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PROJECT NO. 44480
ENERGY CLEAN

Entergy Texas, Inc.
2015 Energy Efficiency Plan and Report
Substantive Rule § 25.181 and § 25.183

APRIL 1, 2015

Project No. 44480

7

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Introduction

Entergy Texas, Inc. (ETI) 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:

- (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 % 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.

Energy Efficiency Plan and Report (EEPR) Organization

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

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

Energy Efficiency Plan (EEP)

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

Energy Efficiency Report

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

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

Appendices

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

Executive Summary

The Energy Efficiency Plan portion of this EEPR details ETI's plans to achieve its required reduction in its annual growth in demand of residential and commercial customers by December 31, 2015, December 31, 2016 and each year thereafter. In the process, ETI will also address the corresponding energy savings goal, which is calculated from its demand savings goal using a 20% capacity factor. The goals, budgets and implementation plans that are included in this EEPR reflect the requirements of the EE Rule and lessons learned regarding energy efficiency service provider and customer participation in the various energy efficiency programs. A summary of annual goals and budgets is presented in Table 1.

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

Calendar Year	Average Growth in Demand (MW at Source)	Peak Demand (MW at Source)	Goal Metric: 30% Growth (MW at Meter)	Goal Metric: 0.4% Peak Demand (MW at Meter)	Peak Demand Goal (MW at Meter)	Energy Goal (MWh at Meter)	Projected Demand Reduction (MW at Meter)	Projected Energy Savings (MWh at Meter)	Projected Budget (000's)
2015	46.80	2,851	14.04	11.40	15.50	27,156	15.50	27,156	\$7,229
2016	47.20	2,650	13.10	9.81	15.50	27,156	15.50	27,156	\$7,365
<p>Note: Goals are calculated by multiplying peak demand values at the source by the applicable goal metric (30% of growth or 0.4% of peak demand) and by the utility's line losses. Although ETI's 2016 goal is based on its previous year's goal, an example calculation at source to at meter conversion is shown below for 2016 using the 30% growth goal metric. Example Goal Metric Calculation: $(47.2 \text{ MW} \times 30\%) \times (1 - 0.074787 \text{ line losses}) = 13.1 \text{ MW}$. Line loss number is based on the line loss study used in ETI's last rate case, Docket No. 41791.</p>									

¹ For 2015, all values are per Docket No. 42485. For 2016, Average Growth in Demand figures are from Table 4; Demand and Energy Savings Goals were determined pursuant to the "ratchet" requirements of P.U.C. SUBST. R. 25.181(e)(1)(E); Projected Savings are from Table 5; Projected Budgets are from Table 6.

Energy Efficiency Plan

I. 2015 Programs

A. 2015 Program Portfolio

ETI plans to continue to implement three MTPs and three SOPs in 2015. These include: the Commercial Solutions MTP, the SCORE /City Smart MTP, the Load Management SOP, the Residential SOP, the Entergy Solutions High Performance Homes MTP, and the Hard-to-Reach SOP. All of these programs have been structured to comply with approved Public Utility Commission of Texas (PUCT) rules governing program design and evaluation.

These programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. ETI anticipates that targeted outreach to a broad range of service provider types will be necessary in order to meet the savings goals required by PURA § 39.905 on a continuing basis.

Table 2 below summarizes the programs and target markets.

Table 2: 2015 Energy Efficiency Program Portfolio

Program	Target Market	Application
Commercial Solutions MTP	Commercial	Retrofit; New Construction
SCORE/City Smart MTP	Schools, Government	Retrofit; New Construction
Load Management SOP	Commercial	Load Management
Residential SOP	Residential	Retrofit
ENTERGY SOLUTIONS High Performance Homes MTP	Residential	New; Retrofit
Hard-to-Reach SOP	Residential Income Qualified	Retrofit

The programs listed in Table 2 are described in further detail below. ETI maintains a website containing links to the program manuals, all of the requirements for project participation, the forms required for project submission, and the current available funding at http://www.entergy-texas.com/your_home/save_money/. This website will be the primary method of communication used to provide potential Project Sponsors with program updates and information.

B. Existing Programs

1. Residential Standard Offer Program (RES SOP)

a) Program Design

The RES SOP for 2015 targets residential customers. Incentives are paid to Project Sponsors for certain eligible measures installed in retrofit applications, which result in verifiable demand and energy savings. Project Sponsors are encouraged to install comprehensive measures in their

projects. Deemed savings are accepted and widely used by Project Sponsors as measurable and verifiable savings for projects submitted in this program.

b) Implementation Process

ETI 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 ETI's website is updated frequently to reflect participating Project Sponsors and incentive amounts that are available. In 2015, the number of contracts offered will be eight, allowing for appropriate administrative control and visibility of Project Sponsors all year. With this number of Project Sponsors, the amount of money allocated to each Project Sponsor will support the likelihood that there will be Project Sponsors working in ETI's service territory all year, rather than risk the possibility of running out of available funds by mid-year.

c) Outreach Activities

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

- Utilizes mass electronic mail (e-mail) notifications to keep potential Project Sponsors interested and informed;
- Maintains internet website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Conducts workshops as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process; and
- Promotes the awareness of its energy efficiency programs by rolling out some new program promotions through its website, social media, email blasts, radio promotions, and print media.

2. Hard To Reach Standard Offer Program (HTR SOP)

a) Program design

The HTR SOP targets low-income customers with an income at or below 200% of the federal poverty level. Incentives are paid to Project Sponsors for certain measures installed in retrofit applications that provide verifiable demand and energy savings.

b) Implementation Process

ETI 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 ETI's website is updated frequently to reflect participating Project Sponsors and incentive amounts that are available. In 2015, ET I will offer eight contracts, thus allowing for appropriate administrative control. With limiting the number of Project Sponsors, ETI believes that it will have sufficient funds to secure Project Sponsors to work in ETI's service territory all year, rather than risk the possibility of running out of available funds by mid-year.

c) Outreach Activities

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

- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process; and
- Promotes the awareness of its energy efficiency programs by rolling out new program promotions through its website, social media, email blasts, radio promotions, and print media.

3. Commercial Solutions MTP (COM SOL MTP)

a) Program Design

The COM SOL MTP targets commercial customers. Incentives are paid to Project Sponsors for certain measures installed in new or retrofit applications that provide verifiable demand and energy savings. Cash incentives as well as technical expertise are offered to participating customers who install eligible measures in either a new or retrofit project.

b) Implementation Process

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

c) Outreach Activities

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

- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet 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 state-wide outreach activities as may be available;
- Conducts workshops and webinars as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process; and

- Promotes the awareness of its energy efficiency programs by rolling out new program promotions through its website, social media, email blasts, radio promotions, and print media.

4. Energy Smart Schools and City Smart Programs (SCORE/City Smart MTP)

a) Program Design

ETI has chosen to offer Energy Smart Schools (referred to as Texas SCORE) and City Smart Programs in its service territory. ETI recognizes that public school districts in Texas are experiencing the burden of high energy costs now more than ever. While energy costs have historically accounted for only about 3% of Texas school districts' total budgets, those costs have now soared into the 5 to 6% range. The same is true for city and county buildings. Further, a majority of school districts and city and county governments lack the technical knowledge, first-hand experience, and management decision-making processes that are necessary for identifying, prioritizing, and completing projects that will improve their buildings' energy performance and reduce operating costs. Cash incentives as well as technical expertise are offered to participating customers who install eligible measures in either a new or retrofit project.

b) Implementation Process

With this program, ETI has targeted its public school districts and local, state, and federal governments for participation in the program. 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.

c) Outreach Activities

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

- Contracts with a third-party to implement outreach and planning activities;
- Targets a number of customer participants;
- Conducts workshops and webinars to explain virtues of the program and necessary information to begin or continue participation;
- Participates in regional or area outreach;
- Attends appropriate industry-related meetings to generate awareness and interest; and
- Promotes the awareness of its energy efficiency programs by rolling out new program promotions through its website, social media, email blasts, radio promotions, and print media.

5. Load Management Standard Offer Program (LM SOP)

a) Program Design

ETI will implement the LM SOP under the approved PUCT template. The LM SOP will provide demand reduction solutions to a select group of commercial customers. The calendar year 2015 incentives will be paid to customers served by ETI for verifiable demand reduction. For 2015, a new process will be included that will allow the Load Balancing Authority (LBA) to call for these customers to curtail, should the need arise for any reason. The LBA is the entity that interacts with the Midcontinent Independent System Operator (MISO) and integrates resource plans ahead of time, making certain that the necessary generation is available and can flow smoothly to an area.

b) Implementation Process

ETI will initially target several select customers for participation in the LM SOP. This program will facilitate the examination of actual demand savings, operating characteristics, program design, long range planning, and overall measure and program acceptance by the targeted customers.

c) Outreach Activities

ETI targets the availability of this program in the following manner:

- Targets several large commercial customers during the program;
- Conducts workshops to explain elements such as responsibilities of the customers, project requirements, incentive information, and the application and reporting process; and
- Promotes the awareness of its energy efficiency programs by rolling out new program promotions through its website, social media, email blasts, radio promotions, and print media.

6. Entergy Solutions High Performance Homes Market Transformation Program (ENTERGY SOL MTP)

a) Program Design

The ENTERGY SOL MTP combines the attributes of an Energy Star Homes new construction program with the attributes of an Energy Star Home Performance retrofit program. This combined program is logical because both programs are driven predominantly by Home Energy Rating Services (HERS). The HERS raters provide professional assessments on new and existing homes to bring them up to Energy Star standards. Incentives are paid to builders for installing certain measures in new construction applications that provide verifiable demand and energy savings. For the retrofit application, incentives can be paid to either the builder or contractor that installed the energy efficient measures.

b) Implementation Process

Any eligible builder or contractor may submit an application for a home to participate in the program. The program information on ETI's website is updated frequently to reflect participating builders, contractors, and incentive amounts that are available.

c) Outreach Activities

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

- Utilizes mass electronic mail (e-mail) notifications to keep potential builders/contractors interested and informed;
- Maintains internet website with detailed builder/contractor eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Participates in state-wide outreach activities as may be available;
- Conducts workshops as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process; and
- Promotes the awareness of its energy efficiency programs by rolling out some program promotions through its website, social media, email blasts, radio promotions, and print media.

C. New Programs for 2016

ETI is exploring the opportunity to add an additional Residential MTP in 2016. If the opportunity does not present itself, then the funding for this program will be added to the Entergy Solutions High Performance Homes MTP.

In addition, ETI will be seeking Requests for Proposals (RFPs) for both its Commercial and Residential MTPs. The previous RFP for these MTPs was done in 2012. Seeking new proposals will provide current and potential program implementers the opportunity to present new and fresh ideas to the MTP arena.

II. Customer Classes

Table 3: Summary of Customer Classes²

Customer Class	Number of Customers
Commercial	46,372
Residential	373,436
Hard to Reach	138,918

² The numbers represent the actual number of customers in the Residential and Commercial rate classes as of December 31, 2014. The Hard-to-Reach number is derived from the U.S. Census Bureau's 2013 Current Population Survey, 37.2% of Texas families fall below the 200% of the federal poverty threshold.

III. Projected Energy Efficiency Savings and Goals

As prescribed by Substantive Rule § 25.181(e), a utility’s demand goal is specified as a percent of its historical five-year average growth in demand and the corresponding energy savings goal is determined by applying a 20% capacity factor to the applicable demand goal. However, in accordance with the “ratchet requirements” of the P.U.C. SUBST. R. 25.181(e)(1)(E), a utility’s demand goal for any particular year cannot be less than its goal for the preceding year. In ETI’s 2011 EECRF case, Docket No. 39366, ETI agreed with the other parties to a demand savings goal of 15.5 MW and an energy savings goal of 27,156 MWh. Due to the ratchet requirements, those goals have remained in place since 2012, and will again be the goals for 2016. 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 customer class for 2015 and 2016.

Table 4: Annual Growth in Demand and Energy Consumption

Calendar Year	Peak Demand at Source (MW)				Energy Consumption at Meter (GWh)				Growth (MW)	Average Growth (MW) ³
	Total System		Residential & Commercial		Total System		Residential & Commercial			
	Actual	Weather Adjusted	Actual	Weather Adjusted	Actual	Weather Adjusted	Actual	Weather Adjusted	Weather Adjusted	Weather Adjusted
2010	3,621	3,716	2,642	2,704	15,865	15,905	10,116	10,233	290	NA
2011	3,440	2,787	2,787	2,592	15,233	15,056	10,429	10,374	-112	NA
2012	3,398	3,367	2,611	2,554	15,186	15,023	10,333	10,241	-38	NA
2013	3,602	3,704	2,808	2,851	15,945	16,743	10,410	10,443	297	NA
2014 ⁴	3,326	3,321	2,653	2,650	18,706	18,828	11,838	11,830	-201	NA
2015	NA	NA	NA	NA	NA	NA	NA	NA	NA	46.80
2016	NA	NA	NA	NA	NA	NA	NA	NA	NA	47.20

³ “Average growth” in demand over the prior 5 years is “NA” - Not Applicable - to any of the calculations or forecasts in this EEPR.

⁴ Does not include two megawatts of load for premises that have opted-out from ETI’s energy efficiency programs.

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

2015	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	10,460	15,152,000
Commercial Solutions MTP	1,800	7,533,000
Load Management SOP	6,710	40,000
SCORE/CitySmart MTP	1,950	7,579,000
Residential	3,940	8,317,000
Residential SOP	2,240	6,371,000
Entergy Solutions High Performance Homes MTP	1,700	1,946,000
Hard-To-Reach	1,100	3,687,000
Hard-to-Reach SOP	1,100	3,687,000
Total Annual Projected Savings	15,500	27,156,000
2016	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	10,460	15,152,000
Commercial Solutions MTP	1,800	7,533,000
Load Management SOP	6,710	40,000
SCORE/City Smart MTP	1,950	7,579,000
Residential	3,940	8,317,000
Residential SOP	2,240	6,371,000
Entergy Solutions High Performance Homes MTP	1,450	1,346,000
Residential MTP TBD	250	600,000
Hard-To-Reach	1,100	3,687,000
Hard-To-Reach SOP	1,100	3,687,000
Total Annual Projected Savings	15,500	27,156,000

IV. Program Budgets

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

2015	Incentives	Admin	EM&V	Total Budget
Commercial	\$2,846,966	\$326,770	\$85,889	\$3,259,625
Commercial Solutions MTP	\$1,258,848	\$129,463	\$40,281	\$1,428,592
Load Management SOP	\$416,842	\$45,901	\$5,173	\$467,916
SCORE/City Smart MTP	\$1,171,276	\$151,406	\$40,435	\$1,363,117
Residential	\$2,467,377	\$284,712	\$68,098	\$2,820,187
Residential SOP	\$1,650,001	\$177,165	\$46,479	\$1,873,645
Entergy Solutions High Performance Homes MTP	\$817,376	\$107,547	\$21,619	\$946,542
Hard-To-Reach	\$996,567	\$125,518	\$27,434	\$1,149,519
Hard-To-Reach SOP	\$996,567	\$125,518	\$27,434	\$1,149,519
R&D	\$0	\$0	\$0	\$0
EM&V	\$0	\$0	\$0	\$0
Total Annual Budgets	\$6,310,910	\$737,000	\$181,421	\$7,229,331
2016	Incentives	Admin	EM&V	Total Budget
Commercial	\$2,932,467	\$286,676	\$0	\$3,268,952
Commercial Solutions MTP	\$1,296,259	\$111,864	\$0	\$1,429,974
Load Management SOP	\$429,309	\$39,718	\$0	\$476,627
SCORE/City Smart MTP	\$1,206,898	\$135,094	\$0	\$1,362,351
Residential	\$2,541,518	\$250,326	\$0	\$2,834,654
Residential SOP	\$1,699,233	\$154,049	\$0	\$1,881,993
Entergy Solutions High Performance Homes MTP	\$522,807	\$60,908	\$0	\$592,416
Residential MTP TBD	\$319,477	\$35,369	\$0	\$360,246
Hard-To-Reach	\$1,026,789	\$111,572	\$0	\$1,155,741
Hard-To-Reach SOP	\$1,026,789	\$111,572	\$0	\$1,155,741
R&D	\$0	\$110,000	\$0	\$0
EM&V	\$0	\$0	\$105,901	\$0
Total Annual Budgets	\$6,500,773	\$758,574	\$105,901	\$7,365,248

Energy Efficiency Report

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

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

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

Calendar Year	Actual Weather Adjusted Demand Goal (MW)	Actual Weather Adjusted Energy Goal (MWh)	Actual Demand Reduction (MW)	Actual Energy Savings (MWh)
2014 ⁵	15.5	27,156	17.2	39,214
2013 ⁶	15.5	27,156	19.1	36,996
2012 ⁷	15.5	27,156	17.5	33,696
2011 ⁸	12.4	21,725	16.2	22,235
2010 ⁹	10.6	18,571	13.2	28,629

⁵ 2014 information taken from current EEPR Table 8.

⁶ 2013 information taken from current EEPR Project No. 42264.

⁷ 2012 information taken from EEPR Project No. 41196.

⁸ 2011 information taken from EEPR Project No. 40194.

⁹ 2010 information taken from EEPR Project No. 39366.

VI. Projected, Reported and Verified Demand and Energy Savings

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

2013		Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh	
Commercial	10.5	15,152	9.9	19,174	
Commercial Solutions MTP	1.8	7,533	2.2	13,157	
Load Management SOP	6.7	40	5.9	6	
SCORE/City Smart MTP	2	7,579	1.8	6,012	
Residential	3.9	8,317	7.366	13,904	
Residential SOP	2.2	6,371	5.4	11,548	
Entergy Solutions Premium Homes MTP	1.7	1,946	2	2,357	
Hard-to-Reach	1.1	3,687	1.8	3,917	
Hard-to-Reach SOP	1.1	3,687	1.8	3,917	
Total	15.5	27,156	19.1	36,996	
2014		Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh	
Commercial	10.46	15,152	10	17,763	
Commercial Solutions MTP	1.80	7,533	2.36	11,906	
Load Management SOP	6.71	40	6.02	12	
SCORE/City Smart MTP	1.95	7,579	1.56	5,846	
Residential	3.94	8,317	5.9	16,806	
Residential SOP	2.24	6,371	3.81	13,710	
Entergy Solutions Premium Homes MTP	1.70	1,946	2.0	3,097	
Hard-to-Reach	1.10	3,687	1.4	4,644	
Hard-to-Reach SOP	1.10	3,687	1.4	4,644	
Total	15.50	27,156	17.2	39,214	

VII. Historical Program Expenditures

This section documents ETI's incentive and administration expenditures for the previous five years (2010-2014) broken out by program for each customer class.

Table 9: Historical Program Incentive and Administrative Expenditures for 2010 through 2014 (in 000's)

2010 through 2014	2014		2013		2012		2011		2010	
	Incent	Admin	Incent	Admin	Incent	Admin	Incent	Admin	Incent	Admin
Commercial	2490	510	2778	398	2621	344	2201	171	2297	311
Commercial (Commercial Solutions) MTP	1144	221	1193	197	1039	162	783	83	1090	95
Load Management SOP	210	60	225	26	248	36	253	15	101	53
SCORE/City Smart MTP	1136	230	1360	175	1334	146	1165	73	1106	92
Residential	3041	504	3468	360	3219	360	2682	226	2640	311
Residential SOP	2189	321	2275	204	2192	192	1529	105	1440	101
Energy Solutions Premium Homes MTP	852	183	1193	156	NA	NA	NA	NA	NA	NA
Energy Star® Homes MTP	NA	NA	NA	NA	696	102	582	62	436	71
Home Performance with Energy Star® MTP	NA	NA	NA	NA	331	66	NA	NA	NA	NA
Solar Photovoltaic MTP	NA	NA	NA	NA	NA	NA	521	29	454	72
Statewide CFL Pilot MTP	NA	NA	NA	NA	NA	NA	50	30	307	67
Hard-to-Reach	1327	219	1324	139	1384	139	1208	104	1401	100
Hard-to-Reach SOP	1327	219	1324	139	1384	139	1208	104	1401	100
Total Expenditures	6858	1233	7569	897	7224	843	6091	501	6338	722

VIII. Program Funding for Calendar Year 2014

Table 10: Program Funding for Calendar Year 2014

2014	Total Projected Budget	Number of Customers or Installations	Actual Funds Expended (Incentives)	Actual Funds Expended - Admin (Not Including EM&V, Affiliate Costs, or Legal Fees)	Actual Funds Expended - R&D (R&D)	Actual Funds Expended - EM&V (Admin)	Actual Funds Expended - General Affiliate Costs (Admin)	Actual Funds Expended - Residential Affiliate Costs (Admin)	Actual Funds Expended - Utility Legal Fees (Admin)	Actual Funds Expended - Cities Legal Fees (Admin)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining (Not Committed)
Commercial	\$2,888,677	642	\$2,489,747	\$303,855	\$2,138	\$84,833	\$44,825	\$0	\$58,935	\$15,724	\$3,000,057	\$0	-\$111,380
Commercial Solutions MTP	\$1,199,717	447	\$1,144,487	\$126,307	\$0	\$39,786	\$20,605	\$0	\$27,091	\$7,228	\$1,365,505	\$0	-\$165,788
Load Management SOP	\$374,301	6	\$209,725	\$42,345	\$2,138	\$5,109	\$3,776	\$0	\$4,964	\$1,324	\$269,383	\$0	\$104,918
SCORE/ CitySmart MTP	\$1,314,659	189	\$1,135,534	\$135,202	\$0	\$39,938	\$20,444	\$0	\$26,880	\$7,171	\$1,365,169	\$0	-\$50,510
Residential	\$3,445,005	11,557	\$3,041,285	\$245,450	\$34,955	\$67,260	\$54,754	\$10,132	\$71,991	\$19,207	\$3,545,033	\$0	-\$100,028
Residential SOP	\$2,375,918	10,062	\$2,188,963	\$140,424	\$22,317	\$45,907	\$39,409	\$7,292	\$51,815	\$13,824	\$2,509,953	\$0	-\$134,035
Energy Solutions Premium Homes MTP	\$1,069,087	1,495	\$852,322	\$105,026	\$12,638	\$21,353	\$15,345	\$2,839	\$20,176	\$5,383	\$1,035,081	\$0	\$34,006
Hard-To-Reach	\$1,451,218	4,104	\$1,326,511	\$109,986	\$13,524	\$27,097	\$23,882	\$4,419	\$31,400	\$8,377	\$1,545,197	\$0	-\$93,979
Hard-to-Reach SOP	\$1,451,218	4,104	\$1,326,511	\$109,986	\$13,524	\$27,097	\$23,882	\$4,419	\$31,400	\$8,377	\$1,545,197	\$0	-\$93,979
Total	\$7,784,900	16,303	\$6,857,543	\$659,291	\$50,617	\$179,191	\$123,461	\$14,551	\$162,327	\$43,308	\$8,090,287	\$0	-\$305,387

Per section (n)(2)(Q) of the EE Rule, please note that there were two programs where the projected budget and actual total funds expended varied by more than ten percent: Commercial Solutions MTP (+14%) and Load Management SOP (-28%). Actual spending for the Commercial Solutions MTP increased because funds were moved to that MTP from the SCORE/CitySmart MTP due to lower participation levels in the SCORE/CitySmart MTP than initially projected. Load Management SOP funds expended were lower than projected due to a lower number of participants than expected.

IX. Market Transformation Program Results

Commercial Solutions (COM SOL) MTP

The primary objective of the Commercial Solutions MTP is to provide a conduit for ETI's commercial customers to install more energy efficient measures in their facilities, both new and existing. CLEAResult Consulting, Inc. was hired to provide their expertise in working with customers to make sure they are installing the most cost effective energy efficient measures by providing equipment recommendations, engineering oversight, consultations, benchmarking, and Cool Saver HVAC tune-ups.

Schools Concerned with Reducing Energy (SCORE/City Smart) MTP

ETI has had great success with the SCORE/City Smart MTP. School districts and governmental entities targeted by the program have great success stories in reducing their demand and energy consumption. Program participants are touting the value of the program and recommending participation to others. Many projects that were scheduled for several years down the road are now being moved up to be completed earlier due to the "Energy Efficiency Business Plan" that is part of the program. Cool Saver HVAC tune-ups were also provided to several of the school buildings to insure the proper commissioning of the HVAC equipment.

Entergy Solutions High Performance Homes (ENTERGY SOL) MTP

The ENTERGY SOL High Performance Homes MTP combines the attributes of an Energy Star Homes new construction program with the attributes of an Energy Star Home Performance with Energy Star retrofit program. This combined program is logical because both programs are driven predominantly by Home Energy Rating Services (HERS). The HERS raters provide professional assessments on new and existing homes to bring them up to Energy Star standards. Incentives are paid to builders and contractors for installing certain measures in new construction applications that provide verifiable demand and energy savings. For the retrofit application, incentives can be paid to either the builder or contractor that installed the energy efficient measures.

X. Research and Development Costs

ETI began two Research and Development (R&D) projects in 2014 that will continue into 2015. The first is research and development regarding a database that will be the repository for all ETI's energy efficiency programs. Currently, ETI houses data with three different implementers, and it is cumbersome to gather data to submit to the Evaluation, Measurement, and Measurement contractor. Having all data reside in one location will make managing and reporting on the energy

efficiency programs more effective. The second research project is a Baseline Study for residential new construction. ICF International has been contracted with to determine the actual baseline of residential new construction practices and efficiency within ETI's service territory. The study will also look at the effectiveness that the current program has in persuading builders and contractors to not only meet the code, but to exceed it.

XI. Current Energy Efficiency Cost Recovery Factor (EECRF)

ETI applied for its EECRF rate schedule on May 1, 2014 in Docket 42485. The EECRF was approved for \$11,459,152 and ETI began implementation of the rider on January 1, 2015.

XII. Revenue Collected through EECRF (2014)

ETI's 2014 EECRF revenues as of December 31, 2013 were \$9,617,994.

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

ETI had an over-recovery of its 2014 energy efficiency programs of \$685,017, which should be returned in the 2016 EECRF.

XIV. Performance Bonus Calculation

In 2014, ETI's total spending on energy efficiency programs was \$8,090,287. This includes actual EM&V expenditures of \$179,191.

Per direction by the PUCT Staff, the total program costs to be used in the performance bonus calculation should include the EM&V cost allocation provided by the EM&V team for the program year, instead of the actual EM&V expenditures. For the 2014 program year, allocated EM&V costs totaled \$181,421. As a result, the 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, ETI's 2014 total program costs equaled \$8,092,519.

Under SUBST. R. 25.181, the calculation of the performance bonus is the lesser of:

Percentage of net benefits
Or
20% of program costs

Because ETI exceeded the 2014 goal by 11% for kW and 44% for kWh savings, ETI will request a performance bonus of \$1,093,298 as part of the 2015 EECRF filing.

Table 11: Performance Bonus Calculation

Program Year 2014		
Energy Efficiency Performance Bonus Calculator		
	kW	kWh
Demand and Energy Goals	15,500	27,156,000
Actual Demand and Energy Savings	17,180	39,213,565
<i>Reported/Verified Hard-to-Reach</i>	1,376	
Program Costs (excluding bonus)	\$8,092,519	
Performance Bonus	\$1,093,298	
9%	Hard-to-Reach Goal Met?	
Bonus Calculation Details		
111%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)	
144%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)	
TRUE	Met Requirements for Performance Bonus?	
\$28,264,621	Total Avoided Costs	
\$8,092,519	Total Program Costs (excluding bonus)	
\$20,172,102	Net Benefits	
\$1,093,298	Calculated Bonus $\left(\frac{\text{Achieved Demand Reduction}}{\text{Demand Goal}} - 100\% \right) / 2 * \text{Net Benefits}$	
\$2,017,210	Maximum Bonus Allowed (10% of Net Benefits)	

Acronyms

COM	Commercial
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
EECRF	Energy Efficiency Cost Recovery Factor
HERS	Home Energy Rating Services
HTR	Hard-To-Reach
EM&V	Evaluation, Measurement and Verification
LM	Load Management
MTP	Market Transformation Program
PUCT	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act
RES	Residential
RFP	Request for Proposals
SCORE	Schools Concerned with Reducing Energy
SOP	Standard Offer Program

Appendix

APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY 2014¹⁰

Commercial Solutions MTP			
County	# of Customers	kW	kWh
Grimes	6	20	112,163
Hardin	8	49	226,366
Jefferson	177	925	5,314,823
Liberty	1	2	14,470
Madison	1	17	172,404
Milam	2	4	14,735
Montgomery	232	1,100	5,176,354
Orange	7	112	415,934
Robertson	2	3	10,639
Tyler	3	4	13,890
Walker	12	128	434,118
Total	451	2,364	11,905,896

SCORE/CitySmart MTP			
County	# of Customers	kW	kWh
Hardin	7	227	242,446
Jefferson	100	394	1,452,175
Liberty	2	67	111,846
Madison	5	21	94,727
Montgomery	44	725	3,347,208
Tyler	9	40	139,038
Walker	23	90	458,234
Total	190	1,564	5,845,674

Load Management SOP			
County	# of Customers	kW	kWh
Harris	4	182	363
Liberty	4	759	1,516
Jefferson	10	2,805	5,341
Orange	2	452	789
Chambers	1	156	312
Montgomery	6	1,171	2,338
Tyler	1	19	38
Hardin	4	480	959
Total	32	6,024	11,656

¹⁰ The reported demand and energy reductions by county tables may not match up exactly with the tables above due to minor rounding discrepancies.

Residential SOP			
County	# of Customers	kW	kWh
Brazos	1	1	1,830
Chambers	68	55	235,910
Falls	1	0	596
Galveston	5	5	25,237
Grimes	1	1	1,357
Hardin	586	562	2,195,750
Harris	5	12	32,696
Jasper	2	1	4,687
Jefferson	2,417	1,952	6,799,568
Liberty	187	139	569,794
Montgomery	70	79	236,231
Newton	1	1	8,654
Orange	606	596	2,167,389
Trinity	2	3	13,759
Tyler	328	394	1,398,527
Walker	8	5	17,718
Total	4,288	3,806	13,709,703

Entergy Solutions Premium Homes MTP			
County	# of Customers	kW	kWh
Brazos	158	107	196,062
Galveston	2	3	4,480
Grimes	3	6	5,771
Hardin	5	10	12,109
Harris	19	31	78,979
Jefferson	18	71	128,936
Liberty	4	7	8,823
Montgomery	1,040	1,788	2,636,137
Orange	8	17	21,267
Walker	2	4	4,147
Total	1,259	2,045	3,096,710

Hard-to-Reach SOP			
County	# of Customers	kW	kWh
Brazos	16	15	59,701
Burleson	1	0	820
Chambers	24	22	74,389
Falls	1	1	1,807
Hardin	148	132	498,230
Harris	1	1	2,153
Jasper	1	0	676
Jefferson	977	789	2,520,440
Liberty	3	2	9,439
Madison	47	22	84,900
Montgomery	26	32	110,967
Orange	252	213	792,631
Trinity	105	78	255,625
Tyler	44	65	216,863
Walker	5	3	15,278
Total	1,651	1,376	4,643,919