# Colorado Energy Office
# FY2015 Annual Performance Evaluation (October 2015)

## Strategic Policy Initiatives

The Colorado Energy Office has identified several strategic policy initiatives for FY 2014-15 and beyond. For this performance evaluation, the Department has updated progress on the selected initiatives used in the November 3, 2014 Annual Performance Report that best capture some of the Department's strategic and operational priorities, and reflect the overall direction as identified by Department leadership. The updates reflect data as of June 30, 2015. Additional detail for these, and other, strategic policy initiatives is available in the agency's performance management plan, which may be accessed here.

**Affordable Low-Income Residential Energy – Increase the affordability of residential energy for low-income Coloradans.**
**Update:** CEO installed weatherization measures in 3,050 low-income homes versus 2,200 due to additional funding through the Department of Human Services for 400 units. The multi-family units are estimated at the beginning of the year and are not incorporated into the goal. The multi-family segment accounts for an additional 450 units.
**Description:** While the average Colorado household expends 3-6 percent of household income on energy, low-income households on average expend 10-15 percent of household income on energy. Investing in cost-effective energy efficiency improvements can reduce the energy burden into a more manageable range. When combined with utility bill payment assistance (the Low-Income Energy Assistance Program administered by Colorado Department of Human Services, as well as nonprofit-provided assistance), low-income households no longer live in "energy poverty."

**Energy Efficient Facilities – 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.**
**Update:** CEO completed 8,385 homes sold with a HERS index, exceeding the goal by 385. The Home Energy Rating System (HERS) Index did not meet CEO's expectations. There are many factors in the market that can influence the pace at which the rating changes. The CEO goal was to improve the average HERS score on new homes by 5% from 59 to 56. The HERS score stood at 57 at the end of FY15. For the next fiscal year, CEO will continue its efforts to increase the number of new homes sold with a HERS rating through builder education and CEO's Energy Saving Mortgage Incentive program. In addition, CEO is initiating the use of the Home Energy Score, developed by the Department of Energy, for use in the existing housing market. This energy-scoring tool is part of a comprehensive home energy audit. This score is easy for consumers to obtain, and it's economical. The launch of the Colorado Commercial Property Assessed Clean Energy (CoPACE) program will now occur in FY15-16, with several counties formally on board day one. Colorado is slated to be the third statewide C-PACE program in the nation and will be uniquely structured. Due to this unique structure and complexity of legal and operational documents, the target launch date was delayed.
**Description:** Expenditures on energy affect all sectors of Colorado's economy. Cost-effectively reducing energy use improves business profitability, makes better use of public resources and increases the discretionary income in households. The greatest opportunity to improve Colorado's energy utilization is by increasing the energy efficiency of its building structures. Residential and commercial building structures consume an estimated 42.2 percent of the total energy in Colorado. To address this issue, Colorado provides training, resources, technical assistance and proven financing mechanisms within the residential, public and commercial sectors.

**Alternative Transportation – Improve the diversification of Colorado's transportation fuel usage.**

**Update:** CEO awarded 20 more electric vehicle stations than targeted for the fiscal year. CEO was able to award these stations due to the flexibility in funding over the program's three-year period. CEO awarded 11 compressed natural gas stations instead of 14 stations. This was due to a smaller number of qualified applicants during the second funding round. The response was relatively strong for the first round. The drop-off between rounds could be a reflection of temporarily low oil prices combined with limited developer bandwidth while still constructing stations awarded during the first round. CEO has revised its approach and projects that it will be able to award these three stations in FY15-16 along with the 6 it has already committed to award in FY15-16, totaling 9 as indicated in the program's FY16 lead goal.

**Description:** According to the U.S. Department of Energy, natural gas has consistently been the lowest cost fuel available, averaging just over $2.00 the equivalent of a gallon of gasoline. With Colorado ranking third in the nation in natural gas reserves, promoting the compressed natural gas (CNG) market also directly affects Colorado's economy. Powered through the electric grid, electric vehicles produce zero tailpipe emissions and provide significant fuel savings. By expanding alternative transportation infrastructure (CNG and EV stations), consumers are more likely to consider the lease/purchase of alternative-fueled vehicles. Through this market transformation, Colorado can lower transportation fuel costs and reduce emissions.

**Renewable and Innovative Electric Generation Development – Support development of renewable/ innovative electric generation technologies in Colorado.**

**Update:** CEO completed its electric generation development goals including technical assistance for small and micro hydro projects, a guidebook for renewable energy through anaerobic digestion, and assistance for on a geothermal project in Pagosa Springs. Due to project financing challenges, CEO was not able to attain a commitment for the development of a pyrolysis-based, waste-to-energy project. Financing projects of this nature are contingent on many variables. While CEO was able to provide networking and technical assistance, the challenges with the project financing prevented the project from moving forward.

**Description:** The state's Renewable Energy Standard (RES) was revised in 2013 to include additional technologies that utilities can use to comply with the RES. There are now several emerging technologies conducive for use in Colorado. The development of these technologies offers reduced greenhouse gas emissions, local economic development and a more resilient electric system through generation diversity. Through technical assistance and facilitation of partnerships, Colorado is supporting small hydro and micro hydro, anaerobic digestion, pyrolysis-based waste-to-energy, and geothermal generation.

## Operational Measures

**Major Program Area – Weatherization Assistance Program**

**Process - Inspection of sub-grantee closed housing units**

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 03/31/2015 | 06/30/2015 | FY15 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|---|---|---|
| Percent of home retrofits meeting or exceeding performance standards for weatherization | New measure For FY14 | New measure for FY14 | 100% | 100% | 100% | 100% | 100% | 100% |

The weatherization program inspects 5% of weatherized homes for quality assurance. This goal has been met for FY14-15.

### Major Program Area – Programs and Initiatives
### Process - Targeted Stakeholder Engagement

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 03/31/2015 | 06/30/2015 | FY15 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|---|---|---|
| Number of stakeholders that successfully complete training | New measure For FY13 | 579 | 1,063 | 509 | 1,242 | 1,242 | 1,300 | 4,875 |

The training for real estate stakeholders supports the appraisal valuation of high performance residential buildings. CEO was able to conduct 13 additional trainings to reach a more diverse stakeholder group; however, fewer stakeholders completed the training than anticipated.

### Major Program Area – Policy, Research and Legislation
### Process - Analysis of market and regulatory impediments to accomplishing CEO's mission, and proposed policy solutions

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 03/31/2015 | 06/30/2015 | FY15 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|---|---|---|
| Percent of identified market and regulatory impediments for which solutions were proposed | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

CEO achieved its goal to provide solutions for identified market and regulatory impediments.

### Major Program Area – Finance and Operations
### Process – Initiating and executing procurements

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 03/31/2015 | 06/30/2015 | FY15 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|---|---|---|
| Percent of procurements executed within seven business days of request (i.e. internal request initiated by the receipt of a Contract-PO Request Form) | New measure for FY14 | New measure for FY14 | 70.0% | 62.0% | 65% | 65% | 85.0% | 100% |

CEO has exceeded its goal for POs but was unable to meet the goal for contracts. Contracts require more time to execute than POs and many factors affect the timing of contract execution outside CEO's control. Consequently, CEO will adjust this performance measure moving forward to reflect internal controls.

**Major Program Area – Communications**
**Process – Selecting and publishing informational content (external)**

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 03/31/2015 | 06/30/2015 | FY15 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|---|---|---|
| Number of web-hits per published story/case-study/article | New measure for FY14 | New measure for FY14 | 2,380 | 4,509 | 5,720 | 5,720 | 5,000 | 6,000 |

CEO has exceeded its goal of web hits per published story.

## FY2016 Performance Plan

### FY 2016 Strategic Policy Initiatives

**Changes to SPIs in FY2016 plan compared to FY2015 plan:** CEO adjusted its SPIs in each of its market areas. Due to the inability to obtain annual data for the number of CNG vehicles purchased in Colorado, CEO adjusted its CNG vehicle goal to reflect an increase in the sales of CNG fuel. CEO is able to obtain these data on a quarterly basis. To reflect the financial impact of CEO's weatherization program on low-income households, CEO adjusted its SPI to calculate a reduction in average household income spent on energy. To reflect energy savings due to CEO's direct energy efficiency programs, CEO consolidated the projected savings into one goal. CEO created a new goal for residential energy use that reflects energy reduction in both the new and existing home market. CEO modified its electric generation development SPI to reflect more accuracy with CEO's impact in this area.

### FY 2016 Strategies and Operational Measures

**Insights from the FY2015 performance that have informed the FY2016 plan:** CEO gained many insights from the FY2015 performance to incorporate into the FY2016 plan. Refinement with strategies and operational measures stemmed from learning what CEO is able to influence directly and the ability to monitor progress from consistent and accurate data and reporting mechanisms.