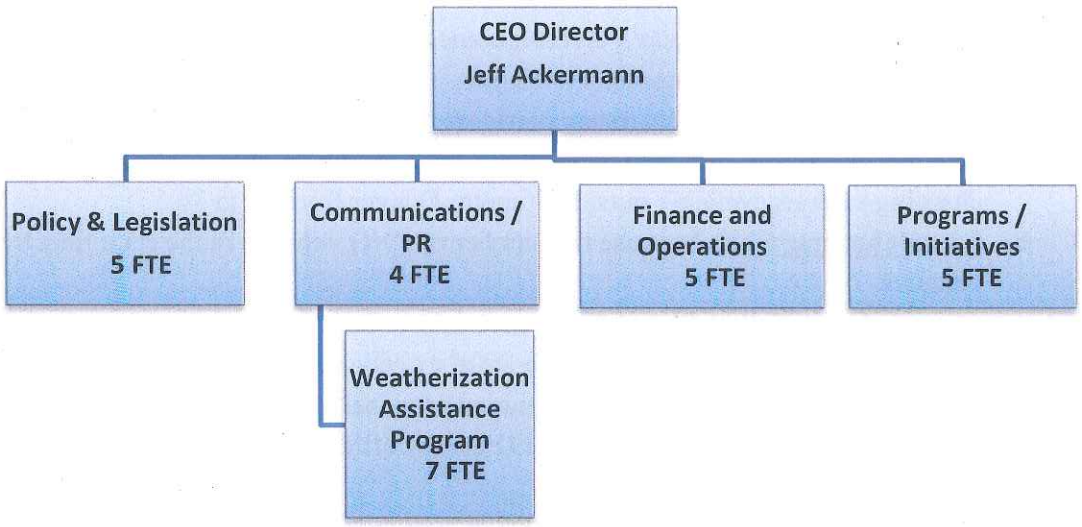
The *Weatherization Assistance Program* provides comprehensive energy efficiency retrofits aimed at reducing energy consumption and lowering energy costs for low-income households throughout all 64 counties of Colorado. The program utilizes a combination of Federal, State and utility funding to provide these no-cost retrofit services to households meeting an annual

income requirement of 200% or less of the federal poverty level. The CEO delivers the program services through contracts with nine regional weatherization service providers who conduct the actual energy retrofits. The CEO coordinates the funding sources, establishes the performance standards, conducts technical and administrative training and conducts compliance reviews of the service provider agencies.

The *Policy and Legislation* area conducts legislative analysis, facilitates regulatory reform, and engages in research initiatives in support of the CEO's mission. Often this work is the impetus for CEO's initiatives, as discussed above. *The Policy and Legislative* team facilitates the discussion, development and implementation of policies concerning Colorado's electricity sector, balancing economic and environmental objectives.

The *Finance and Operations* area is responsible for the management of the CEO Accounting functions, budget and fiscal responsibilities. Also managed within this area are the CEO finance programs. The *Finance & Operations* area focuses on continual process improvement and the responsible management of taxpayer dollars in order to maintain the fiduciary integrity of the CEO.

The *Communications, Public Relations and Social Media* area supports the CEO mission through strategic messaging and removing market barriers by providing energy information and thus narrowing the energy knowledge gap through the timely management of web and social media outputs and supporting the implementation of programs and initiatives.



Strategic Policy Initiatives

The CEO's strategic policy initiatives form the overarching policy goals of the office and represent department-wide efforts identified by CEO Leadership. The following outlines CEOs strategic policy initiatives and corresponding 1-year and 3-year outcome goals:

1. Increase the affordability of residential energy for low-income Coloradoans
    a. 1-year Outcome Goal (July 1, 2014): Increase household discretionary income for low-income weatherization clients by $208/household/yr., on average, through lower utility bills as a result of installed weatherization measures.
    b. 3-year Outcome Goal (July 1, 2016): Decrease the amount of bill payment assistance (LEAP) required by low-income households receiving weatherization services in the heating season following receipt of the services.
2. Increase the number of entities across all economic sectors in Colorado (residential, commercial, industrial, agricultural governmental, etc.) that either purchase or make improvements that lead to highly energy efficient facilities.
    a. 1-year Outcome Goal: Increase the number of new homes sold with a HERS rating by 5%; improve the average HERS rating score by 5%. Initiate at least 10 energy performance contracting (EPC) projects in the private sector. Launch Commercial Property Assessed Clean Energy (C-PACE) financing program and enroll at least 5 counties to participate.
    b. 3-year Outcome Goal: Initiate at least 50 EPC projects in the private sector; maintain a ratio of at least $1 in EPC construction for each $0.02 in CEO expenditure on EPC technical support in the public sector. Complete at least 25 C-PACE financial transactions / energy efficiency retrofits.
3. Improve the utilization of Colorado's diverse, domestic energy resources
    a. 1-year Outcome Goal: Increase the number of compressed natural gas (CNG) fueling stations along the state's interstate corridors from 17 to 25 and the number of CNG vehicles in the state fleet by 150 vehicles; increase the number of electric vehicle charging stations available outside of metro Denver from 29 to 34.
    b. 3-year Outcome Goal: Increase the number of CNG vehicles in the state fleet by 300 vehicles.
4. Increase the number of Coloradoans who receive information, incentives and services that improve their knowledge of the benefits associated w/ efficient energy consumption.
    a. 1-year Outcome Goal: Increase the amount of website and social media traffic to over 8,000 monthly visitors who utilize CEO energy efficiency tools that can help them decrease their energy consumption.

b. 3-year Outcome Goal: Implement interactive web-based energy consumption tools for consumers to input, monitor and decrease their energy consumption and realize their potential economic, environmental and health savings.