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Texas-New Mexico Power Company
2015 Energy Efficiency Plan and Report
P.U.C. Substantive Rule 25.181 and 25.183

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Introduction

Texas-New Mexico Power Company (“TNMP”) presents this Energy Efficiency Plan and Report (“EEPR”) to comply with P.U.C. SUBST. R. 25.181 and 25.183, which are the sections of the Energy Efficiency Rule (“EE Rule”) implementing Public Utility Regulatory Act (“PURA”) § 39.905. As mandated by this section of PURA, the EE Rule requires that each investor-owned electric utility achieve the following minimum goals through market-based standard offer programs (“SOPs”), targeted market transformation programs (“MTPs”) or utility self-delivered programs:

“An electric utility shall administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:

...

- (B) Beginning with the 2013 program year, until the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire a 30% reduction of its annual growth in demand of residential and commercial customers.
- (C) If the demand reduction goal to be acquired by a utility under subparagraph (B) of this paragraph is equivalent to at least four-tenths of 1% its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year, the utility shall meet the energy efficiency goal described in subparagraph (D) of this paragraph for each subsequent program year.
- (D) Once the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.
- (E) Except as adjusted in accordance with subsection (w) of this section, a utility’s demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility pursuant to paragraph (2) of this subsection.”

P.U.C. SUBST. R. 25.181(e)(1). The EE Rule, includes specific requirements related to the implementation of SOPs, MTPs, and utility self-delivered programs that control the manner in which investor-owned electric utilities must administer their portfolio of energy efficiency programs in order to achieve their mandated energy efficiency savings goals. TNMP’s EEPR is intended to describe how TNMP intends to meet its statutory savings goals through implementation of energy efficiency programs in a manner that complies with PURA § 39.905 and

the EE Rule. The following section provides a description of the information contained in each of the subsequent sections and appendix.

Energy Efficiency Plan and Report Organization

This EEPR consists of an executive summary, fourteen sections, and an appendix.

Executive Summary

- The Executive Summary highlights TNMP's reported achievements for 2014 and TNMP's plans for achieving its 2015 and 2016 projected energy efficiency savings goals.

Energy Efficiency Plan

- Section I describes TNMP's program portfolio. It details how each program will be implemented, discusses related informational and outreach activities, and provides an introduction to any programs not included in TNMP's previous EEPR.
- Section II explains TNMP's targeted customer classes, specifying the size of each class and the method for determining those sizes.
- Section III presents TNMP's projected energy efficiency savings for the prescribed planning period broken out by program for each customer class.
- Section IV describes TNMP's proposed energy efficiency budgets for the prescribed planning period broken out by program for each customer class.

Energy Efficiency Report

- Section V documents TNMP's actual weather-adjusted demand savings goals and energy targets for the previous five years (2010-2014).
- Section VI compares TNMP's projected energy and demand savings to its reported and verified savings by program for calendar years 2013 and 2014.
- Section VII documents TNMP's incentive and administration expenditures for the previous five years (2010-2014) broken out by program for each customer class.
- Section VIII compares TNMP's actual program funding for 2014 compared to its 2014 budget broken out by program for each customer class.
- Section IX describes the Evaluation, Measurement & Verification process.
- Section X describes the results from TNMP's Market Transformation ("MTP") programs.
- Section XI details TNMP's current EECRF, collection, and future filing.
- Section XII reflects TNMP revenue collection through the 2014 EECRF.
- Section XIII breaks out the over/under-recovery of energy efficiency program costs.
- Section XIV details TNMP's performance incentive calculation.

Acronyms

Glossary

Appendix

- Reported kW and kWh Savings broken out by county for each program.

Executive Summary

The Energy Efficiency Plan (“The Plan”) details TNMP’s plans to achieve the required demand savings reduction, as determined by the Final Order in Docket No. 42566, by December 31, 2015. Additionally, TNMP intends to project a portfolio necessary to achieve a reduction of four-tenths of 1% of TNMP’s summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year by December 31, 2016, to comply with PURA § 39.905 and P.U.C. SUBST. R. 25.181.

The annual demand goal for energy efficiency savings pursuant to P.U.C. SUBST. R. 25.181(e)(1)(D) is calculated by applying the percentage goal to the utility’s summer weather-adjusted five-year average peak demand for the combined residential and commercial customers. As shown by the data in **Table 4**, a four-tenths of 1% goal would be 4.9 MW, which is less than the amount of energy efficiency to be acquired for the most recent preceding year. Therefore, for 2016, TNMP has planned to achieve a goal of 5.74 MW.

The Plan also addresses the corresponding energy savings goal of 10,056 MWh, which is calculated from the demand savings goal using a 20% conservation load factor.

The goals, budgets, and implementation plans included in The Plan are designed to: 1) comply with requirements of the EE Rule; 2) incorporate results and recommendations included in the Annual Statewide Portfolio Evaluation, Measurement, and Verification Report by the Evaluation, Measurement and Verification (“EM&V”) contractor; 3) consider lessons learned regarding energy efficiency service providers; 4) evaluate other ERCOT distribution utilities’ results; 5) reflect the effects of economic factors; and 6) enable customer participation in the various energy efficiency programs.

The Energy Efficiency Report (“The Report”) demonstrates TNMP’s successful 2014 implementation of its energy efficiency portfolio of SOPs and MTPs, as required by PURA § 39.905. These programs met and exceeded TNMP’s efficiency savings goals by procuring 9.602 MW in demand savings and 17,119 MWh in energy savings. The 2014 TNMP portfolio included the Hard-to-Reach Standard Offer Program, Residential Standard Offer Program, and the High-Performance Homes Market Transformation Program, as well as the SCORE/CitySmart, Commercial Solutions, and Open for Small Business Market Transformation Programs, the Load Management Standard Offer Program and Low Income Weatherization Program.

A summary of annual goals and budgets is presented in **Table 1**.

Table 1: Summary of Goals, Projected Savings, and Projected Budgets¹

Calendar Year	0.4% Peak Demand Goal	Peak Demand (MW) Goal	Energy (MWh) Goal	Projected Demand Savings (MW)	Projected Energy Savings (MWh)	Projected Budget (000's)
2015	5.06	5.77	10,109	9.297	15,351	\$4,232
2016	4.9	5.74	10,056	9.185	15,629	\$5,368

In order to obtain the goal, TNMP proposes to implement the following standard offer and market transformation programs:

- Open for Small Business MTP
- SCORE/CitySmart MTP
- Commercial Solutions MTP
- Load Management SOP
- High-Performance Homes MTP
- Residential SOP
- Hard-to-Reach SOP
- Low Income Weatherization

Energy Efficiency Plan

I. 2015 Programs

A. 2015 Program Portfolio

TNMP plans to implement eight SOPs and MTPs. There are currently no pilot programs planned for 2015. These programs have been structured to comply with the rules governing program design and evaluation in P.U.C. SUBST. R. 25.181(j), (k), (l), and (m).

Each of these programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. TNMP anticipates that such targeted outreach to a broad range of service provider types will be necessary in order to meet the savings

¹ 0.4% Peak Demand Goal numbers are calculated from Table 4; Peak Demand Goal was established in Docket No. 42566; Projected Savings are from Table 5; and Projected Budget from Table 6. All MW and MWh figures in this Table are given "at Meter."

goals required by PURA § 39.905 on a continuing basis. **Table 2 (a)** summarizes the programs and target markets.

Table 2 (a): 2015 Energy Efficiency Program Portfolio

2015 Programs	Target Market	Application
Open for Small Business MTP	Commercial <100kW	Retrofit
SCORE/CitySmart MTP	Schools, Government	Retrofit; New Construction
Commercial Solutions MTP	Commercial >100kW	Retrofit; New Construction
Load Management SOP	Commercial	Load Management
Residential SOP	Residential	Retrofit
High-Performance Homes MTP	Residential	New Construction
Hard-to-Reach SOP	Residential Income-qualified	Retrofit
Low Income Weatherization	Residential Income-qualified	Retrofit

TNMP maintains a website containing the requirements for project participation, forms required for project submission, and the links to databases containing the current available funding at [TNMPefficiency.com](http://tnmpefficiency.com). This website will be the primary method of communication used to provide potential Project Sponsors with program updates and information. **Table 2 (b)**, lists the links for all Program Manuals.

Table 2 (b): 2015 Energy Efficiency Program Manuals

2015 Programs	Program Manuals
Open for Small Business MTP	http://tnmpefficiency.com/downloads/TNMP_OPEN_Program_Manual_2015.pdf
SCORE/CitySmart MTP	http://tnmpefficiency.com/downloads/2015_TNMP_SCORE-CitySmart_Program_Manual_20141121.pdf
Commercial Solutions MTP	http://tnmpefficiency.com/downloads/2015_TNMP_ComSol_Program_Manual_20141204.pdf
Load Management SOP	http://tnmpefficiency.com/downloads/2015_TNMP_Peak_Load_Mgmt_Program_Manual_Final.pdf
High-Performance Homes MTP	http://tnmpefficiency.com/downloads/2015%20TNMP%20High-Performance%20Homes%20Program%20Guide.pdf
Residential SOP	http://tnmpefficiency.com/downloads/2015_TNMP_Res_HTR_Program_Manual.pdf
Hard-to-Reach SOP	http://tnmpefficiency.com/downloads/2015_TNMP_Res_HTR_Program_Manual.pdf
Low Income Weatherization	http://tnmpefficiency.com/downloads/2015_TNMP_LIW_Manual_Final.pdf

B. Existing Programs

Open for Small Business MTP (“Open MTP”)

Program Design

Although TNMP’s existing Commercial Solutions program has successfully engaged larger customers and contractors to install energy efficiency projects, the program has encountered additional barriers for small business customer participation. Since these customers do not typically engage in energy efficiency projects, the contractor community does not market to them as actively as larger customers. As a result, many small commercial customers do not participate in programs, and thus do not benefit from energy efficiency programs.

Implementation Process

TNMP continues to contract with CLEAResult Consulting as the implementer to provide the energy efficiency and demand reduction design and solutions for the Open MTP throughout the 2015 program year. Under this program, TNMP will help small commercial customers that do not have the in-house capacity or expertise to: 1) identify, evaluate, and undertake efficiency improvements to their completion; 2) properly evaluate energy efficiency proposals from vendors; and/or 3) understand how to leverage energy savings to finance projects within their financial planning processes. Small-sized customers (<100kW) tend to implement smaller projects with lower savings which creates program cost-effectiveness challenges to providing one-on-one technical assistance to this market. Lastly, the program will provide the direct support, tools, and training necessary to contractors to pursue small commercial customers.

Outreach and Research activities

The program targets small commercial customers based on premise demand. All commercial customer premises with a peak annual billing demand less than 100 kW will be eligible for the program. TNMP plans to leverage Small Business Associations, Government Agencies, and Service providers to serve these customers.

SCORE/CitySmart MTP (“SCORE/CitySmart MTP”)

Program design

TNMP implemented the energy-smart schools and cities market transformation program in 2008, as envisioned by Texas 79th Legislature’s Senate Bill 712 and approved by the Public Utility Commission of Texas (“Commission” or PUCT”).

The SCORE/CitySmart MTP provides energy efficiency and demand reduction solutions for schools and local government customers. The program is designed to help educate and assist these customers in lowering their energy use by facilitating the integration of energy efficiency into their short and long term planning, budgeting, and operational practices.

Implementation process

TNMP continues its contract with CLEAResult Consulting as the implementer to offer participation to school districts and government entities in its service territory. The program facilitates the identification of potential demand and energy savings opportunities, general operating characteristics, long-range energy efficiency planning, and overall measure and program acceptance by the targeted customer participants.

Outreach Activities

TNMP markets the availability of this program in the following manner:

- Contracts with a third-party implementer to conduct outreach and planning activities;
- Targets a number of customer participants;
- Conducts workshops for program participants and industry professionals as necessary to explain elements of the program, such as responsibilities of the participants, project requirements, incentive information, and the application and reporting process;
- Participates in regional outreach activities as may be necessary; and
- Attends appropriate industry-related meetings to generate awareness and interest.

Commercial Solutions MTP (“CS MTP”)

Program Design

TNMP began implementing the CS MTP in 2010 as part of the SCORE/CitySmart MTP, as envisioned by Texas 79th Legislature’s Senate Bill 712 and approved by the PUCT. TNMP’s CS MTP targets commercial customers (other than local government entities and schools) who do not have the in-house capacity or expertise to: 1) identify, evaluate, and undertake efficiency improvements; 2) properly evaluate energy efficiency proposals from vendors; and/or 3) understand how to leverage their energy savings to finance projects. Incentives are paid to customers served by TNMP for certain eligible energy efficiency measures that are installed in new or retrofit applications resulting in savings as defined by the Texas Technical Reference Manual.

Implementation Process

TNMP continues its contract with CLEAResult Consulting as implementer to target a number of commercial customers meeting the program participation parameters. The CS MTP facilitates the identification of demand and energy savings opportunities, general operating characteristics, long-range energy efficiency planning, and overall measure and program acceptance by the targeted customer participants.

The CS MTP provides energy efficiency and demand reduction solutions to TNMP's larger commercial customers.

Outreach Activities

TNMP markets the availability of this program in the following manner:

- Contracts with a third-party implementer to conduct outreach and planning activities;
- Targets a number of customer participants;
- Conducts workshops for program participants and industry professionals as necessary to explain elements of the program, such as responsibilities of the participants, project requirements, incentive information, and the application and reporting process;
- Participates in regional outreach activities as may be necessary; and
- Attends appropriate industry-related meetings to generate awareness and interest.

Load Management Program SOP

Program Description

The TNMP Load Management Program was launched in 2009 in accordance with P.U.C. SUBST. R. 25.181, which authorizes participating Project Sponsors (customers or third-party sponsors) to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. Incentives are based on verified demand savings that occur at TNMP distribution sites, or at eligible institutional customers' sites, as a result of calls for curtailment. Customers are not required to produce a specific level of curtailed load but will only receive payments for the lesser of the amount of curtailed load produced or contracted.

Implementation process

Implementation of this program will be directly through customers and third-party entities representing customers at distribution level within the TNMP service territory. In 2015, the

program will continue to initiate a maximum number of five curtailments, including one annual Scheduled Curtailment of one-to-two hours duration and a maximum of four annual Unscheduled Curtailments of one-to-four hours duration each.

Outreach Activities

TNMP plans to market the availability of the program in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential participants interested and informed; and
- Maintain program information on the company website.

High-Performance Homes MTP

Program design

The High-Performance Homes program promotes the construction and certification of new ENERGY STAR® certified and High-Performance qualified homes. This voluntary program provides financial incentives and other types of assistance to production and custom homebuilders who commit to construct homes within the TNMP service territory that meet High-Performance specifications. It is the homebuilder's primary responsibility to design, build, and market homes that comply with program requirements and achieve a 10% kWh savings or greater over the 2009 IRC/IECC code. The Rater's primary responsibility is to work with homebuilders to facilitate the construction of ENERGY STAR® certified and High-Performance homes that meet the performance requirements for the program. Incentives are paid to builders for installing certain measures in new construction applications, as defined in the Texas Technical Reference Manual. The program includes a bonus incentive for ENERGY STAR® version 3.0 compliant homes.

Implementation process

TNMP has contracted with ICF International to implement the High-Performance Homes program, whereby any eligible builder may submit an application for a home meeting the requirements. The program information on TNMP's website reflects eligibility requirements.

Outreach Activities

TNMP markets the availability of its programs in the following manner:

- Contracts with third-party implementer to conduct outreach and planning activities;
- Utilizes mass electronic mail (e-mail) notifications to keep potential builders interested and informed;

- Maintains a website with detailed builder eligibility, end-use measures, incentives, and procedures; and
- Participates in statewide outreach activities, as may be available.

Residential Standard Offer Program (“RES SOP”)

Program Design

The RES SOP targets residential customers whose maximum demand is less than 100 kW. Incentives are paid to Project Sponsors for certain eligible measures installed in retrofit applications which provide verifiable demand and energy savings. Project Sponsors are encouraged to install comprehensive measures in their projects. RES SOP includes a higher incentive option to Project Sponsors who work in the underserved areas.

Implementation Process

TNMP will continue implementation of its RES SOP whereby any eligible Project Sponsor may submit an application for a project meeting the minimum requirements. The program information on TNMP’s website is updated to reflect participating Project Sponsors and incentive amounts that are available.

Outreach Activities

TNMP markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential Project Sponsors interested and informed;
- Maintains a website with detailed project eligibility, end-use measures, incentives, procedures, and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Participates in statewide outreach activities as may be available; and
- Conducts workshops as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process.

Hard-To-Reach Standard Offer Program (“HTR SOP”)

Program design

The HTR SOP targets low income customers, defined as a household income at or below 200% of the federal poverty guidelines, or who meet certain other qualifications. Incentives are paid to

Project Sponsors for certain eligible measures installed in retrofit applications as defined in the Texas Technical Reference Manual.

Implementation process

TNMP will continue implementation of its HTR SOP, whereby any eligible Project Sponsor may submit an application for a project meeting the minimum requirements. The program information on TNMP's website is updated annually to reflect participating Project Sponsors and the program database reflects incentive amounts that are available.

Outreach Activities

TNMP markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential Project Sponsors interested and informed;
- Maintains a website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Participates in statewide outreach activities, as may be available; and
- Conducts workshops as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process.

Low Income Weatherization Program

Program design

Each unbundled transmission and distribution utility shall include in its energy efficiency plan a targeted low income energy efficiency program as described by PURA § 39.903(f)(2). The Low Income Weatherization Program targets TNMP's low income residential customers who: a) meet the Department of Energy's income eligibility guidelines, defined as at or below 200% of the federal poverty level; b) are connected to TNMP's electric system; and c) have been qualified through the Service Providers guidelines. Effective in 2011, S.B. 1434 required that no less than 10% of the total energy efficiency portfolio budget be allocated to Low Income Weatherization. The program has been designed to identify non-traditional agencies to reach a broader audience.

Implementation process

TNMP continues to contract with Frontier Associates (Implementer) to provide marketing and education to local government organizations and not-for-profit agencies. The Implementer

contracts with the Texas Department of Housing & Community Affairs' ("TDHCA") sub-recipients and other not-for-profit community action and government agencies (*i.e.* low income advocates) to provide weatherization services to eligible residential TNMP customers.

The agencies select measures to be installed based on the savings-to-investment ("SIR") ratio, which evaluates cost-effectiveness using the present value of the measure's lifetime energy savings divided by the installation costs. Agencies receive payment for the measure installation costs, plus an administrative fee of 8%, and up to the maximum allowable expenditure of \$6,500 per home. Energy savings are defined in the Texas Technical Reference Manual. Eligible measures include:

- Attic insulation
- Central AC replacement
- Compact fluorescent lamps ("CFLs")
- Electric water heater measures (water heater jacket, pipe insulation, and showerheads)
- Infiltration control
- Refrigerator replacement
- Solar screens
- Wall insulation
- Window AC replacement

Outreach Activities

Low income advocates throughout TNMP's service territory will be called upon to participate. Workshops, database training and updates to policies and procedures will take place annually, or as needed.

II. Customer Classes

Customer classes targeted by TNMP's energy efficiency programs are the Commercial, Hard-to-Reach, and Residential classes.

The annual demand goal will be allocated to customer classes by examining historical program results, evaluating economic trends, and taking into account P.U.C. SUBST. R. 25.181, which states that no less than 5% of the utility's total demand goal should be achieved through programs for

hard-to-reach customers. **Table 3** summarizes the number of customers in each of the eligible customer classes, which was used to allocate funding on an equitable basis.

It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the marketplace, the potential interest that a customer class may have toward a specific program, and the overriding objective of meeting the legislative goal. TNMP will offer a portfolio of Standard Offer and Market Transformation Programs that will be available to all customer classes.

Table 3: Summary of Customer Classes

Customer Class	Number of Customers
Commercial	40,888
Residential	125,091
Hard-to-Reach	74,099

III. Projected Energy Efficiency Savings and Goals

The modified PURA § 39.905, effective September 1, 2011, changed the calculation used to determine TNMP's goal, stating that for an electric utility whose amount of energy efficiency to be acquired under this subsection is equivalent to at least four-tenths of 1% of the electric utility's summer weather-adjusted peak demand for residential and commercial customers in the previous calendar year, the minimum goal shall not be less than four-tenths of 1% of the utility's summer weather-adjusted peak demand for residential and commercial customers, adjusted for distribution industrial opt-out, by December 31 of each subsequent year; and the amount of energy efficiency to be acquired for the utility's residential and commercial customers for the most recent preceding year.

As shown in the data in **Table 4**, a four-tenths of 1% goal would be 4.9 MW, which is less than the amount of energy efficiency to be acquired for the most recent preceding year. For 2015, TNMP has planned to achieve a goal of 5.77 MW,² and for 2016 TNMP has planned to achieve a goal of 5.74 MW.³

² Goal defined in Docket No. 42566.

³ P.U.C. SUBST. R. 25.181(e)(1)(A) states that a utility demand goal cannot be lower than its prior year's goal, except as adjusted in accordance with subsection (w).

Table 4 presents historical annual growth in demand for the previous five years that is used to calculate demand and energy goals. **Table 5** presents the projected demand and energy savings broken out by program for each customer class for 2015 and 2016. Projected savings for 2015 and 2016 reflect the budget allocations designed to meet TNMP's goals required by PURA § 39.905.

Table 4: Annual Growth in Demand and Energy Consumption⁴

Calendar Year (a)	Peak Demand (MW) @ Source				Energy Consumption (MWh) @ Meter						Peak Demand (MW) For Goal Residential & Commercial		
	Total System		Residential & Commercial		Total System		Residential & Commercial		Residential & Commercial		T&D Loss Factor %	Adjusted Load (m)	0.4% Peak Demand (n)
	Actual (b)	Weather Adjusted (c)	Actual (d)	Weather Adjusted (e)	Actual (f)	Weather Adjusted (g)	Actual (h)	Weather Adjusted (i)	Opt-Out (j)	Net (k)			
2007	1,477	1,472	1,274	1,269	6,702,077	NAV	4,964,077	NAV	NA	4,964,077	6.27%	1,189	
2008	1,428	1,429	1,216	1,217	6,908,762	NAV	5,001,187	NAV	(40,665)	4,960,522	6.29%	1,140	
2009	1,461	1,471	1,246	1,255	6,878,236	NA	5,058,553	NAV	(42,953)	5,015,600	6.46%	1,174	
2010	1,557	1,427	1,315	1,185	7,375,690	NA	5,297,092	NA	(47,920)	5,249,172	6.29%	1,111	
2011	1,650	1,549	1,366	1,266	7,898,331	7,649,246	5,482,026	5,232,941	(51,752)	5,181,189	6.14%	1,188	
2012	1,739	1,671	1,442	1,374	7,936,888	7,907,039	5,337,487	5,367,336	(55,940)	5,311,396	6.30%	1,287	4.7
2013	1,564	1,603	1,266	1,305	7,910,840	7,920,127	5,434,270	5,443,557	(60,177)	5,383,380	6.16%	1,224	4.8
2014	1,597	1,651	1,314	1,368	8,205,700	8,185,100	5,588,260	5,567,660	(67,155)	5,500,505	6.24%	1,282	4.9

*The columns (b) and (l) represent actual ERCOT settlement data, for TNMP's service territory, for the coincident peak for each year that was included in the four coincident peaks approved by the Commission for the ERCOT wholesale transmission matrix.

⁴ "NAV" - Not Available, "NA" - Not Applicable; Averages from 2010-2014 are not applicable to any of the calculations or goals in this EEP. Energy efficiency goals are calculated based upon the actual historical weather-adjusted growth in demand for the ten most recent years.

Table 5: Projected Demand and Energy Savings Broken Out by Program for Each Customer Class (at Meter)⁵

2015		
Customer Class and Program	Demand Goal (MW)	Energy Goal (MWh)
Commercial	5.917	7,240
Open for Small Business MTP	0.432	1,750
SCORE/CitySmart MTP	0.700	2,457
Commercial Solutions MTP	0.700	3,024
Load Management SOP	4.085	9,450
Residential	2.702	6,415
High-Performance Homes MTP	1.093	1,328
Residential SOP	1.609	5,087
Hard-to-Reach	0.678	1,696
Hard-to-Reach SOP	0.245	417
Low Income Weatherization	0.433	1,279
Total Annual Projected Savings	9.297	15,351
2016		
Customer Class and Program	Demand Goal (MW)	Energy Goal (MWh)
Commercial	5.465	7,311
Open for Small Business MTP	0.376	1,838
SCORE/CitySmart MTP	0.763	2,536
Commercial Solutions MTP	0.695	2,930
Load Management SOP	3.631	7
Residential	3.247	7,123
High-Performance Homes MTP	1.501	1,783
Residential SOP	1.746	5,341
Hard-to-Reach	0.471	1,187
Hard-to-Reach SOP	0.256	821
Low Income Weatherization	0.215	366
Total Annual Projected Savings	9.183	15,622

⁵ The projected savings in Table 6 are either as contracted in Statements of Work for 2015 or, if there is no applicable Statement of Work, projecting the same cost/kW from 2014 as used to estimate future achievement inclusive of a 2% inflation rate, and assuming achievement of the savings precisely as allocated from the exact same measure-mix. Historically, program funds are evaluated and reallocated as necessary among programs throughout the year, so it is highly likely that the actuals will differ from the projection.

IV. Program Budgets

Table 6 presents total proposed budget allocations required to achieve the projected demand and energy savings shown in **Table 5**. The budget allocations are defined by the overall projected demand and energy savings, the avoided costs of capacity and energy in P.U.C. SUBST. R. 25.181, allocation of demand goals among customer classes, and the incentive levels by customer class. The budget allocations presented in **Table 6** below are broken down by customer class, program, and the different budget categories: incentive payments, administration, research and development (“R&D”) and EM&V.

TNMP’s budget projections are designed to exceed the goal as encouraged by P.U.C. SUBST. R. 25.181(d), while staying within the cost caps established in subsection (f)(7). TNMP uses a historical estimate to project achievements, which does not account for other variables that would lower savings, in an attempt to still meet the goal. P.U.C. SUBST. R. 25.181(d) encourages TNMP to achieve demand reduction and energy savings through a portfolio of cost-effective programs that exceed each utility’s energy efficiency goals while staying within the cost caps. TNMP’s budget is designed to meet the goal established by Docket No. 42566 while remaining within the required cost caps.

Table 6: Proposed Annual Budget Broken Out by Program for Each Customer Class

2015	Incentives	Admin	R&D	Total Budget	EM&V
Commercial	1,646,650	308,747		1,955,397	
Open for Small Business MTP	518,400	97,200		615,600	
SCORE/CitySmart MTP	462,750	86,766		549,516	
Commercial Solutions MTP	465,500	87,281		552,781	
Load Management SOP	200,000	37,500		237,500	
Residential	1,068,641	200,370		1,269,011	
High-Performance Homes MTP	298,641	55,995		354,636	
Residential SOP	770,000	144,375		914,375	
Hard-to-Reach	670,000	125,625		795,625	
Hard-to-Reach SOP	370,000	69,375		439,375	
Low Income Weatherization	300,000	56,250		356,250	
Research & Development					
General			211,581		
Total Budgets by Category	3,385,291	634,742	211,581	4,231,614	99,652⁶
2016	Incentives	Admin	R&D	Total Budget	EM&V
Commercial	1,753,000	328,688		2,081,688	
Open for Small Business MTP	525,000	98,438		623,438	
SCORE/CitySmart MTP	520,000	97,500		617,500	
Commercial Solutions MTP	508,000	95,250		603,250	
Load Management SOP	200,000	37,500		237,500	
Residential	1,798,500	337,219		2,135,719	
High-Performance Homes MTP	600,000	112,500		712,500	
Residential SOP	1,198,500	224,719		1,423,219	
Hard-to-Reach	743,000	139,313		882,313	
Hard-to-Reach SOP	310,000	58,125		368,125	
Low Income Weatherization	433,000	81,188		514,188	
Research & Development					
General			268,406		
Total Budgets by Category	4,294,500	805,219	268,406	5,368,125	58,170⁷

⁶ Proposed budget for program year 2014 evaluation, as provided by EM&V contractor.

⁷ Proposed budget for program year 2015 evaluation. This budget will be confirmed and/or updated by the PUC and included in TNMP's EECRF filing on June 1, 2015.

Energy Efficiency Report

V. Historical Demand Savings Goals and Energy Targets for Previous Five Years

Table 7 documents TNMP's actual demand goals and energy targets for the previous five years (2010-2014).

Table 7: Historical Demand and Energy Savings Goals and Achievements (at the Meter)

Calendar Year	Actual Demand Goal (MW)	Actual Energy Goal (MWh)	Actual Demand Reduction (MW)	Actual Energy Savings (MWh)
2014	5.8	10,161	9.602	17,119
2013	5.108	8,949	10.294	16,981
2012	4.8	8,410	7.144	12,839
2011	4.8	8,266	4.960	13,416
2010	4.8	8,410	5.366	12,096

VI. Projected, Reported and Verified Demand and Energy Savings

Table 8: Projected versus Reported and Verified Savings for 2014 and 2013 (at Meter)

2014	Projected Savings⁸		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	5.249	6,456	5.686	6,685
Open for Small Business MTP	0.312	1,501	0.321	1,561
SCORE/CitySmart MTP	0.445	1,221	0.723	2,312
Commercial Solutions MTP	0.882	3,728	0.649	2,803
Load Management SOP	3.610	7,278	3.993	7,945
Residential	3.586	8,959	3.154	8,395
High-Performance Homes MTP	0.493	1,462	0.757	907
Residential SOP	3.093	7,497	2.397	7,488
Hard-to-Reach	0.812	1,270	0.762	2,039
Hard-to-Reach SOP	0.525	780	0.496	1,584
Low Income Weatherization	0.287	490	0.266	454
Total Annual Goals	9.647	16,686	9.602	17,119
2013	Projected Savings⁹		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	4.79	5,368	5.467	7,051
Small Business Pilot MTP	0.314	600	0.315	1,507
Load Management	2.727		3.702	7,376
SCORE/CitySmart MTP	0.672	1,832	0.367	1,012
Commercial Solutions MTP	1.077	2,936	1.083	4,525
Residential	2.738	5,863	3.807	7,664
ENERGY STAR Homes MTP	0.485	1,267	0.988	1,012
Large Residential SOP	1.644	3,418	1.635	3,642
Residential HVAC	0.226	437	0.041	122
Small Residential SOP	0.383	741	1.143	2,888
Hard-to-Reach	.733	1,996	1.021	2,265
Large Hard-to-Reach SOP	0.486	1,315	0.567	1,320
Low Income Weatherization	0.094	266	0.275	468
Small Hard-to-Reach SOP	0.153	415	0.179	477
Total Annual Goals	8.261	13,227	10.294	16,981

⁸ Projected Savings for 2014 as reported in the EEPR filed in Project No. 42264.

⁹ Projected Savings for 2013 as reported in the EEPR filed in Project No. 41196.

VII. Historical Program Expenditures

This section documents TNMP's incentive, administration, R&D, and EM&V expenditures for the previous five years (2010-2014) broken out by program for each customer class.

Table 9: Historical Program Incentive and Administration Expenditures for 2010 through 2014¹⁰

	2014				2013				2012				2011		2010	
	Incent.	Admin	R&D	EM&V ¹¹	Incent.	Admin	R&D	EM&V ¹²	Incent.	Admin	R&D	Incent.	Admin & R&D	Incent.	Admin	
Commercial																
Large Commercial SOP	1,403,224	129,315	23,851	38,078	1,445,795	158,846	4,864	38,504	1,067,742	150,086	60,000	1,033,323	78,438	877,695	65,220	
Small Commercial SOP									41,418	27,597		67,735	29,087	14,597	4,068	
Small Business MTP	390,500	34,621	6,637	10,123	393,750	40,395	874	6,668			60,000	7,181	3,084	2,523	746	
Commercial Solutions MTP	409,649	36,319	6,963	16,762	548,882	56,309	1,218	15,981	352,694	28,548						
SCORE/CitySmart & Comm Sol MTP	419,194	37,165	7,125	5,521	353,103	36,225	784	14,430	549,148	44,449		948,855	39,627	852,385	31,500	
Load Management Pilot	183,880	21,211	3,125	5,671	150,060	25,918	1,988	1,425	124,482	49,492		9,552	6,640	8,190	28,906	
Residential	1,502,143	279,280	80,092	40,998	1,372,654	329,131	22,005	46,178	957,514	178,824	935	879,601	131,041	1,030,724	161,194	
Small Residential SOP					470,802	123,279	7,548	7,230	145,681	29,630		46,538	6,084			
High-Performance Homes MTP	201,173	41,089	43,419	10,007	190,240	19,517	3,050	9,327	135,840	13,810		139,875	17,992	149,050		
Large Residential SOP	1,300,971	238,192	36,673	30,990	675,211	176,803	10,824	20,753	567,791	109,382		314,608	41,131	632,214	125,245	
Residential SOP – HVAC					36,401	9,532	584	8,868								
Small DRG Solar PV Pilot									108,202	26,001	935	107,540	30,339	88,488	10,783	
Underserved Area Pilot SOP												271,039	35,435	160,972	25,167	
Hard-to-Reach	897,828	171,393	20,604	18,853	949,136	229,308	14,106	20,784	722,401	149,907		678,773	115,012	553,250	66,658	
Small Hard-to-Reach SOP					133,500	34,957	2,140	5,930	87,567	17,810		79,313	10,369			
Large Hard-to-Reach SOP	477,475	87,420	13,459	7,975	416,402	109,035	6,675	9,518	317,684	64,614		331,088	43,285	392,348	45,545	
Low Income Weatherization	420,353	83,974	7,145	10,877	399,234	85,316	5,290	5,336	317,150	67,482		268,372	61,358	160,902	21,113	
Research & Development							177,254				104,250		50,000			
Energy Education Project							177,254				101,250		50,000			
General											3,000					
Total Annual Expenditures	3,803,195	579,989	124,547	97,928	3,767,585	717,285	218,229	105,466	2,747,658	478,816	165,185	2,591,697	374,491	2,461,669	293,072	

¹⁰ 2014 budget found at Table 10 in the current EEP; 2013 budget defined in Project No. 42264; 2012 budget defined in Project No. 41196; 2011 budget defined in Project No. 40194; 2010 budget defined in Project No. 39105.

¹¹ EM&V actual expenditures were allocated based on allocation factors provided by the EM&V contractor.

¹² EM&V actual expenditures were allocated based on allocation factors provided by the EM&V contractor.

VIII. Program Funding for Calendar Year 2014

As shown in

Table 10, TNMP spent a total of \$4,507,729 million, not including EM&V costs, on all of its energy efficiency programs in 2014 to meet the Commission & PURA's mandated budget. The total forecasted budget for 2014 was \$4.748 million.

Funds for achieving the energy efficiency goal will be collected in each utility's EECRF. Each utility shall track its energy efficiency expenditures separately from other expenditures and report these in their annual energy efficiency report. Funds not spent within a given year shall be considered as a source of funding for the following year, and the Commission shall consider utilities' requests to roll over unspent funds on a case-by-case basis in connection with the utilities' annual energy efficiency report.

Table 10: Program Funding for Calendar Year 2014

	Total Projected Budget	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin) ¹³	Actual Funds Expended (R&D)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining	% change ¹⁴
Commercial	1,801,250	1,169	1,403,223	129,315	23,851	1,556,389	0	244,861	
Open for Small Business MTP	497,500	731	390,500	34,621	6,637	431,758		65,742	13%
Commercial Solutions MTP	544,663	143	409,649	36,319	6,963	452,930		91,732	17%
SCORE/CitySmart MTP	570,350	209	419,194	37,165	7,125	463,484		106,866	19%
Load Management	188,738	86	183,880	21,211	3,125	208,216		-19,479	-10%
Residential	1,875,000	2,272	1,502,143	279,280	80,092	1,861,515	0	13,485	
High-Performance Homes	250,000	404	201,173	41,089	43,419	285,681		-35,681	-14%
Residential SOP	1,625,000	1,868	1,300,970	238,192	36,673	1,575,834		49,166	3%
Hard-to-Reach	1,071,875	778	897,828	171,393	20,604	1,089,825	0	38,300	
HTR SOP	596,875	583	477,475	87,420	13,459	578,354		18,521	3%
Low Income Weatherization	475,000	195	420,353	83,974	7,145	511,471		19,779	4%
Total Annual Expenditures	4,748,125	4,219	3,803,194	579,989	124,547	4,507,729	0	296,646	
EM&V	99,652					97,928		1,724	2%

¹³ Excludes EM&V because it is listed separately, but includes municipal rate case expenses, as also applies to Total Funds Expended.

¹⁴ For all program expenditures that decreased from the total projected budget by more than 10%, the funds were not fully subscribed in the program. For all program expenditures that increased from the total projected budget by 10%, the funds not spent in other programs in the same customer class were reallocated so they could be spent to reach TNMP's savings goal.

TNMP's 2014 targeted low income program met these requirements, as detailed in **Table 11** below:

Table 11: Meeting Low Income Weatherization Expenditure Requirement

2014 Budget	Required Expenditures	Actual Expenditures	% of requirement met
531,250	460,566	522,540	113%

IX. Evaluation, Measurement, and Verification (“EM&V”)

Pursuant to P.U.C. SUBST. R. 25.181(q), the Commission issued a Request for Proposals (“RFP”) in Project No. 40891 for an entity to provide services as an EM&V Contractor to assist the Commission in documenting the following:

- gross and net energy and demand impacts of utilities' individual energy efficiency and load management portfolios;
- determine cost effectiveness of utilities' programs;
- prepare and maintain a statewide Technical Reference Manual (“TRM”);
- provide feedback for the Commission, utilities, and other stakeholders on program portfolio performance; and
- provide input into the utilities' and ERCOT's planning activities.

On March 5, 2013, the PUCT awarded notice of proposal to Tetra Tech to implement their EM&V program. Tetra Tech shall develop an EM&V program that promotes effective program design, and consistent and streamlined reporting. Tetra Tech operates under the supervision and oversight of the Commission.

An estimated cost of the above referenced services has been incorporated into this EEPR filing for 2014 and is noted in **Table 6**.

X. Market Transformation Program Results

Open for Small Business MTP

TNMP retained CLEAResult in 2013 to broaden participation in the commercial sector to include more small business customers. Open MTP is a program designed to offer contractor and customer education on energy efficiency technologies, equip participating contractors with the tools they need to succeed in

generating revenue from projects in the small business market, and offer substantial incentive rates needed to move small (>10 and ≤ 100 kW peak demand) and very small (≤ 10 kW) businesses to install energy efficient products such as high efficiency lighting and refrigeration measures. For 2014, the program will simplify to one incentive for businesses with ≤ 100 kW. The program overcomes market barriers by providing incentives to help pay for energy efficiency upgrades. In addition, Open MTP connects customers with participating contractors that are qualified to provide design and installation services for energy efficient technologies and any additional technical support as needed to make the customer comfortable with the implementation of efficiency measures in their facilities.

The program design is a contractor direct install model enabling market transformation at the contractor and customer level. The program is based on contractor engagement and furthermore provides a Proposal Generation Software Application ("Proposal App") to empower participating contractors and to streamline program participation. The Proposal App enables participating contractors to perform facility surveys for eligible measures, generate and submit Customer Proposals and obtain electronic customer signature. The program focuses on educating and training participating contractors to provide customer support and will provide direct customer assistance as needed.

In 2014, TNMP projected acquisition of 312 kW demand savings from this program. TNMP verified and is reporting 320.93 kW. This included 731 projects in ten counties.

SCORE/CitySmart MTP

TNMP retained CLEAResult to offer the SCORE/CitySmart MTP in 2009 to schools and local government sectors. The program was designed to overcome obstacles to energy efficiency projects such as the institutional disconnect between the finance and facilities departments, the lack of firsthand experience with efficiency measures, limited budgets, and the lack of management decision-making processes necessary for identifying, prioritizing, and completing projects that will improve energy performance and reduce operating costs. The 2014 SCORE/CitySmart MTP continued to provide non-cash incentives such as building energy analysis (benchmarking), energy master planning seminars, technical assistance, communications support, and monetary incentives for the installation of documented energy efficiency measures that reduce peak demand and energy use.

The SCORE/CitySmart MTP has created change that can be tracked among partners, service providers, engineers, designers, and architects. This change has been achieved by assisting participants to identify energy efficiency opportunities, make informed financial decisions, successfully install energy-saving

projects in their facilities and provide Press Releases to promote accomplishments. In fact, many of the program partners have not previously considered improving their facilities' energy performance. Furthermore, the SCORE/CitySmart MTP has enrolled participants that had previously been unable to participate due to various barriers including lack of time, resources, and knowledge to complete the application process. The program has been effective in educating local contractors, architects, and engineers about newer, more cost-effective and energy efficient technologies for their customers. This is noteworthy as a number of these service providers represent new projects and savings for TNMP. The service provider component has been an integral part of developing long-term relationships and impact in the marketplace.

Tracking Success

Pursuant to P.U.C. SUBST. R. 25.181, as part of the 2009 Texas SCORE/CitySmart MTP, TNMP completed a baseline study of Texas schools and local governments. The primary objective of this study was to document the current status of energy use, key equipment, practices, and management within school and local government participants in TNMP's service territory. While the study confirmed that energy efficiency interest may not be a significant market barrier, financing, internal management and lack of energy efficiency education are all significant barriers. Many respondents noted they lack the time and procurement process to implement efficiency improvements, as well as the awareness of and familiarity with energy efficient technologies. Given the significant monetary and non-monetary barriers present in the marketplace, both resource acquisition and market transformation programs are needed.

Barriers to Entry

In 2014, TNMP projected acquisition of 445 kW demand savings from this program. In the fourth quarter of 2014, TNMP offered incentives for high-performance a/c tune-up measures to select SCORE/CitySmart MTP partners in order to motivate additional projects that could be completed within the program year. Participants were able to complete enough projects by year end in order to exceed the savings targeted. TNMP verified and is reporting 722.91 kW, including participation by 209 projects in fifteen counties.

Commercial Solutions MTP

TNMP retained CLEAResult to offer the Commercial Solutions component in 2009 to broaden program participation in commercial sectors. In 2012, TNMP separated the CS MTP from the SCORE/CitySmart

MTP. The program was designed to overcome obstacles to energy efficiency projects such as the institutional disconnect between the finance and facilities departments, the lack of firsthand experience with efficiency measures, limited budgets, and the lack of management decision-making processes necessary for identifying, prioritizing, and completing projects that will improve energy performance and reduce operating costs. The 2014 CS MTP provided non-cash incentives such as technical assistance and communications support as well as monetary incentives for the installation of documented energy efficiency measures that reduce peak demand and energy use.

Tracking Success

The CS MTP has created change that can be tracked among partners, service providers, engineers, designers, and architects. This change has been achieved by assisting participants to identify energy efficiency opportunities, make informed financial decisions, successfully install energy-saving projects in their facilities and provide Press Releases to promote accomplishments. In fact, many of the program partners had not previously considered improving their facilities' energy performance. Furthermore, the CS MTP has enrolled participants that had previously been unable to participate due to various barriers including lack of time, resources and knowledge to complete the application process. The program has been effective in educating local contractors, architects, and engineers about newer, more cost-effective and energy efficient technologies for their participants. This is noteworthy as a number of these service providers represent new projects and savings for TNMP. The service provider component has been an integral part of developing long-term relationships and impact in the marketplace.

Barriers to Entry

Pursuant with P.U.C. SUBST. R. 25.181, as part of the 2011 CS MTP, TNMP completed a baseline study of the commercial market. The primary objective of this study was to document the status of energy use, key equipment, practices, and management within commercial customers in TNMP's service territory. While the study identified that respondents are interested in finding ways to save energy, it confirmed they lack the understanding of the benefits and drawbacks of energy efficiency improvements. In addition, they reported encountering financing constraints, internal management restrictions, and lack of energy efficiency education. Many respondents noted they lack the time and procurement process to implement efficiency improvements, as well as the awareness of and familiarity with energy efficient technologies.

In 2014, TNMP projected acquisition of 882 kW demand savings from this program. TNMP verified and is reporting 648.81 kW. This included 143 projects in nine counties.

High-Performance Homes MTP

The primary objective of the High-Performance Homes program has been to achieve peak demand reductions and/or energy savings through increased sales of ENERGY STAR® certified and High-Performance qualified homes. Additionally, the program is designed to condition the market so that consumers are aware of and demand ENERGY STAR® certified and High-Performance qualified homes, and that builders have the technical capacity to supply them.

ENERGY STAR® recognized TNMP's accomplishments in the ENERGY STAR® Homes Program by awarding it the ES Outstanding Achievement Award in 2004-2008 and the Leadership in Housing Award for 2010, 2011, 2012, 2013, and 2014.

In 2014, TNMP certified 404 homes, resulting in 757.24 kW of reduced demand and 907,081.25 kWh of energy savings. In order to adapt to changes in the market, TNMP will continue the High-Performance Homes program update made in 2014 to incentivize energy efficiency savings that meet High-Performance specifications as well as ENERGY STAR® qualifications in 2015.

Low Income Weatherization

In 2013, TNMP partnered with five TDHCA sub-recipients and one not-for-profit agency to provide services under the program. Collectively, these agencies covered each region in Texas served by TNMP. Two of the sub-recipient agencies that signed participation agreements were not able to compete homes due to staffing cuts related to the end of the weatherization funding available under the American Recovery and Reinvestment Act ("ARRA").

The 2014 program achieved 113% of its spending goals, resulting in 195 homes weatherized, producing a savings of 265.98 kW and 454,095.18 kWh. The kW and kWh achievements were relative to 2013, largely due to the effort to target homes with electric resistance heating and replace these systems with high-efficiency heat pumps. Many of the affordable housing developments built in the 1970s and 1980s have HVAC system components that have not been replaced since the projects were built. Participating agencies were able to identify and conduct assessments on multifamily properties in Bosque, Somervell

and Galveston counties. In addition to other improvements, 14 SEER / 8.2 HSPF heat pumps were installed in these units.

XI. Current Energy Efficiency Cost Recovery Factor (“EECRF”)

TNMP filed its Application for Approval of an Energy Efficiency Cost Recovery Factor on May 30, 2014. The application and supporting documents are available for download from the PUCT Interchange under Docket No. 42566. Rates charged per class are billed per kWh monthly:

- Residential Service = \$0.001249
- Secondary Service Less than or Equal to 5kW = \$0.003534
- Secondary Service Greater than 5kW = \$0.000847
- Primary Service = \$0.000252
- Lighting = \$0.000420

The EECRF was filed, approved, and is being collected from Jan 1 – Dec 31, 2015. Rates went into effect March 1, 2015. TNMP will be filing for 2016 EECRF recovery by June 1, 2015.

XII. Revenue Collected through EECRF (2013)

Revenue Collected

TNMP collected \$5,404,987 from January 1, 2014 through December 31, 2014.

XIII. Over/Under-recovery of Energy Efficiency Program Costs

TNMP had an over-recovery of \$127,085¹⁵ for the 2014 program year, excluding the its rate case expenses of \$55,362 for processing Docket No. 42566 and the EM&V cost allocation of \$99,652. TNMP will true-up this amount, by rate class, in the 2016 EECRF filing.

XIV. Performance Incentive Calculation

As directed by the PUCT Staff, the total program costs to be used in the performance bonus calculation should include the EM&V cost allocation of \$99,652 provided by the EM&V team for the program year, instead of the actual EM&V expenditures of \$97,928, as well as all rate case expenses. As a result, the

¹⁵ Over-recovery amount includes a true-up to the EM&V projected costs collected through rates as approved in Docket No. 41496.

total program expenditures for the bonus calculation will not match the actual total program expenditures exhibited in the applicable tables above.

For the purposes of the performance bonus calculation, TNMP's 2014 total program costs equaled \$4,607,383.

Accordingly, for the purposes of calculating the cost caps, TNMP's 2014 total program costs equaled \$4,494,824, exclusive of EM&V costs and municipal rate case expenses.

Because TNMP exceeded the 2014 goals by 166% for kW and 168% for kWh savings, TNMP will request a performance incentive of \$679,142 as part of the 2016 EECRF filing.

Table 12: Performance Incentive Calculation

	kW	kWh
Demand and Energy Goals	5,800	10,161,600
Demand and Energy Savings	9,602	17,118,627
<i>Reported/Verified Total (including HTR, measures with 10yr EUL, and measures with EULs < or > 10 years)</i>	9,602	17,118,627
<i>Reported/Verified Hard-to-Reach</i>	762	
Avoided Cost		
<i>per kW</i>	\$80	
<i>per kWh</i>	\$0.04619 ¹⁶	
<i>Inflation Rate</i>	2.00%	
<i>Discount Rate</i>	9.90225%	
Total Avoided Cost		\$11,398,801
2014 Program Costs		\$4,607,382
Net Benefits		\$6,791,419
Performance Incentive		\$679,142

¹⁶ PUC SUBST. R. 25.181(d)(3) instructs that the Commission revise the avoided cost of demand and energy annually. The bonus achieved as reflected above includes a per kWh calculation that is impacted by an avoided cost of savings that will fluctuate in future years.

Acronyms

C&I	Commercial and Industrial
CCET	Center for the Commercialization of Electric Technologies
DR	Demand Response
DSM	Demand Side Management
EEP	Energy Efficiency Plan, which was filed as a separate document prior to April 2009
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report, which was filed as a separate document prior to April 2009
EE Rule	Energy Efficiency Rule, PUCT Substantive Rules § 25.181 and § 25.183
ERCOT	Electric Reliability Council of Texas
HTR	Hard-To-Reach
M&V	Measurement and Verification
MTP	Market Transformation Program
PUCT	Public Utility Commission of Texas
REP	Retail Electrical Provider
RES	Residential
SCORE	Schools Conserving Resources
SOP	Standard Offer Program

Glossary

Please refer to P.U.C. SUBST. R. 25.181(c) for a full list of definitions.

Appendix

Reported Demand and Energy Reduction by County 2014

Open for Small Business MTP			
County	Participants	kW	kWh
Bosque	181	59.78	264,048
Collin	12	9.37	53,283
Denton	319	180.85	867,473
Fannin	30	25.88	111,445
Grayson	20	6.37	24,825
Hamilton	47	17.28	149,330
Hill	19	4.82	22,759
Lamar	67	10.06	35,830
Red River	8	4.69	22,221
Somervell	28	1.83	9,988
TOTAL	731	320.93	1,561,202

Commercial Solutions MTP			
County	Participants	kW	kWh
Brazoria	10	40.70	172,099
Collin	4	7.11	32,349
Coryell	1	4.77	31,253
Denton	12	403.08	1,722,472
Galveston	110	172.25	758,967
Grayson	1	2.32	15,201
Hill	3	8.45	37,981
Reeves	1	0.17	258
Somervell	1	9.96	32,714
TOTAL	143	648.81	2,803,294

SCORE/CitySmart MTP			
County	Participants	kW	kWh
Bosque	15	37	164,979
Brazoria	54	72.05	117,693
Coryell	2	8.72	11,125
Denton	18	123.52	426,507
Fannin	1	3.27	4,062
Galveston	76	226	740,931
Grayson	9	33	102,094
Hamilton	1	0.87	1,107
Hill	8	29	179,486
Hood	4	10.66	72,403
Palo Pinto	4	31.28	159,012
Pecos	8	76.85	148,699
Reeves	2	60.20	107,267
Somervell	6	10.10	75,915
Young	1	0.74	918
TOTAL	209	722.91	2,312,198

Load Management SOP			
County	Participants	kW	kWh
Bosque	1	1	1
Brazoria	24	2,967	5,923
Collin	2	9	18
Coryell	2	46	91
Denton	9	236	466
Fannin	1	2	4
Galveston	19	310	611
Hamilton	2	0	0
Hunt	1	4	7
Johnson	1	2	4
Lamar	1	6	11
Montague	1	7	14
Pecos	8	255	507
Rains	1	1	2
Red River	1	1	2
Reeves	3	19	34
Somervell	1	0	0
Valley Mills	1	0	0
Whitewright	1	4	8
Winkler	6	123	242
TOTAL	86	3,993	7,945

High-Performance Homes MTP			
County	Customers	kW	kWh
Archer	1	1.66	712.22
Brazoria	36	59.67	119,654.46
Galveston	367	695.91	786,714.57
TOTAL	404	757.24	907,081.25

Residential SOP			
County	Customers	kW	kWh
Bosque	1	5.39	12,078
Brazoria	86	66.28	273,752
Collin	45	71.80	241,315
Denton	719	1,309.12	4,041,267
Galveston	826	365.41	1,435,558
Grayson	58	163.83	571,169
Pecos	29	106.97	239,102
Reeves	95	286.37	629,177
Winkler	9	21.65	44,903
TOTAL	1,868	2,396.80	7,488,321

Hard-to-Reach SOP			
County	Customers	kW	kWh
Brazoria	374	137.09	527,702
Collin	24	45.97	146,040
Denton	131	197.31	617,028
Galveston	25	16.36	69,215
Grayson	2	3.10	14,953
Pecos	5	21.02	45,761
Reeves	17	64.59	141,790
Winkler	5	10.82	22,002
TOTAL	583	496.26	1,584,491

Low Income Weatherization			
County	Participants	kW	kWh
Bosque	41	99.64	178,336
Galveston	22	75.06	98,202
Grayson	1	1.57	2,696
Hamilton	3	9.82	17,327
Hill	44	17.64	45,751
Rains	1	0.42	1,002
Red River	44	8.13	20,755
Somervell	38	52.25	87,615
Titus	1	1.46	2,412
TOTAL	195	265.98	454,095