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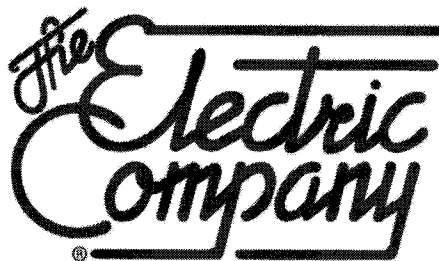
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**El Paso Electric Company**  
**2015 Energy Efficiency Plan and Report**  
**Substantive Rule § 25.181 and § 25.183**

**April 1, 2015**

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**Project No. 44480**



**El Paso Electric**

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## INTRODUCTION

El Paso Electric Company (EPE or Company) presents this Energy Efficiency Plan and Report (EEPR) to comply with Public Utility Commission of Texas (PUCT) Substantive Rules 25.181 and 25.183, which are the sections of the Energy Efficiency Rule (EE Rule) implementing the Public Utility Regulatory Act (PURA) § 39.905. As mandated by this section of PURA, Substantive Rule 25.181(e)(1) states that each investor owned electric utility must achieve the following minimum demand reduction goals through market-based standard offer programs (SOPs), targeted market transformation programs (MTPs) or utility self-delivered programs:

§25.181(e)(1) An electric utility shall administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:

- (A) The utility shall acquire no less than a 25% reduction of the electric utility's annual growth in demand of residential and commercial customers for the 2012 program year.
- (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% of 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.

The EE Rule includes specific requirements related to the implementation of SOPs, MTPs and utility self-delivered programs that control the manner in which utilities must administer their portfolio of energy efficiency programs in order to achieve their mandated annual demand reduction goals. EPE's plan enables it to meet its statutory goals through implementation of energy efficiency programs in a manner that complies with PURA § 39.905 and the EE Rule. This EEPR covers the report for 2014 and projections for 2015 and 2016 as required by the EE Rule. The following section describes the information that is contained in each of the subsequent sections and appendices.

## **ENERGY EFFICIENCY PLAN AND REPORT ORGANIZATION**

This EEPR consists of an executive summary, fourteen sections, a list of acronyms, glossary and one appendix.

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

### **Energy Efficiency Plan**

- Section I describes EPE'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 EPE's previous EEPR.
- Section II explains EPE's targeted customer classes, specifying the size of each class and the method for determining those class sizes.
- Section III presents EPE's goal calculation and projected energy efficiency savings for the prescribed planning period by program for each customer class.
- Section IV describes EPE's proposed energy efficiency budgets for 2015 and 2016 by program for each customer class.

### **Energy Efficiency Report**

- Section V documents EPE's demand reduction goals for each of the previous five years (2010-2014) and the actual savings achieved for those years.
- Section VI compares EPE's projected energy and demand savings to its reported savings by program for calendar years 2013 and 2014.
- Section VII details EPE's incentive and administration expenditures for the previous five years (2010-2014) detailed by program for each customer class.
- Section VIII compares EPE's actual and budgeted program costs for 2014 detailed by program for each customer class. It also explains any deviation of more than 10% from EPE's overall program budget.
- Section IX describes the results from EPE's MTPs and the self-delivered program.
- Section X documents EPE's most recent Energy Efficiency Cost Recovery Factor (EECRF).
- Section XI reflects EPE's revenue collection through the 2014 EECRF.
- Section XII details the over/under recovery of EPE's energy efficiency program costs for 2014.
- Section XIII reports the number of customers served and the savings relative to the three counties served by EPE in Texas.
- Section XIV details the performance incentive calculation.

**Acronyms** – a list of abbreviations for common terms used within this document.

**Appendix A** – Reported kW and kWh Savings by county for each program.

## EXECUTIVE SUMMARY

The Energy Efficiency Plan portion of this EEPR details EPE's plans to meet the energy efficiency demand reduction goal for 2015 as established pursuant to PUCT Substantive Rule 25.181(e)(2). The final order of Docket No. 42449<sup>1</sup> issued on November 24, 2014, established the Energy Efficiency Cost Recovery Factor (EECRF) rates applicable to EPE for 2015. The order also left in place the same demand reduction goal as EPE had in 2014 for the 2015 energy efficiency programs. This goal was 11.16 MW, which is greater than four-tenths of one percent of EPE's 2014 weather-adjusted peak demand. The final order of Docket No. 42449 also established an energy efficiency program budget for 2015 of \$4,384,650.<sup>2</sup> In accordance with Substantive Rule 25.181(e)(1)(E), EPE's demand reduction goal in any year shall not be lower than its goal for the prior year, so EPE's 2016 demand reduction goal should also remain at 11.16 MW.

The goals, budgets and implementation plans that are included in this EEPR are influenced substantially by the requirements of the EE Rule and lessons learned regarding energy efficiency service providers and customer participation in the various energy efficiency programs. A summary of projected goals and budgets is presented in Table 1.

The Energy Efficiency Report portion of this EEPR shows that, in 2014, EPE achieved a demand reduction in excess of its goal. This was accomplished through the implementation of SOPs, MTPs and a utility self-delivered program. In 2014, the Company achieved a demand reduction of 13.557 MW which exceeded the demand reduction goal of 11.16 MW by 21.48%.

The SOPs that EPE provided in 2014 were the Commercial SOP and the Load Management SOP. The MTPs were the Small Commercial Solutions MTP, the Large Commercial & Industrial (C&I) Solutions MTP, the Texas Schools and Cities Conserving Resources MTP (Texas SCORE MTP), the Residential Solutions MTP, the LivingWise<sup>®</sup> MTP, the Hard-to-Reach Solutions MTP, the Appliance Recycling MTP, and the Solar Photovoltaic (PV) Pilot MTP. The self-delivered program for 2014 was the Commercial Rebate Pilot Program.

**Table 1: Summary of 2015 & 2016 Projected Goals, Savings and Budgets<sup>3</sup>**

Calendar Year	Average Growth in Demand (MW at Source)	Goal Metric: 30% of 5-year Average Growth of Demand (MW at Meter)*	Goal Metric: .4% of Prior Yr. Peak Demand (MW)	Statutory Peak Demand Goal (MW)**	Energy Goal (MWh)***	Projected MW Savings (at Meter)	Projected MWh Savings (at Meter)	Proposed Budget (000's)
2015	39.2	10.73	5.156	11.16	19,552	12.479	20,876	\$4,552
2016	38.6	10.58	5.313	11.16	19,552	12.551	21,788	\$4,503

\* Demand goal at the meter = (5-year average growth x 30%) x (1 - 0.0872 line loss at EPE Meter)<sup>4</sup>

\*\* Demand goal is never lower than the prior year's goal

\*\*\* Calculated using a 20% conservation load factor

<sup>1</sup> Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Cost Cap, Docket No. 42449.

<sup>2</sup> Id. at Finding of Fact No. 14

<sup>3</sup> Average Growth in Demand and Weather Adjusted Peak Demand are found in Table 4, Projected Demand and Energy Reductions are found in Table 5, and Proposed Budgets are found in Table 6.

<sup>4</sup> Based on EPE's 2010 Analysis of System Losses completed on December 20, 2011.

In order to reach the above projected savings for 2015 and 2016, EPE proposes to offer the following programs:

- **Standard Offer Programs**
  - Commercial SOP
  - Load Management SOP
- **Market Transformation Programs**
  - Small Commercial Solutions MTP
  - Large C&I Solutions MTP
  - Texas SCORE MTP
  - Residential Solutions MTP
  - LivingWise® MTP
  - Hard-to-Reach Solutions MTP
  - Appliance Recycling MTP
  - Solar Photovoltaic (PV) Pilot MTP
- **Self-Delivered Program**
  - Commercial Rebate Pilot Program

EPE has entered into an agreement with Frontier Associates LLC (Frontier) to continue to assist with EPE's Commercial SOP, Solar PV Pilot MTP, and the Commercial Rebate Pilot Program.

EPE has also entered into an agreement with CLEAResult Consulting Inc. (CLEAResult) to continue to implement EPE's Texas SCORE MTP and the four "Solutions" MTPs.

EPE has entered into an agreement with Resource Action Programs to continue to offer EPE's LivingWise® MTP.

EPE has entered into an agreement with JACO Environmental (JACO) to continue to offer EPE's Appliance Recycling MTP.



## ENERGY EFFICIENCY PLAN

### I. 2015 Programs

#### A. 2015 Program Portfolio

El Paso Electric Company (EPE or Company) plans to continue the implementation of two SOPs, eight MTPs and one self-delivered program in 2015. These programs have been structured to comply with recently passed rules governing program design and evaluation. These programs target both broad market segments and specific market segments that offer significant opportunities for cost-effective savings. EPE anticipates that targeted outreach to a broad range of service providers will be necessary in order to meet the demand reduction goals established by the PUCT for EPE. Table 2 below summarizes the programs and target markets:

**Table 2: 2015 Energy Efficiency Program Portfolios**

Program	Target Market	Application
Commercial SOP	Large and Small Commercial and Industrial	Retrofit; New Construction
Small Commercial Solutions MTP	Small Commercial (<100kW)	Retrofit; New Construction
Large C&I Solutions MTP	Large Commercial and Industrial (≥100kW)	Retrofit; New Construction
Texas SCORE MTP	City, County Governments and Schools	Retrofit; New Construction
Load Management SOP	Commercial, Government and Schools	Load Management
Commercial Rebate Pilot Program	Large and Small Commercial	Retrofit
Residential Solutions MTP	Residential	Retrofit
LivingWise <sup>®</sup> MTP	Residential	Educational; Retrofit
Hard-to-Reach Solutions MTP	Residential Hard-to-Reach	Retrofit
Appliance Recycling MTP	Residential and Commercial	Appliance Recycling
Solar PV Pilot MTP	Residential and Commercial	Retrofit; New Construction

The programs in Table 2 are described in further detail below. EPE maintains a website containing links to the program manuals, the requirements for project participation, and available electronic forms at [www.epelectric.com](http://www.epelectric.com). Program manuals can be found at the following website: [www.epelectric.com/tx/business/program-manuals-and-guidelines](http://www.epelectric.com/tx/business/program-manuals-and-guidelines).

## **B. Existing Programs**

### **Commercial SOP**

The Commercial SOP targets small and large commercial and industrial customers. Incentives are paid to qualified project sponsors or commercial customers who act as their own project sponsor. Incentives of \$194 per kW and \$0.05 per kWh are paid for qualified measures installed in new or retrofit applications that provide verifiable demand and energy savings. Commercial and industrial customers with a demand of 50 kW or greater may act as their own project sponsor. EPE plans to continue this program in 2015 and 2016.

### **Small Commercial Solutions MTP**

The Small Commercial Solutions MTP offers customers, with a peak demand of less than 100 kW, both cash and non-cash incentives. The cash incentive of \$400 per reduced kW is paid to customers, through participating contractors, for eligible energy efficiency measures that are installed in new or retrofit applications. This program also provides non-cash incentives which include technical assistance, education on energy efficiency projects, and communications services to customers and participating contractors. In addition to capturing demand and energy savings, the implementer helps small commercial contractors improve their ability to identify, evaluate, and sell energy efficiency improvements to small business owners. Also, this program assists customers in evaluating energy efficiency proposals from contractors. EPE plans to continue this program in 2015 and 2016. The Small Commercial Solutions Program will continue working with contractors and business owners to improve energy efficiency in the targeted market. This program will continue to expand outreach to active contractors and other building industry players to raise overall energy efficiency practices across the marketplace.

### **Large Commercial & Industrial (C&I) Solutions MTP**

The Large C&I Solutions MTP offers customers, with a peak demand of equal to or greater than 100 kW, both cash and non-cash incentives. The cash incentive of \$240 per reduced kW is paid to customers for eligible energy efficiency measures that are installed in new or retrofit applications. This program helps companies to (1) identify, evaluate, and undertake energy efficiency improvements; (2) properly evaluate energy efficiency proposals from vendors; and/or (3) understand how to leverage their energy savings to finance projects. The Large C&I Solutions Program also provides measurement and verification for projects, as necessary. EPE plans to continue this program in 2015 and 2016. The Large C&I Solutions MTP will continue its outreach to active contractors, architectural firms, engineering firms, and other building industry players to raise overall energy efficiency practices across the marketplace.

### **Texas SCORE MTP**

The Texas SCORE MTP promotes a structured process for K-12 school districts, higher education and local governments to identify opportunities and implement energy efficiency measures. This program pays a cash incentive of \$240 per reduced kW to schools and local governmental entities for the installation of energy efficiency measures, as well as non-cash incentive tools used to identify their critical needs and promote best business practices. This program is designed to assist and educate these customers in improving their facilities' energy performance and reducing their operating costs by integrating energy efficiency into their short- and long-term planning. This program also helps these customers identify, prioritize, budget, and complete energy efficiency projects. As each entity commits to participating in the Texas SCORE MTP, a benchmarking

analysis is conducted. The benchmarking data compares energy performance within the school campuses and government facilities against national and state averages. This data also serves as the program baseline data. EPE will continue to offer its Texas SCORE MTP in 2015 and 2016. EPE will continue working with schools and governmental entities to expand the scope of energy efficiency opportunity areas to include measurement and verification measures, as appropriate. The Texas SCORE Program will also continue to provide outreach to active contractors, architectural firms, engineering firms, and other building industry players to raise overall energy efficiency practices across the marketplace.

### **Load Management SOP**

The Load Management SOP allows participating customers or third-party sponsors to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. Commercial customers, governmental entities, and educational customers taking service at the distribution level are eligible to participate in the program. Incentives are based on verified demand savings that customers are able to achieve in response to notifications of voluntary curtailment events by EPE. Demand savings and incentive payment amounts are based on the actual, verified load curtailments. EPE plans to continue this program in 2015 with a slight change to the incentive level from a maximum of \$60 per kW of reduction to a maximum of \$50 per kW of reduction up to their contracted amount. EPE also plans to continue this program in 2016.

### **Commercial Rebate Pilot Program**

In 2011, Senate Bill No. 1910 amended Chapter 39 Sec. 555<sup>5</sup> of the Texas Utilities Code allowing an electric utility subject to this subchapter to market energy efficiency and renewable energy programs directly to retail electric customers and to provide rebate and incentive funds directly to customers in its service territory. In 2012, pursuant to this amendment, EPE implemented the Commercial Rebate Pilot Program which is a self-delivered program.

The Commercial Rebate Pilot Program (Commercial Rebate Program) is a self-delivered program that is designed to provide demand and energy savings by subsidizing part of the high up-front cost for installing specific energy efficiency measures to certain market segments. Currently there are two measures that EPE offers under this program, the room HVAC control measure and the vending machine control measure. The room HVAC control measure is designed primarily to address energy management solutions for hotel rooms, university dormitories and school classrooms. The vending machine control measure is designed to provide energy and demand savings by controlling the operation of vending machines in commercial customer facilities. Eventually, EPE anticipates adding additional measures or products to this program. EPE plans on continuing to offer this program in 2015 and 2016.

### **Residential Solutions MTP**

The Residential Solutions MTP offers both cash and non-cash incentives. The cash incentives vary by measure and are paid to customers, through participating contractors, for eligible energy efficiency measures that are installed in existing residences. This program also provides non-cash incentives which include technical assistance and education on energy efficiency projects to participating contractors. In addition to capturing demand and energy savings, this program helps residential contractors improve their ability to identify, evaluate, and sell energy efficiency improvements to home owners. EPE plans to continue this program in 2015 and 2016.

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<sup>5</sup> Act of May 26, 2011, 82<sup>nd</sup> Leg S.B. 1910 Section 39.555 Marketing of Energy Efficiency and Renewable Energy Programs.

## **LivingWise® MTP**

The LivingWise® MTP is implemented by Resource Action Programs. This program serves as an effective community outreach program to improve customer awareness of energy efficiency programs and measures. The LivingWise® program is designed to generate immediate and long-term energy savings for participants.

Through this program, EPE identifies and enrolls teachers and sixth-grade students, providing them with a LivingWise® kit that contains energy saving devices and energy efficiency educational materials. All of the materials provided meet state and national educational standards, which allow the program to easily fit into the teachers' existing schedules and requirements. The students take the LivingWise® kit home and, with the help of their parents, install the devices in their homes and complete a home energy audit report. The LivingWise® staff tabulates all responses including home audits, teacher responses, student input and parent responses. EPE plans on continuing this program in 2015 and 2016.

## **Hard-to-Reach Solutions MTP**

The Hard-to-Reach Solutions MTP offers both cash and non-cash incentives. This program targets residential customers that are at or below 200% of the Federal Poverty Guidelines. The cash incentives vary by measure and are paid to customers, through participating contractors, for eligible energy efficiency measures that are installed in existing residences. This program also provides non-cash incentives which include technical assistance and education on energy efficiency projects to participating contractors. In addition to capturing demand and energy savings, this program helps residential contractors improve their ability to identify, evaluate, and sell energy efficiency improvements to home owners. EPE plans to continue this program in 2015 and 2016.

## **Appliance Recycling MTP**

The Appliance Recycling MTP provides incentives designed to encourage EPE's customers to recycle their older, less efficient refrigerators and freezers rather than use them as secondary or backup units. The Appliance Recycling MTP offers eligible customers a \$30 incentive for EPE to remove and recycle their old refrigerator or freezer. EPE plans to continue this program in 2015 and 2016.

## **Solar Photovoltaic (PV) Pilot MTP**

Historically, the high up-front cost of installing solar PV distributed generation systems has been a barrier to customers installing energy-efficient solar generation. The EPE Solar PV Pilot MTP encourages customers to install solar PV systems on their homes and businesses by offering an incentive of \$0.75/watt dc, up to a maximum of 10 kW. EPE will continue to offer this program in 2015, but plans to eliminate it in 2016.

## **C. *New Programs for 2015 and 2016***

EPE will not be implementing new programs in 2015 and does not anticipate implementing new programs in 2016.

## **D.     *Discontinued Programs for 2015 and 2016***

EPE will not discontinue any program for 2015; however, it plans to discontinue the Solar PV Pilot Program in 2016. EPE began its Solar PV Pilot Program in 2010 to defray some of the high up-front costs to customers for installing solar PV distributed generation systems on their homes and businesses. In 2011, the City of El Paso provided additional non-recoverable funding for this program. The City of El Paso continued to provide additional funding through 2014, but decided not to participate in 2015. As the cost of these systems went down over the years, EPE adjusted incentive and funding levels for this program. This program will be phased out in 2016. Going forward, EPE plans to focus its renewable resource efforts on projects that can benefit all customers, such as utility-scale solar PV projects and community solar PV projects.

## **E.     *General Implementation Process***

### **Program Implementation**

In 2015, EPE will continue to conduct activities to implement energy efficiency programs in a non-discriminatory and cost-effective manner. EPE will provide program announcements to the Energy Efficiency Service Provider (EESP) community in the form of pertinent news and updates, as necessary.

EPE announced the 2015 Commercial SOP and the Solar PV Pilot MTP on the EPE website and through the use of webinars. At that point, EPE opened its on-line application pages to provide EESPs with the program manuals and applicable forms. These application pages also provide program information and assist EESPs in preparing project applications. EPE began to accept applications in January for the Commercial SOP and in February for the Solar PV Pilot MTP.

In March 2015, EPE announced its 2015 Load Management SOP through the EPE website. EESPs who participated in the 2014 Load Management SOP were also sent e-mails to inform them of the opening of this program. The program manual and initial application were made available to EESPs on the website. All applications are considered on a first-come, first-served basis and reviewed for eligibility. Once approved, EESPs will be informed of their acceptance into the program.

All of the remaining MTPs and the Commercial Rebate Pilot Program were opened for new projects in January 2015. The MTPs were announced through kick-off meetings, informative e-mails to EESPs, direct communication, and the EPE website. The Commercial Rebate Pilot Program was announced through on-going direct communication with targeted customers.

### **Program Tracking**

EPE uses online databases to track program activity for the various SOPs, MTPs and the self-delivered program. These databases are accessible to project sponsors, EESPs, implementers, and administrators depending upon the associated program. The on-line databases capture customer and project information such as utility meter number or account number, proposed measures and associated energy savings, and incentive amounts.

## Measurement and Verification

The majority of projects implemented through EPE's energy efficiency programs report demand and energy reductions utilizing deemed savings as approved by the PUCT. If the deemed savings approach is not applicable for a particular installation, savings will be reported using an approved measurement and verification approach. Guidelines within the International Performance Measurement and Verification Protocol (IPMVP) will be used where:

- a PUCT-approved deemed savings is not available for the energy efficiency measure(s) included in an eligible project; or
- an EESP has elected to follow the protocol because it believes that measurement and verification activities will result in a more accurate estimate of the savings associated with the project than would the application of the PUCT-approved deemed savings value.

The IPMVP is voluminous and is not included with this plan.

In the EE Rule, the PUCT implemented an evaluation, measurement, and verification (EM&V) process that included the selection of an EM&V contractor in 2013. The PUCT has selected a third-party EM&V contractor led by Tetra Tech and includes TCAT - Texas Center for Applied Technology, Texas A&M Engineering, Texas Energy Engineering Services, The Cadmus Group, Itron and Johnson Consulting Group. EPE will continue to provide all of the necessary information and data to the EM&V team. Tetra Tech will continue to be the statewide EM&V contractor through 2015.

## F. Outreach and Research Activities

EPE anticipates that outreach to a broad range of EESPs and market segments will be necessary in order to meet the savings goals required by Section (e)(1) of the EE Rule and PURA § 39.905. EPE markets the availability of its programs in the following manner:

- EPE maintains the websites [www.epelectric.com](http://www.epelectric.com) and [www.epelectricefficiency.com](http://www.epelectricefficiency.com). The use of the websites is one of the primary methods of communication to provide potential project sponsors and customers with program information. The websites contain detailed information such as requirements for program participation, project eligibility, end-use measure eligibility, incentive levels, application procedures, program manuals, and available funding.
- EPE offers outreach workshops, either physically or through webinars, for SOPs and MTPs. EPE invites the appropriate EESPs to participate in the workshops. The workshops describe the requirements for program participation, project eligibility, end-use measure eligibility, incentive levels, application procedures, and available funding. .
- EPE gauges EESP interest in its workshops by participation levels. If warranted, EPE will offer workshops dedicated to specific measures.
- EPE includes bill inserts several times a year to inform customers of the availability of EE programs.
- EPE maintains a dedicated Energy Efficiency (EE) phone line to provide customers with direct access to EE personnel on program availability, participation requirements, incentive levels, application procedures, and available funding.

- EPE utilizes mass electronic mail (e-mail and webinar) notifications to keep potential project sponsors interested and informed.

**G. Existing Demand Side Management (DSM) Contracts or Obligations**

EPE has entered into an agreement with Frontier to continue to assist with EPE's Commercial SOP, Solar PV Pilot MTP, and the Commercial Rebate Pilot Program.

EPE has also entered into an agreement with CLEAResult to continue to implement EPE's Texas SCORE MTP and the four "Solutions" MTPs.

EPE has entered into an agreement with Resource Action Programs to continue to offer EPE's LivingWise® MTP.

EPE has entered into an agreement with JACO to continue to offer EPE's Appliance Recycling MTP.

## II. Customer Classes

For the twelve months ending December 2014, there was an average of 269,023 residential accounts in the EPE Texas service territory. Based on the U.S. Census Bureau's 2012 American Community Survey, 50.98% of El Paso County's residential customers are at or below 200% of the Federal Poverty Guidelines. This percentage translates to approximately 137,148 of EPE's residential accounts that fall into the Hard-to-Reach Customer Class. The average number of commercial accounts for this same time period was 32,900.

Customer classes targeted by EPE's energy efficiency programs are residential and commercial customer classes that take service at the distribution level. Transmission level customers are not eligible to participate. The total residential class includes the Hard-to-Reach accounts. Table 3 summarizes the number of customers in each of the customer classes for 2014.

**Table 3: Summary of Texas Residential and Commercial Customer Classes (2014)**

<b>Customer Class</b>	<b>Number of Texas Customers</b>
<b>Total Residential</b>	<b>269,023</b>
<b>Hard-to-Reach<sup>6</sup></b>	<b>137,148</b>
<b>Total Commercial</b>	<b>32,900</b>

## III. Projected Energy Efficiency Savings and Goals

As reflected in PUCT Docket No. 42449, EPE's Energy Efficiency demand reduction goal for 2015 is 11.16 MW which mirrored the 2014 goal. Following is the Section of the EE Rule that describes how utilities are to calculate their minimum demand reduction goals:

§25.181(e)(1) An electric utility shall administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:

- (A) The utility shall acquire no less than a 25% reduction of the electric utility's annual growth in demand of residential and commercial customers for the 2012 program year.
- (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% of 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.

<sup>6</sup> According to the U.S. Census Bureau's 2012 American Community Survey, 50.98% of El Paso County's families fall below 200% of the Federal Poverty Guidelines. Applying that percentage to EPE's residential customer base of 269,023, the number of HTR customers is estimated at 137,148.



- (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.

The demand reduction goal to be acquired in 2015 (11.16 MW) is greater than four-tenths of one percent of EPE's 2014 weather-adjusted peak demand, which would be 5.156 MW as shown in Table 1 . In accordance with Section (e)(1)(E) of the EE Rule, EPE's demand reduction goal in any year shall not be lower than its goal for the prior year. In light of the parameters established by the EE Rule, EPE's goal should remain at 11.16 MW (0.84% of the anticipated 2015 weather-adjusted peak demand) for 2016 as shown in Table 1. The corresponding energy savings goals for all years are determined by applying a 20% capacity factor to the demand reduction goals.

Table 4 presents historical annual growth in demand for the previous five years. Projected demand reduction and energy savings by program by customer class for 2015 and 2016 are presented in Table 5. Projected demand reduction and energy savings for 2015 reflect the budget allocations designed to meet EPE's goals as established in PUCT Docket No. 42449.

Table 4: Annual Growth in Demand and Energy Consumption

Calendar Year	Peak Demand (MW at Source) <sup>7</sup>				Energy Consumption (MWh at Meter)				Growth (MW at Source)	Average Growth (MW) <sup>8</sup>
	Total Texas System		Residential & Commercial		Total Texas System		Residential & Commercial			
	Actual	Weather Adjusted	Actual	Weather Adjusted <sup>9</sup>	Actual	Weather Adjusted	Actual	Weather Adjusted		
2010	1,252	1,242	1,146	1,135	5,787,922	5,742,663	4,952,221	4,906,962	42	NA
2011	1,314	1,290	1,213	1,188	5,954,789	5,847,816	5,190,202	5,083,229	53	NA
2012	1,294	1,287	1,191	1,184	6,035,970	6,003,736	5,279,626	5,247,392	-4	NA
2013	1,357	1,352	1,252	1,248	6,028,388	6,008,772	5,276,023	5,256,408	64	NA
2014	1,385	1,385	1,289	1,289	5,973,273	5,973,273	5,211,869	5,211,869	41	NA
2015	NA	NA	NA	NA	NA	NA	NA	NA	NA	39.2
2016	NA	NA	NA	NA	NA	NA	NA	NA	NA	38.6

<sup>7</sup> Beginning with this EEPR, the Peak Demand consumption data is reported "at Source" rather than "at Meter".

<sup>8</sup> Average historical growth in demand over the prior five years for residential and commercial customers

<sup>9</sup> No customers have provided an industrial identification notice to EPE.

**Table 5: Projected Demand and Energy Savings Broken Out by Program for Each Customer Class**

<b>2015</b>		<b>Projected Savings (at Meter)</b>	
<b>Customer Class and Program</b>		<b>kW</b>	<b>kWh</b>
<b>Commercial</b>		<b>10,696</b>	<b>15,954,572</b>
Commercial SOP		600	2,628,000
Small Commercial Solutions MTP		730	3,197,400
Large C&I Solutions MTP		1,800	7,884,000
Texas SCORE MTP		500	1,971,000
Load Management SOP		7,000	14,000
Commercial Rebate Pilot Program		66	260,172
<b>Residential</b>		<b>540</b>	<b>2,042,483</b>
Residential Solutions MTP		400	700,800
LivingWise® MTP		140	1,341,683
<b>Hard-to-Reach</b>		<b>800</b>	<b>1,051,200</b>
Hard-to-Reach Solutions MTP		800	1,051,200
<b>Residential / Commercial</b>		<b>443</b>	<b>1,827,336</b>
Appliance Recycling MTP		202	1,415,616
Solar PV Pilot MTP		241	411,720
<b>Total</b>		<b>12,479</b>	<b>20,875,591</b>
<b>2016</b>		<b>Projected Savings (at Meter)</b>	
<b>Customer Class and Program</b>		<b>kW</b>	<b>kWh</b>
<b>Commercial</b>		<b>10,991</b>	<b>17,246,672</b>
Commercial SOP		684	2,995,920
Small Commercial Solutions MTP		730	3,197,400
Large C&I Solutions MTP		2,011	8,808,180
Texas SCORE MTP		500	1,971,000
Load Management SOP		7,000	14,000
Commercial Rebate Pilot Program		66	260,172
<b>Residential</b>		<b>558</b>	<b>2,074,019</b>
Residential Solutions MTP		418	732,336
LivingWise® MTP		140	1,341,683
<b>Hard-to-Reach</b>		<b>800</b>	<b>1,051,200</b>
Hard-to-Reach Solutions MTP		800	1,051,200
<b>Residential / Commercial</b>		<b>202</b>	<b>1,415,616</b>
Appliance Recycling MTP		202	1,415,616
<b>Total</b>		<b>12,551</b>	<b>21,787,507</b>

## IV. Program Budgets

Table 6 presents the total proposed budget allocations required to achieve the projected demand reduction and energy savings shown in Table 5. The budget allocations are broken down by customer class, program, and the different budget categories: incentive payments, administration and research and development (R&D) expenses. Table 6 also includes the estimated annual expenses for the statewide EM&V contractor and the EECRF proceeding expenses.

The number of customers in each of the customer classes shown in Table 3 was considered in budget allocations for those classes. EPE first ensured that the 5% goal for Hard-to-Reach customers was met and then allocated the remaining funding to the residential and commercial classes. A variety of additional factors and assumptions also went into the decision process.

Hard-to-Reach customers are residential customers at or below 200% of the Federal Poverty Guidelines. This is estimated to be approximately 137,148 customers or 50.98% of EPE's total residential load in Texas (see Footnote 6).

Avoided costs for 2015, as established by the PUCT, were set at \$80 per kW per year and \$0.05321 per kWh.

As directed in the EE Rule, EPE will limit administrative costs to a maximum of 15% of the total program costs and R&D costs to a maximum of 10% of the total program costs; however, the cumulative cost of administration and R&D will not exceed 20% of EPE's total program costs.

EPE used a 6.95% post-tax discount rate to calculate the present value of the avoided cost associated with a project and assumed a 2% escalation rate.

For simplicity, it is assumed that an EESP that completes an energy efficiency project in a given year receives all the incentives associated with that project in that year. Administration costs, however, may be committed in one year and expended in another.

EPE will offer a portfolio of SOPs, MTPs and one self-delivered program that will be available to all customer classes. 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 towards a specific program and the overriding objective of meeting the legislative goal. Should funds not be reserved and used as prescribed by program milestones, EPE reserves the right to reallocate those unused funds to other programs in order to maximize contributions towards EPE's energy efficiency goal.

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

<b>2015</b>	<b>Incentives</b>	<b>Admin &amp; R&amp;D</b>	<b>Total Budget</b>
<b>Commercial</b>	<b>\$2,579,075</b>	<b>\$38,555</b>	<b>\$2,617,630</b>
Commercial SOP	\$252,000	\$28,000	\$280,000
Small Commercial Solutions MTP	\$461,115	\$0	\$461,115
Large C&I Solutions MTP	\$895,396	\$0	\$895,396
Texas SCORE MTP	\$415,569	\$0	\$415,569
Load Management SOP	\$460,000	\$0	\$460,000
Commercial Rebate Pilot Program	\$94,995	\$10,555	\$105,550
<b>Residential</b>	<b>\$536,346</b>	<b>\$0</b>	<b>\$536,346</b>
Residential Solutions MTP	\$190,000	\$0	\$190,000
LivingWise® MTP	\$346,346	\$0	\$346,346
<b>Hard-to-Reach</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$600,000</b>
Hard-to-Reach Solutions MTP	\$600,000	\$0	\$600,000
<b>Residential / Commercial</b>	<b>\$501,625</b>	<b>\$37,500</b>	<b>\$539,125</b>
Appliance Recycling MTP	\$289,125	\$0	\$289,125
Solar PV Pilot MTP	\$212,500	\$37,500	\$250,000
<b>Administration</b>		<b>\$91,549</b>	<b>\$91,549</b>
<b>Subtotal Budgets</b>	<b>\$4,217,046</b>	<b>\$167,604</b>	<b>\$4,384,650</b>
<b>EM&amp;V (PY2014 &amp; Est. PY2015 Review)</b>		\$82,203	\$82,203
<b>EECRF Proceeding Expenses</b>		\$85,000	\$85,000
<b>Total Budgets</b>	<b>\$4,217,046</b>	<b>\$334,807</b>	<b>\$4,551,853</b>
<b>2016</b>	<b>Incentives</b>	<b>Admin &amp; R&amp;D</b>	<b>Total Budget</b>
<b>Commercial</b>	<b>\$2,779,075</b>	<b>\$48,555</b>	<b>\$2,827,630</b>
Commercial SOP	\$342,000	\$38,000	\$380,000
Small Commercial Solutions MTP	\$461,115	\$0	\$461,115
Large C&I Solutions MTP	\$1,005,396	\$0	\$1,005,396
Texas SCORE MTP	\$415,569	\$0	\$415,569
Load Management SOP	\$460,000	\$0	\$460,000
Commercial Rebate Pilot Program	\$94,995	\$10,555	\$105,550
<b>Residential</b>	<b>\$576,346</b>	<b>\$0</b>	<b>\$576,346</b>
Residential Solutions MTP	\$230,000	\$0	\$230,000
LivingWise® MTP	\$346,346	\$0	\$346,346
<b>Hard-to-Reach</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$600,000</b>
Hard-to-Reach Solutions MTP	\$600,000	\$0	\$600,000
<b>Residential / Commercial</b>	<b>\$289,125</b>	<b>\$0</b>	<b>\$289,125</b>
Appliance Recycling MTP	\$289,125	\$0	\$289,125
<b>Administration</b>		<b>\$91,549</b>	<b>\$91,549</b>
<b>Subtotal Budgets</b>	<b>\$4,244,546</b>	<b>\$140,104</b>	<b>\$4,384,650</b>
<b>EM&amp;V (Estimated PY2015 Review)</b>		\$33,842	\$33,842
<b>EECRF Proceeding Expenses</b>		\$85,000	\$85,000
<b>Total Budgets</b>	<b>\$4,244,546</b>	<b>\$258,946</b>	<b>\$4,503,492</b>

## ENERGY EFFICIENCY REPORT

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

Table 7 documents EPE's actual demand reduction goals and energy targets for the previous five years (2010-2014) calculated in accordance with PUCT Substantive Rule 25.181.

**Table 7: Historical Demand Savings Goals and Energy Targets (at Meter)**

<b>Calendar Year</b>	<b>Demand Goals (MW)</b>	<b>Energy Targets (MWh)</b>	<b>Actual Demand Reduction (MW)</b>	<b>Actual Energy Savings (MWh)</b>
<b>2014</b> <sup>10</sup>	11.16	19,552	13.557	22,899
<b>2013</b> <sup>11</sup>	11.16	19,552	14.188	23,394
<b>2012</b> <sup>12</sup>	11.16	19,552	11.886	20,168
<b>2011</b> <sup>13</sup>	11.16	19,552	12.331	20,182
<b>2010</b> <sup>14</sup>	7.56	13,245	9.857	21,404

<sup>10</sup> 2014 MW goal and MWh target as reported in EPE's EEPR filed April 1, 2014 under Project No. 42264. 2014 demand reduction and actual energy savings reported in this document, Project No.44480.

<sup>11</sup> 2013 MW goal and MWh target as reported in EPE's EEPR filed March 29, 2013 under Project No. 41196. 2013 demand reduction and actual energy savings reported in Project No. 42264.

<sup>12</sup> 2012 MW goal and MWh target as reported in EPE's EEPR filed March 30, 2012 under Project No. 40194. 2012 demand reduction and energy savings modified pursuant to settlement of Docket No. 41403.

<sup>13</sup> 2011 MW goal and MWh target as reported in EPE's EEPR filed April 1, 2011 under Project No. 39105. 2011 demand reduction and energy savings modified pursuant to settlement of Docket No. 41403.

<sup>14</sup> 2010 MW goal and MWh target as reported in EPE's EEPR filed April 1, 2010 under Project No. 37982. 2010 demand reduction and energy savings reported in Project No 39105.

## VI. Projected, Reported and Verified Demand and Energy Savings

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

2013	Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
<b>Commercial</b>	<b>9.985</b>	<b>17,211</b>	<b>12.822</b>	<b>18,675</b>
Commercial SOP	0.731	3,202	0.613	2,740
Small Comm. Solutions MTP	0.730	3,197	0.736	3,136
Large C&I Solutions MTP	1.800	7,884	1.767	9,378
Texas SCORE MTP	0.600	2,365	0.604	2,934
Load Management SOP	6.000	20	9.028	12
Commercial Rebate Pilot Program	0.124	543	0.074	475
<b>Residential</b>	<b>0.360</b>	<b>2,058</b>	<b>0.359</b>	<b>2,037</b>
Residential Solutions MTP	0.300	526	0.299	502
LivingWise® MTP	0.060	1,532	0.060	1,535
<b>Hard-to-Reach</b>	<b>0.571</b>	<b>1,000</b>	<b>0.571</b>	<b>810</b>
Hard-to-Reach Solutions MTP	0.571	1000	0.571	810
<b>Residential / Commercial</b>	<b>0.638</b>	<b>2,237</b>	<b>0.436</b>	<b>1,872</b>
Appliance Recycling MTP	0.509	1,784	0.190	1,398
Solar PV Pilot MTP	0.129	453	0.246	474
<b>Total</b>	<b>11.554</b>	<b>22,506</b>	<b>14.188</b>	<b>23,394</b>
2014	Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
<b>Commercial</b>	<b>10.696</b>	<b>15,983</b>	<b>11.752</b>	<b>17,977</b>
Commercial SOP	0.600	2,628	0.398	2,197
Small Comm. Solutions MTP	0.730	3,197	0.740	3,124
Large C&I Solutions MTP	1.800	7,884	1.563	8,633
Texas SCORE MTP	0.500	1,971	0.754	3,948
Load Management SOP	7.000	14	8.281	12
Commercial Rebate Pilot Program	0.066	289	0.016	63
<b>Residential</b>	<b>0.460</b>	<b>2,236</b>	<b>0.495</b>	<b>1,721</b>
Residential Solutions MTP	0.400	701	0.406	578
LivingWise® MTP	0.060	1,535	0.089	1,143
<b>Hard-to-Reach</b>	<b>0.800</b>	<b>1,051</b>	<b>0.808</b>	<b>1,110</b>
Hard-to-Reach Solutions MTP	0.800	1051	0.808	1,110
<b>Residential / Commercial</b>	<b>0.443</b>	<b>1,828</b>	<b>0.502</b>	<b>2,091</b>
Appliance Recycling MTP	0.202	1,416	0.243	1,591
Solar PV Pilot MTP	0.241	412	0.259	500
<b>Total</b>	<b>12.399</b>	<b>21,098</b>	<b>13.557</b>	<b>22,899</b>

## VII. Historical Program Expenditures

Table 9 documents EPE's incentive and administration expenditures for the previous five years (2010-2014) by program for each customer class. Note that this table does not include R&D expenditures, EM&V expenditures and administration costs not allocated to particular programs. R&D expenditures, EM&V expenditures and administration costs not associated with particular programs for 2014 can be found in Table 10.

**Table 9: Historical Program Incentive and Administrative Expenditures for 2010 through 2014<sup>15</sup>**

Programs	2014			2013			2012			2011			2010		
	Incent.	Admin		Incent.	Admin		Incent.	Admin		Incent.	Admin		Incent.	Admin	
<b>Commercial</b>															
Commercial SOP	\$2,414,919	\$1,450		\$2,646,031	\$21,614		\$2,173,205	\$18,614		\$2,370,937	\$6,831		\$1,777,679	\$31,441	
Small Comm. SOP	\$180,951	\$1,450		\$204,235	\$21,091		\$83,753	\$18,614		\$182,926	\$6,213		\$150,271	\$17,823	
Small Comm. Solutions	NA	NA		NA	NA		NA	NA		NA	NA		\$8,337	\$7,287	
Large C&I Solutions	\$458,717	\$0		\$461,625	\$0		\$543,770	\$0		\$482,834	0		NA	NA	
Texas SCORE MTP	\$820,871	\$0		\$872,385	\$0		\$617,972	\$0		\$718,490	0		\$685,167	\$0	
Load Management SOP	\$468,130	\$0		\$440,716	\$0		\$482,327	\$0		\$620,637	0		\$715,829	\$0	
Rebate Pilot Program	\$462,300	\$0		\$464,700	\$0		\$380,430	\$0		\$366,050	618		\$218,075	\$6,331	
	\$23,950	\$0		\$202,370	\$523		\$64,953	\$0		NA	NA		NA	NA	
<b>Residential</b>															
Residential SOP	\$560,482	\$0		\$536,266	\$0		\$590,827	\$0		\$545,298	\$0		\$901,081	\$5,921	
Statewide CFL MTP	NA	NA		NA	NA		NA	NA		NA	NA		NA	\$5,921	
Residential Solutions	NA	NA		NA	NA		NA	NA		NA	NA		NA	NA	
Res & Small Comm. Solutions	\$214,136	\$0		\$190,006	\$0		\$245,257	\$0		\$198,952	0		NA	NA	
LivingWise® MTP	NA	NA		NA	NA		NA	NA		NA	NA		NA	NA	
Hard-to-Reach	\$346,346	\$0		\$346,260	\$0		\$345,570	\$0		\$346,346	0		\$564,191	\$0	
Hard-to-Reach Solutions	\$576,214	\$0		\$600,238	\$0		\$602,842	\$0		\$361,914	\$0		\$432,824	\$8,191	
Hard-to-Reach SOP	\$576,214	\$0		\$600,238	\$0		\$602,842	\$0		\$361,914	0		\$370,328	\$0	
Residential / Comm.	NA	NA		NA	NA		NA	NA		NA	NA		\$62,496	\$8,191	
Appliance Recycling MTP	\$405,380	\$33,941		\$454,833	\$42,735		\$437,640	\$11,030		\$658,138	\$14,316		\$374,377	\$29,597	
Solar PV Pilot MTP	\$181,185	\$0		\$241,747	\$7,145		\$201,428	\$6,144		\$206,801	0		\$153,615	\$0	
	\$224,195	\$33,941		\$213,086	\$35,590		\$236,212	\$4,886		\$451,337	\$14,316		\$220,762	\$29,597	
<b>Subtotal</b>															
Energy Saver Program	\$3,956,995	\$35,391		\$4,237,368	\$64,349		\$3,804,514	\$29,644		\$3,936,287	\$21,147		\$3,485,961	\$75,150	
	NA	NA		NA	NA		NA	NA		\$169,284	\$15,176		\$399,483	\$56,824	
<b>Total</b>															
	\$3,956,995	\$35,391		\$4,237,368	\$64,349		\$3,804,514	\$29,644		\$4,105,571	\$36,323		\$3,885,444	\$131,974	

<sup>15</sup> 2013 expenditures are from EEPR filed in Project No. 42264; 2012 expenditures are from EEPR filed in Project No. 41196; 2011 expenditures are from EEPR filed in Project No.40194; and 2010 expenditures are from EEPR filed in Project No. 39105.



## **VIII. Program Funding for Calendar Year 2014**

As shown in the subtotal of Table 10, EPE spent \$4,054,694 on program expenses (excluding EM&V and EECRF Proceeding Expenses) for its PUCT approved energy efficiency programs in 2014 and these programs were funded by EPE's 2014 EECRF. These expenses account for 92.47% of the total forecasted program budget for 2014 of \$4,384,650. The difference is attributed to the following factors:

- The Commercial SOP, Commercial Rebate Pilot Program, and the Appliance Recycling Program did not reach the participation levels anticipated by EPE. Funding was reallocated from these programs to the Residential Solutions Program in order to meet the 2014 energy efficiency goals.
- Funding was reallocated from the Large Commercial Solutions MTP to the Texas SCORE MTP based on participation levels. The Large Commercial Solutions MTP did not reach the participation levels anticipated by EPE and the Texas SCORE MTP had a higher than anticipated participation level.

**Table 10: Program Funding for Calendar Year 2014**

	Total Projected Budget	Numbers of Customer Projects	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin & R&D)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining
<b>Commercial</b>	<b>\$ 2,617,630</b>	<b>496</b>	<b>\$ 2,414,919</b>	<b>\$ 1,450</b>	<b>\$ 2,416,369</b>	<b>\$ -</b>	<b>\$ 201,261</b>
Commercial SOP	280,000	11	180,951	1,450	182,401	-	97,599
Small Comm. Solutions MTP	461,115	182	458,717	-	458,717	-	2,398
Large C&I Solutions MTP	895,396	202	820,871	-	820,871	-	74,525
Texas SCORE MTP	415,569	88	468,130	-	468,130	-	(52,561)
Load Management	460,000	9	462,300	-	462,300	-	(2,300)
Comm. Rebate Pilot Program	105,550	4	23,950	-	23,950	-	81,600
<b>Residential</b>	<b>\$ 536,346</b>	<b>8,801</b>	<b>\$ 560,482</b>	<b>\$ -</b>	<b>\$ 560,482</b>	<b>\$ -</b>	<b>\$ (24,136)</b>
Res. Solutions MTP	190,000	767	214,136	-	214,136	-	(24,136)
LivingWise MTP	346,346	8,034	346,346	-	346,346	-	-
<b>Hard-to-Reach</b>	<b>\$ 600,000</b>	<b>964</b>	<b>\$ 576,214</b>	<b>\$ -</b>	<b>\$ 576,214</b>	<b>\$ -</b>	<b>\$ 23,786</b>
Hard-to-Reach Solutions MTP	600,000	964	576,214	-	576,214	-	23,786
<b>Residential / Commercial</b>	<b>\$ 539,125</b>	<b>1,458</b>	<b>\$ 405,380</b>	<b>\$ 33,941</b>	<b>\$ 439,321</b>	<b>\$ -</b>	<b>\$ 99,804</b>
Appliance Recycling MTP	289,125	1,410	181,185	-	181,185	-	107,940
Solar PV Pilot MTP	250,000	48	224,195	33,941	258,136	-	(8,136)
<b>Admin. Expenses</b>	<b>\$ 91,549</b>		<b>\$ -</b>	<b>\$ 62,308</b>	<b>\$ 62,308</b>	<b>\$ -</b>	<b>\$ 29,241</b>
<b>Subtotal</b>	<b>\$ 4,384,650</b>	<b>11,719</b>	<b>\$ 3,956,995</b>	<b>\$ 97,699</b>	<b>\$ 4,054,694</b>	<b>\$ -</b>	<b>\$ 329,956</b>
EM&V Expenses	\$ 86,381		-	\$ 105,103*	\$ 105,103	-	\$ (18,722)
EECRF Proceeding Expenses	\$ 85,000		-	\$ 121,402	\$ 121,402	-	\$ (36,402)
<b>Total</b>	<b>\$ 4,556,031</b>	<b>11,719</b>	<b>\$ 3,956,995</b>	<b>\$ 324,204</b>	<b>\$ 4,281,199</b>	<b>\$ -</b>	<b>\$ 274,832</b>

\*EM&V costs shown are actual booked costs for 2014. For purposes of cost-effectiveness and performance incentive calculations, \$99,721.57 is used, as per TetraTech.

**Table 11: Program Comparison – Budget to Actual Expenditures**

<b>Programs</b>	<b>2014 Budget</b>	<b>2014 Expenditures</b>	<b>Percent</b>	<b>&gt;10 % Variance Explanation</b>
<b>Commercial</b>	<b>\$ 2,617,630</b>	<b>\$ 2,416,369</b>	<b>92%</b>	
Commercial SOP	280,000	182,401	65%	Program did not draw the number of participants anticipated, reallocated funds to performing programs
Small Comm. Solutions MTP	461,115	458,717	99%	
Large C&I Solutions MTP	895,396	820,871	92%	
Texas SCORE MTP	415,569	468,130	113%	Funds from the Large C&I Solutions MTP were reallocated to this program. Participation greater than anticipated.
Load Management	460,000	462,300	101%	
Commercial Rebate Pilot MTP	105,550	23,950	23%	Program did not draw the number of participants anticipated, reallocated funds to performing programs
<b>Residential</b>	<b>\$ 536,346</b>	<b>\$ 560,482</b>	<b>105%</b>	
Res. Solutions MTP	190,000	214,136	113%	Funds from underperforming programs were reallocated to this program
LivingWise MTP	346,346	346,346	100%	
<b>Hard-to-Reach</b>	<b>\$ 600,000</b>	<b>\$ 576,214</b>	<b>96%</b>	
Hard-to-Reach Solutions MTP	600,000	576,214	96%	
<b>Residential / Commercial</b>	<b>\$ 539,125</b>	<b>\$ 439,321</b>	<b>81%</b>	
Appliance Recycling MTP	289,125	181,185	63%	Program did not draw the number of participants anticipated, reallocated funds to performing programs
PV/Solar Pilot MTP	250,000	258,136	103%	
<b>Admin. Expenses</b>	<b>\$ 91,549</b>	<b>\$ 62,308</b>		Not allocated to specific programs
<b>Total</b>	<b>\$ 4,384,650</b>	<b>\$ 4,054,694</b>	<b>92.47%</b>	

## **IX. Program Results for MTPs and Self-Delivered Program**

### **A. *Market Transformation Programs***

#### **Small Commercial Solutions MTP**

In 2014, the Small Commercial Solutions MTP provided customers and participating contractors with cash and non-cash incentives. This program targeted commercial customers with a demand of less than 100 kW. This program focused on improving the energy efficiency of small commercial facilities, as well as improving the installation practices of participating contractors. EPE contracted with a third-party program implementer to provide the non-cash incentives such as technical assistance, education on energy efficiency projects, and communications services to participating customers and contractors.

The 2014 goal for this program was 730 kW. There were 182 projects completed in the Small Commercial Solutions MTP during 2014. These projects reduced demand by 740 kW and saved 3,123,603 kWh in energy.

#### **Large C&I Solutions MTP**

Originally, the Large C&I Solutions MTP was established to test a solutions-based approach toward garnering peak kW savings among large commercial customers. Key components of the "solutions" approach included: EPE acting as a third-party unbiased player to assist business customers in identifying energy efficiency opportunities, realizing the financial benefits associated with such opportunities, evaluating contractor bids, and conveying the social and financial benefits by way of internal and community-wide communications efforts. Besides peak demand reduction, this program has also realized success in reaching out to the contracting community, including affiliated architectural and engineering firms.

In 2014, the Large C&I Solutions MTP provided customers with cash and non-cash incentives. This program targeted commercial customers with a demand of equal to or greater than 100 kW. As with the Small Commercial Solutions MTP, EPE contracted with a third-party program implementer to provide non-cash incentives such as technical assistance, education on energy efficiency projects, measurement and verification, and communications services to participating customers.

The 2014 goal for this program was 1,800 kW. There were 202 projects completed in the Large C&I Solutions MTP during 2014 that reduced demand by 1,563 kW and saved 8,632,935 kWh in energy. Some of the funding for this program was reallocated to the Texas SCORE MTP due to the high level of participation in that program.

#### **Texas SCORE MTP**

As with the previous programs, the 2014 Texas SCORE MTP provided customers with cash and non-cash incentives. This program targeted schools districts, higher educational facilities and local governmental entities. EPE recognized that a majority of school districts and local governments lack the technical knowledge, first-hand experience, and management decision-making processes that are necessary for identifying, prioritizing and completing projects that improve their facilities' energy performance and reduce operating costs. This program helped these customers identify, prioritize, budget, and complete energy efficiency projects. EPE contracted with a third-party program implementer to provide non-cash incentives such as benchmarking, technical assistance, education on energy efficiency projects, and communications services to participating customers.

The 2014 goal for this program was 500 kW. This program had 88 projects from participating schools and local government entities in the EPE service territory. These projects reduced demand by 754 kW and saved 3,948,043 kWh in energy. As mentioned above, funding was reallocated to this program from the Large Commercial C&I Solutions MTP.

### **Residential Solutions MTP**

In 2014, the Residential Solutions MTP offered residential customers, through the use of participating contractors, incentives for making energy efficient improvements to their homes. This program focused on improving the energy efficiency of residential buildings, as well as improving the installation practices of the participating contractors. EPE contracted with a third-party implementer to administer the Residential Solutions MTP.

The 2014 goal for this program was 400 kW. There were 767 participants that reduced demand by approximately 406 kW and saved 577,776 kWh in energy.

### **LivingWise® MTP**

The LivingWise® MTP is an educational program that uses a school-based method that builds student knowledge, provides high energy efficiency devices to families and serves as an effective community outreach program. In 2014, each participant received a kit that contained energy saving devices to be installed in their homes, as well as energy efficiency educational materials.

The 2014 goal for this program was 66 kW. In 2014, the LivingWise® MTP provided 8,034 LivingWise® kits. The savings from this program were 89 kW in demand savings and 1,143,341 kWh in energy savings.

### **Hard-to-Reach Solutions MTP**

In 2014, the Hard-to-Reach Solutions MTP offered residential customers who were at or below 200% of the Federal Poverty Guidelines, through the use of participating contractors, incentives for making energy efficient improvements to their homes. This program focused on improving the energy efficiency of low income residential buildings, as well as improving the installation practices of the participating contractors. EPE contracted with a third-party implementer to administer the Hard-to-Reach Solutions MTP.

The 2014 goal for this program was 800 kW. There were 964 projects in this program that reduced demand by 808 kW and saved 1,110,419 kWh in energy.

### **Appliance Recycling MTP**

In 2014, the Appliance Recycling MTP provided incentives to encourage EPE customers to recycle their older, less efficient refrigerators and freezers. This program removed these appliances from the electric grid, thus reducing system-wide load and peak demand.

The 2014 goal for this program was 202 kW. EPE removed and recycled 1,410 units through the Appliance Recycling MTP. This program reduced demand by 243 kW and saved 1,590,480 kWh of energy savings.

## **Solar PV Pilot MTP**

In 2014, the Solar PV Pilot MTP provided EPE customers with incentives, through participating contractors, for installing solar PV distributed generation systems. This program encouraged customers to install solar PV systems on their homes and businesses by reducing the up-front cost of these systems.

The 2014 goal for this program was 241 kW. There were 48 projects that reduced demand by 259 kW and saved 499,986 kWh.

During the 2014 program year, the City of El Paso provided additional funding for this program. EPE is not claiming any demand or energy savings from this portion of the program nor seeking to recover any City funding. The City of El Paso has decided not to participate in the 2015 Program.

## **B. Self-Delivered Program**

### **Commercial Rebate Pilot Program**

In 2014, the Commercial Rebate Pilot Program provided commercial customers with rebates for two measures, the room HVAC controls measure and the vending machine controls measure. This program encouraged customers to install these energy saving devices by subsidizing part of the up-front cost of these measures.

The 2014 goal for this program was 66 kW. There were four participants that reduced 16 kW of demand savings and 62,972 kWh in energy savings. The acceptance of this program by customers has been very slow; however, EPE anticipates higher participation in 2015.

## **X. Current Energy Efficiency Cost Recovery Factor (EECRF)**

### **Report for 2014**

In Docket No. 41403, EPE was granted approval for recovery through its 2014 EECRF of (a) \$4,384,650 in energy efficiency program costs projected to be incurred from January 1 through December 31, 2014, (b) The Company's share of the costs of the PUCT EM&V contractor's 2013 and 2014 budgeted expenses in the amount of \$180,695, (c) the 2012 over-recovery revenue amount of \$618,113, (d) a performance incentive for 2012 of \$257,051 which includes a reduction of \$101,327 to the 2011 performance incentive that was granted in Docket No. 40343<sup>16</sup>, and (e) EPE's prior year EECRF proceeding expenses of \$41,129. EPE requested that the EECRF be applicable beginning January 1, 2014. The Final Order in Docket No. 41403 concluded that the filing conformed to the requirements of PUCT Substantive Rule 25.181.<sup>17</sup> It further concluded the 2014 projected energy efficiency costs and the performance incentive proposed to be recovered through the EECRF are consistent with PUCT Substantive Rule 25.181(f).<sup>18</sup> The order also found the allocation of the energy efficiency costs and performance incentive in accordance with PUCT Substantive Rule 25.181. The recovery of the agreed upon EECRF amount of \$4,245,412 is based on a dollar per kWh rate. The cost recovery factors by rate are listed in Table 12.

<sup>16</sup> In the Final Order of Docket No 41403, the 2011 performance incentive was adjusted by \$101,327 through a reduction to the 2012 performance incentive.

<sup>17</sup> Docket No. 41403, Final Order at Finding of Fact No. 42 (December 20, 2013)

<sup>18</sup> *Id.* at Conclusion of Law No. 9 and No. 10

**Table 12: 2014 EECRF Monthly Rates**

<b>Rate No.</b>	<b>Description</b>	<b>Energy Efficiency Cost Recovery Factor (\$/kWh)</b>
01	Residential Service Rate	\$ 0.000748
02	Small Commercial Service Rate	\$ 0.001979
07	Outdoor Recreational Lighting Service Rate	\$ 0.000247
08	Governmental Street Lighting and Signal Service Rate	\$ (0.000058)
11	Municipal Pumping Service Rate	\$ 0.000218
11-TOU	Time-Of-Use Municipal Pumping Service Rate	\$ 0.000218
WH	Water Heating	\$ (0.000880)
22	Irrigation Service Rate	\$ 0.000521
24	General Service Rate	\$ 0.000644
25	Large Power Service Rate (excludes transmission)	\$ 0.001051
34	Cotton Gin Service Rate	\$ 0.002681
41	City and County Service Rate	\$ 0.001292
43	University Service Rate	\$ 0.001051
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	\$ 0.002681
47	Backup Power Service For Cogeneration And Small Power Production Facilities	\$ 0.002681

## **XI. Revenue Collected through EECRF**

In 2014, EPE collected a total of \$4,020,814 under Rate Schedule No. 97 – Energy Efficiency Cost Recovery Factor.

## **XII. Over/Under Recovery of Energy Efficiency Program Costs**

In 2014, EPE over-recovered an amount of \$106,636 as shown in Table 13.

**Table 13: Authorized and Actual Recovery Amounts**

<u>Description</u>	<u>Authorized in Docket No. 41403</u>	<u>Actual</u>
January 1 – December 31, 2014 Energy Efficiency Costs	\$ 4,384,650	\$ 4,054,694
2013 and 2014 EM&V Costs (PY2012 & PY2013 Review)	\$ 180,695	\$ 179,417
2012 (Over)/Under Recovery	\$ (618,113)	\$ (618,113)
2012 Performance Bonus	\$ 257,051	\$ 257,051
2012 EECRF Proceeding Costs	\$ 41,129	\$ 41,129
2014 Total Costs and Bonus	\$ 4,245,412	\$ 3,914,178
2014 EECRF Revenues		\$ 4,020,814
2014 (Over)/Under Recovery		\$ (106,636)

### **XIII. Underserved Counties**

EPE serves customers in three Texas counties: Culberson, Hudspeth, and El Paso. During 2014, the majority of energy efficiency projects were in El Paso County. EPE has defined Underserved Counties as any county in the Texas EPE service territory that EPE reported no demand or energy savings through any of its 2014 energy efficiency programs. Based on this definition, there are no underserved counties in EPE's service territory.

**Table 14: 2014 Energy Efficiency Activities by County**

<b>County</b>	<b>Participants</b>	<b>Reported Savings</b>	
		<b>kW</b>	<b>kWh</b>
El Paso County	11,707	13,557	22,896,313
Culberson County	1	0.17	1,128
Hudspeth County	11	0.12	1,565
<b>Total</b>	<b>11,719</b>	<b>13,557</b>	<b>22,899,006</b>

### **XIV. Performance Incentive Calculation**

EPE achieved a 13.557 MW reduction in demand from its energy efficiency programs offered in 2014. EPE's demand reduction goal for 2014 was 11.16 MW. EPE's achievement represents 121.48% of its demand reduction goal, qualifying it for a performance incentive. Per Substantive Rule 25.181, EPE is eligible for a performance incentive of \$1,034,182 which it plans to request in its 2015 EECRF filing.

Per the PUCT, the total program costs to be used in the performance incentive calculation below include the 2014 EM&V cost allocation of \$99,721.57 as provided by the statewide EM&V evaluator, rather than EPE's actual booked EM&V costs of \$105,103 as shown in Table 10. The performance incentive calculation below also includes the 2014 municipal EECRF proceeding costs of \$60,068. As a result, the total program costs for the performance incentive calculation will not match the actual total program costs exhibited in Table 10.



**Table 15: 2014 Performance Incentive Calculations**

	<b>kW</b>	<b>kWh</b>
<b>Demand and Energy Goals</b>	11,160	19,552,320
<b>Demand and Energy Savings</b>		
<i>Reported/Verified Total (including HTR, measures with 10yr EUL, and measures with EULs &lt; or &gt; 10 years)</i>	13,557	22,899,006
<i>Reported/Verified Hard-to-Reach</i>	808	
<b>Avoided Costs</b>		
<i>per kW</i>	\$80.00	
<i>per kWh</i>	\$0.04619	
<i>Inflation Rate</i>	2.00%	
<i>Discount Rate</i>	6.95%	
<b>Total Avoided Costs</b>	\$14,677,702	
<b>2014 Program Costs</b> (includes allocated EM&V and municipal EECRF proceeding costs)	\$4,335,886	
<b>Net Benefits</b>	\$10,341,816	
<b>Performance Incentive</b>	\$1,034,182	

## **ACRONYMS**

C&I	Commercial and Industrial
CFL	Compact Fluorescent Lamp
DR	Demand Response
DSM	Demand Side Management
EEPR	Energy Efficiency Plan and Report
EE Rule	Energy Efficiency Rule, PUCT Substantive Rules § 25.181 and § 25.183
EESP	Energy Efficiency Service Provider
EPE	El Paso Electric Company
ERCOT	Electric Reliability Council of Texas
EM&V	Evaluation, Measurement & Verification
HTR	Hard-To-Reach
M&V	Measurement and Verification
MTP	Market Transformation Program
PUCT	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act
PV	Photovoltaic
R&D	Research and Development
REP	Retail Electrical Provider
RES	Residential
SCORE	Schools and Cities Conserving Resources
SOP	Standard Offer Program

## **GLOSSARY**

Glossary is the same as the definitions in PUCT Substantive Rule § 25.181(c).

## APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY

**Table 16: Program Savings by County**

### Commercial SOP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	11	398	2,197,030
Total	11	398	2,197,030

### Small Commercial Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	182	740	3,123,603
Total	182	740	3,123,603

### Large C&I Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	202	1,563	8,632,935
Total	202	1,563	8,632,935

### Texas SCORE MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	88	754	3,948,043
Total	88	754	3,948,043

### Load Management SOP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	9	8,281	12,422
Total	9	8,281	12,422

## Commercial Rebate Pilot Program

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	4	16	62,972
Total	4	16	62,972

## Residential Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	767	406	577,776
Total	767	406	577,776

## LivingWise® MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	8,023	88.65	1,141,775.4
Hudspeth	11	0.12	1,565.4
Total	8,034	89	1,143,341

## Hard-to-Reach Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	964	808	1,110,419
Total	964	808	1,110,419

## Appliance Recycling MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	1,409	243.76	1,589,352
Culberson	1	0.17	1,128
Total	1,410	243.93	1,590,480

## Solar PV Pilot MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	48	259	499,986
Total	48	259	499,986