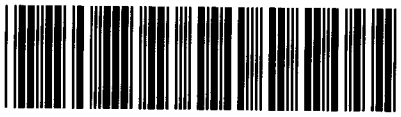

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APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST THE ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF)	§ § § § §	STATE OFFICE OF ADMINISTRATIVE HEARINGS

TEXAS-NEW MEXICO POWER COMPANY'S RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15

TEXAS-NEW MEXICO POWER COMPANY ("TNMP") files this response to Commission Staff's ("Staff") Second Request for Information. TNMP's responses to requests for information shall be made within ten (10) calendar days, making the responses due by June 27, 2016. This response is therefore timely. All parties may treat the answers as if they were filed under oath.

TNMP files these responses without agreeing to the relevancy of the information sought and without waiving their right to object at the time of the hearing to the admissibility of information produced herein.

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**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

Respectfully submitted,

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**ATTORNEYS FOR TEXAS-NEW
MEXICO POWER COMPANY**

CERTIFICATE OF SERVICE

A true and correct copy of the foregoing has been served on all parties as required by 16 TAC § 25.181(f)(13) on this 27th day of June, 2016.

Counsel

TEXAS-NEW MEXICO POWER COMPANY'S RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15

CITIES 1-1 Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, *2016 Energy Efficiency Plan and Report.* The Report was issued on April 1, 2016 (see Project No. 45675) and amended on May 27, 2016. Please identify and provide a description of each change to the initial Report reflected in the amended Report. For each number that changed, provide workpapers supporting the revised number.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: Cities 1-1 Changes to EEPR.pdf

RESPONSE:

See Attachment. For workpapers, see Confidential WP SRW-9 to support 2015 savings and expenditures.

Primarily, the changes were to 2015 savings and 2017 savings. 2015 savings were affected by the validation resulting from EM&V review which dropped kW and kWh slightly. 2017 savings were updated to include Efficiency Connection in the total, which increased kW and kWh slightly.

**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

CITIES 1-2 Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, *2016 Energy Efficiency Plan and Report*, page 11. Regarding the Load Management Program SOP, please provide a reference to the program materials available to customers who are eligible to enroll in the program.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: N/A

RESPONSE:

Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, page 7, for a link to the Program Manual. Additional program materials are also available via the link to TNMP's Energy Efficiency website under Resources

(http://tnmpefficiency.com/smartPage_loadmanagement.html?smartP=LMOverview).

TEXAS-NEW MEXICO POWER COMPANY'S RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15

CITIES 1-3 Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, *2016 Energy Efficiency Plan and Report*. Regarding the Load Management Program SOP, please provide the amount of the incentive payment and indicate how many customers are enrolled in the program. Clarify if the Company makes a program incentive payment regardless of whether a customer is actually curtailed or not. Explain how the Company responds to a customer that does not curtail load when called to do so.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: N/A

RESPONSE:

Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, page 24 Table 9 for the amount of incentives paid in the Load Management Program in 2015.

Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, page 38 for the total number of participants in the Load Management Program in 2015.

TNMP only makes incentive payments to participants who have verified demand savings. Customers who do not curtail load when called to do so do not receive payment.

**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

CITIES 1-4 Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, *2016 Energy Efficiency Plan and Report.* Regarding the Load Management Program SOP, please identify each curtailment under the program in 2015. Include the customer curtailed, the MWs curtailed, the duration of the curtailment, the date and time of the curtailment and whether it was a test or actual curtailment.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: Highly Confidential and Sensitive Cities 1-4 2015 TNMP Load Management Program Summary Report.xlsx

RESPONSE:

See Attachment.

TNMP called one test curtailment.

TEXAS-NEW MEXICO POWER COMPANY'S RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15

CITIES 1-5 Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, *2016 Energy Efficiency Plan and Report*, page 12. Regarding the Efficiency Connection Pilot MTP, please explain whether the Commission has reviewed and approved this program and provide the documentation provided to the Commission to support the cost effectiveness of the program. If the Commission has not yet reviewed the program, explain how and when the Company will seek Commission approval.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: N/A

RESPONSE:

Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, *2016 Energy Efficiency Plan and Report*, page 12, there is no reference to the Efficiency Connection Pilot.

Per 16 TAC § 25.181(s)(3), the Efficiency Connection Pilot MTP implemented by TNMP for 2016 is not substantially different from other programs previously implemented by any utility, and therefore not subject to filing a program template. The program is in Pilot stage for TNMP, and cost-effectiveness has been projected in the Statement of Work. The EM&V team has developed and approved M&V methodology specific to the program.

**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

CITIES 1-6 Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, *2016 Energy Efficiency Plan and Report*, page 21 (Table 6). Please explain the 52% increase in Administrative costs from 2015 to 2017 and 207% increase in R&D costs from 2015 to 2017, including any specific cost drivers (2015 costs taken from Table 9).

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: N/A

RESPONSE:

As a result of increased Incentives projected for 2017, there is a corresponding increase to the Administration budget to manage programs. TNMP further contends that the more appropriate comparison is between the most recently approved budget for 2016 (Docket No. 44778) and the budget projected for 2017; not with the 2015 costs.

For instance, comparing Administrative projections from the latest approved budget for 2016 (Docket No. 44778) to the projected budget for 2017 reveals a 5% increase. Meanwhile, the 52% difference between 2015 Administrative costs and the projected 2017 expenditures reflects the addition and expansion of the Efficiency Connection program, increases to Load Management, Residential SOP, High-Performance Homes, and additional staff at TNMP. The differences contained in the 2017 projected expenditures simply did not exist for 2015.

When comparing R&D projections from the latest approved budget for 2016 (Docket No. 44778) to the 2017 projected budget, the increase is also 5%. The 207% increase to R&D costs in 2017 projected expenditures includes changes that did not exist for the 2015 R&D costs. For instance, the education program will be added for 2016 and expanded in 2017. The increase also includes costs previously allocated to admin that are now part of R&D and costs anticipated for commissioning a baseline study for both the Open for Small Business and Efficiency Connection programs. See additional detail in Cities 1-8 through Cities 1-11.

**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

CITIES 1-7 Refer to the Direct Testimony of Stefani Case, Exhibit SMC-2, *2016 Energy Efficiency Plan and Report*, page 25. Regarding program funding, is the Company seeking approval to include any funding rolled over from a previous year? If so, please identify the amount of funds and the affected program budgets.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: N/A

RESPONSE:

TNMP is not seeking approval to include any funding rolled over from a previous year.

TEXAS-NEW MEXICO POWER COMPANY'S RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15

CITIES 1-8 Refer to the Direct Testimony of Stefani Case, page 12. Please explain how TNMP developed the $15,000 portion of the proposed 2017 R&D budget related to research of new programs and implementers. Also explain how the Company will implement the results of this research.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: N/A

RESPONSE:

Pursuant to the Public Utility Commission of Texas' Annual Statewide Portfolio Report for Program Year 2014 – Volume I, issued October 16, 2015, industry conferences and membership and energy efficiency staff development costs that pertain to energy efficiency programs that a utility offers, or is considering offering, would be appropriately reported under R&D. TNMP developed the $15,000 portion by taking into account 2014 & 2015 administration expenditures on industry conferences, membership and energy efficiency staff development that may now be allocated to R&D. Additionally, TNMP anticipates there will be a cost of commissioning a baseline study for the Open for Small Business and Efficiency Connection programs per 16 TAC § 25.181(m)(3)(E). These costs are important to provide utilities with insight into the wider energy efficiency industry and research that other organizations are conducting and keep Texas programs evolving and integrating best practices.

TEXAS-NEW MEXICO POWER COMPANY'S RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15

CITIES 1-9 Refer to the Direct Testimony of Stefani Case, page 12. Please explain how TNMP developed the $88,000 portion of the proposed 2017 R&D budget related to development of a program database. Provide the expected project completion date and total project budget. Also provide a cost/benefit analysis of the project compared to the way data is currently housed and accessed.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: N/A

RESPONSE:

TNMP developed the $88,000 portion of the proposed 2017 R&D budget related to development of a program database by referencing the Statement of Work effective July 1, 2014. The current subscription contract end-date is December 31, 2017. TNMP's subscription fee is $8,566.91 monthly (80% allocated to R&D and 20% allocated to Admin), which will be re-evaluated at the end of 2016, but shall not increase by more than 10%. TNMP has estimated an increase of 7%.

This development commenced in 2014 due to the need to rebuild or replace the original system, which dated back to 2000. Some of the original system is no longer supported, and TNMP needed a system with new reporting and data capabilities for the EM&V program. TNMP met with multiple vendors and other Texas utilities to discuss options at the time, and determined the value of developing a custom database with Frontier Associates and leveraging Frontier's existing relationship with the EM&V contractor was the most cost-effective approach. With respect to costs for the original system, in addition to the initial development costs, the system required monthly maintenance that significantly varied depending on what maintenance was needed. The flat monthly subscription fee now being paid for the new system is steady, all-inclusive and covers requested maintenance, custom reporting, EM&V data requests, TRM savings calculation updates, or any ad hoc requests.

**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

CITIES 1-10 Refer to the Direct Testimony of Stefani Case, page 12. Please explain how TNMP developed the $30,000 portion of the proposed 2017 R&D budget related to EUMMOT. Does this expense represent membership dues in the EUMMOT organization? Has this expense been included in past EECRF budgets? If so, please provide references to the schedules including the expense in past EECRF filings.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: N/A

RESPONSE:

TNMP developed the $30,000 portion of the proposed 2017 R&D budget related to program database development by reviewing 2015 and 2014 EUMMOT expenditures. This expense represents membership dues in the EUMMOT organization. Refer to the Direct Testimony of Stefani Case, page 12, for the description of the benefit of this expense:

> To develop relationships with other utilities to discuss lessons learned and new program ideas, collaborate on developing savings/adding new measures to the TRM, and get exposure to best practices.

This expense has been included in past EECRF budgets.

**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

CITIES 1-11 Refer to the Direct Testimony of Stefani Case, page 12. Please explain how TNMP developed the $150,000 portion of the proposed 2017 R&D budget related to R&D Programs. Provide an example of the proposed energy education program and explain how ratepayers will benefit from the results of this program.

Prepared by: Stefani Case

Sponsored by: Stefani Case

Attachment: Cities 1-11 TNMP Poster.pdf; Cities 1-11 TNMP Teacher Guide.pdf; Cities 1-11 TNMP Workbook.pdf

RESPONSE:

TNMP developed the $150,000 portion of the proposed 2017 R&D budget by reviewing program expenses from 2013 when the program spent $177k to reach 70 schools in one semester of the program. For an example of previously run program, please see attachments.

Ratepayers benefit by receiving free interactive education to young people in the community about the importance of electricity and how they can play a role in using it efficiently.

TEXAS-NEW MEXICO POWER COMPANY'S RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15

CITIES 1-12 Refer to the Direct Testimony of Stacy Whitehurst, Tables 3 and 4. Please identify the industrial customers that have opted out of the energy efficiency program for each year 2011 through 2015, and include the location, opt out demand and opt out energy for each customer.

Prepared by: Stacy Whitehurst

Sponsored by: Stacy Whitehurst

Attachment: Highly confidential and Sensitive Cities 1-12.xls

RESPONSE:

Please see attachment for the industrial customers and the associated opt-out demand and energy reflected in Table 3 included in the Direct Testimony of Stacy Whitehurst.

**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

CITIES 1-13 Refer to the Direct Testimony of Stacy Whitehurst, page 9. Table 5 does not total to $6,069,598. Please reconcile this table with Exhibit SRW-3, which does total to $6,069,598.

Prepared by: Stacy Whitehurst

Sponsored by: Stacy Whitehurst

Attachment: N/A

RESPONSE:

Refer to the response to Staff 2-1 request for information.

**TEXAS-NEW MEXICO POWER COMPANY'S
RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION
QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15**

CITIES 1-14 Refer to the Direct Testimony of Stacy Whitehurst, page 16-18. Please explain if the Commission has provided any guidance regarding how to calculate the change in prior period cost caps when the CPI is negative. If not, explain if TNMP relies on any other authority to disregard adjusting the cost caps because the CPI was negative.

Prepared by: Stacy Whitehurst

Sponsored by: Stacy Whitehurst

Attachment: N/A

RESPONSE:

Yes. 16 TAC § 25.181(f)(7)(E) states :

> For the 2014 program year and thereafter, the residential and commercial cost caps shall be calculated to be the prior period's cost caps **increased** by a rate equal to the most recently available calendar year's percentage change in the South urban consumer price index (CPI), as determined by the Federal Bureau of Labor Statistics. (Emphasis added)

The Commission approved rule states that the caps must be increased. Based on the dictionary definition of "increase" , it therefore can only be read to mean become or make greater in size, amount, intensity, or degree.

TEXAS-NEW MEXICO POWER COMPANY'S RESPONSES TO CITIES' FIRST REQUEST FOR INFORMATION QUESTION NOS. CITIES 1-1 THROUGH CITIES 1-15

CITIES 1-15 Refer to the Direct Testimony of Stacy Whitehurst, Exhibit WP 2017 Budget. Please explain why the Efficiency Connection program is not assigned any Admin or R&D expenses.

Prepared by: Stacy Whitehurst

Sponsored by: Stacy Whitehurst

Attachment: N/A

RESPONSE:

TNMP did assign both Admin and R&D expenses to the Efficiency Connection program in developing the rates. See Exhibit SRW-11 line 8 for estimated Admin expense. See Exhibit SRW-12 line 8 for estimated R&D expense. WP 2017 Budget is a work paper that was used for budget analysis, and was included in the filing.

Texas-New Mexico Power Company

2016 Energy Efficiency Plan and Report

16 Texas Administrative Code § 25.181 and 25.183

~~April 1~~Amended
May 27, 2016

Project No. 45675

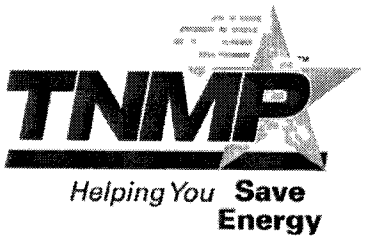

Table of Contents

Introduction

Texas-New Mexico Power Company ("TNMP") presents this Energy Efficiency Plan and Report ("EEPR") to comply with 16 Texas Administrative Code § 25.181 and 25.183 ("TAC"), which are the sections of the Energy Efficiency Rule ("EE Rule") implementing Public Utility Regulatory Act ("PURA") § 39.905. As mandated by this section of PURA, the EE Rule requires that each investor-owned electric utility achieve the following minimum goals through market-based standard offer programs ("SOPs"), targeted market transformation programs ("MTPs") or utility self-delivered programs:

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

...

(B) Beginning with the 2013 program year, until the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire a 30% reduction of its annual growth in demand of residential and commercial customers.

(C) If the demand reduction goal to be acquired by a utility under subparagraph (B) of this paragraph is equivalent to at least four-tenths of 1% its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year, the utility shall meet the energy efficiency goal described in subparagraph (D) of this paragraph for each subsequent program year.

(D) Once the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.

(E) Except as adjusted in accordance with subsection (w) of this section, a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility pursuant to paragraph (2) of this subsection."

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

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

Energy Efficiency Plan and Report Organization

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

Executive Summary

- The Executive Summary highlights TNMP's reported achievements for 2015 and TNMP's plans for achieving its 2016 and 2017 projected energy efficiency savings goals.

Energy Efficiency Plan

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

Energy Efficiency Report

- Section V documents TNMP's actual weather-adjusted demand savings goals and energy targets for the previous five years (2011-2015).
- Section VI compares TNMP's projected energy and demand savings to its reported and verified savings by program for calendar years 2014 and 2015.
- Section VII documents TNMP's incentive and administration expenditures for the previous five years (2011-2015) broken out by program for each customer class.
- Section VIII compares TNMP's actual program funding for 2015 compared to its 2015 budget broken out by program for each customer class.
- Section IX describes the results from TNMP's MTPs.
- Section X reports on Research & Development and Administration Costs.
- Section XI details TNMP's current EECRF, collection, and future filing.
- Section XII reflects TNMP revenue collection through the 2015 EECRF.
- Section XIII breaks out the over/under-recovery of energy efficiency program costs.
- Section XIV details TNMP's performance incentive calculation.

Acronyms
Glossary
Appendix

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

Executive Summary

The Energy Efficiency Plan ("The Plan") details TNMP's plan to achieve the required demand savings reduction, as determined by the Final Order in Docket No. 44778, by December 31, 2016.

The annual demand goal for energy efficiency savings pursuant to 16 TAC § 25.181(e)(1)(D) is calculated by applying the percentage goal to the utility's summer weather-adjusted five-year average peak demand for the combined residential and commercial customers. As shown by the data in **Table 4**, a four-tenths of 1% goal would be 4.9 MW, which is less than the amount of energy efficiency to be acquired for the most recent preceding year. Therefore, for 2016, TNMP has planned to achieve a goal of 5.74 MW.

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

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

The Energy Efficiency Report ("The Report") demonstrates TNMP's successful 2015 implementation of its energy efficiency portfolio of SOPs and MTPs, as required by PURA § 39.905. These programs met and exceeded TNMP's efficiency savings goals by procuring 8.~~676~~662 MW in demand savings and 17,~~520~~452 MWh in energy savings. The 2015 TNMP portfolio included the Hard-to-Reach Standard Offer Program, Residential Standard Offer Program, and the High-Performance Homes Market Transformation Program, as well as the SCORE/CitySmart, Commercial Solutions, and Open for Small Business Market Transformation Programs, the Load Management Standard Offer Program and Low Income Weatherization Program.

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

Table 1: Summary of Goals, Projected Savings, and Projected Budgets[1]

Calendar Year	0.4% Peak Demand Goal	Peak Demand (MW) Goal[2]	Energy (MWh) Goal	Projected Demand Savings (MW)	Projected Energy Savings (MWh)	Projected Budget (000's)
2016	4.9	5.74	10,056	9.~~185~~628	~~15,629~~16,782	$5,~~368~~305
2017	5.0	5.68	9,~~952~~951	9.~~432~~457	18,~~488~~622	$5,656

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

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

Energy Efficiency Plan

I. 2016 Programs

A. 2016 Program Portfolio

TNMP plans to implement nine SOPs and MTPs. There is one pilot program planned for 2016, Efficiency Connection Pilot MTP.

These programs have been structured to comply with the rules governing program design and evaluation in 16 TAC § 25.181(j), (k), (l), and (m). Each of these programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. TNMP anticipates that such targeted outreach to a broad range of service

[1] 0.4% Peak Demand Goal numbers are calculated from Table 4; Peak Demand Goal was established in Docket No. 44778; Projected Savings are from Table 5; and Projected Budget from Table 6. All MW and MWh figures in this Table are given "at Meter."

[2] Includes the effects of industrial opt-outs, as defined in 16 TAC § 25.181(w).

provider types will be necessary in order to meet the savings goals required by PURA § 39.905 on a continuing basis. **Table 2 (a)** summarizes the programs and target markets.

Table 2 (a): 2016 Energy Efficiency Program Portfolio

2016 Programs	Target Market	Application
Open for Small Business MTP	Commercial <100kW	Retrofit
SCORE/CitySmart MTP	Schools, Government	Retrofit; New Construction
Commercial Solutions MTP	Commercial >100kW	Retrofit; New Construction
Load Management SOP	Commercial	Load Management
High-Performance Homes MTP	Residential	New Construction
Residential SOP	Residential	Retrofit
Efficiency Connection Pilot MTP	Residential	Retrofit
Hard-to-Reach SOP	Residential Income-qualified	Retrofit
Low Income Weatherization	Residential Income-qualified	Retrofit

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

Table 2 (b): 2016 Energy Efficiency Program Manuals

2016 Programs	Program Manuals
Open for Small Business MTP	http://www.tnmpefficiency.com/downloads/2016%20TNMP%20Open%20Program%20Manual.pdf
SCORE/CitySmart MTP	http://www.tnmpefficiency.com/downloads/2016%20TNMP%20SCORE%20CitySmart%20Program%20Manual.pdf
Commercial Solutions MTP	http://www.tnmpefficiency.com/downloads/2016_TNMP_ComSol_Program_Manual.pdf
Load Management SOP	http://tnmpefficiency.com/downloads/2016_TNMP_Peak_Load_Mgmt_Program_Manual_Final.pdf
High-Performance Homes MTP	http://www.tnmpefficiency.com/downloads/2016_TNMP_High-Performance_Homes_Program_Guide.pdf

Residential SOP	http://www.tnmpefficiency.com/downloads/2016_TNMP_Res_HTR_Program_Manual.pdf
Efficiency Connection Pilot MTP	http://tnmpefficiency.com/downloads/TNMP_EConnect_Program_Manual.pdf
Hard-to-Reach SOP	http://www.tnmpefficiency.com/downloads/2016_TNMP_Res_HTR_Program_Manual.pdf
Low Income Weatherization	http://tnmpefficiency.com/downloads/2016_TNMP_LIW_Manual_Final.pdf

B. Existing Programs

Open for Small Business MTP ("Open MTP")

Program Design

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

Implementation Process

TNMP continues to contract with CLEAResult as the implementer to provide the energy efficiency and demand reduction design and solutions for the Open MTP throughout the 2016 program year. Under this program, TNMP helps small commercial customers that do not have the in-house capacity or expertise to: 1) identify, evaluate, and undertake efficiency improvements to their completion; 2) properly evaluate energy efficiency proposals from vendors; and/or 3) understand how to leverage energy savings to finance projects within their financial planning processes. Small-sized customers (<100kW) tend to implement smaller projects with lower savings which creates program cost-effectiveness challenges to providing one-on-one technical assistance to this market. The Open MTP will provide the direct support, tools, and training necessary to contractors to pursue small commercial customers.

Outreach and Research Activities

The program targets small commercial customers based on premise demand. All commercial customer premises with a peak annual billing demand less than 100 kW are eligible for the

program. TNMP plans to leverage small business associations, government agencies, and service providers to serve these customers.

SCORE/CitySmart MTP ("SCORE/CitySmart MTP")

Program Design

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

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

Implementation Process

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

Outreach Activities

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

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

Commercial Solutions MTP ("CS MTP")

Program Design

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

Implementation Process

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

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

Outreach Activities

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

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

Load Management Program SOP

Program Description

The TNMP Load Management Program was launched in 2009 in accordance with 16 TAC § 25.181, which authorizes participating Project Sponsors (customers or third-party sponsors) to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. Incentives are based on verified demand savings that occur at TNMP distribution sites, or at eligible institutional customers' sites, as a result of calls for curtailment. Customers are not required to produce a specific level of curtailed load but will only receive payments for the lesser of the amount of curtailed load produced or contracted.

Implementation process

Implementation of this program will be directly through customers and third-party entities representing customers at distribution level within the TNMP service territory. In 2016, the program will continue to initiate a maximum number of five curtailments, including one annual Scheduled Curtailment of one-to-two hours duration and a maximum of four Unscheduled Curtailments of one-to-four hours duration each.

Outreach Activities

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

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

High-Performance Homes MTP ("HPH MTP")

Program design

The High-Performance Homes program promotes the construction and certification of new ENERGY STAR® certified and High-Performance qualified homes. This voluntary program provides financial incentives and other types of assistance to production and custom homebuilders who commit to construct homes within the TNMP service territory that meet High-Performance specifications. To be eligible for participation, homes must achieve at least a ten percent (10%) savings over Texas Baseline Reference Home requirements or ten percent (10%) over the 2012 IECC code in municipalities that have adopted the 2012 IECC code. The Rater's primary responsibility is to work with homebuilders to facilitate the construction of ENERGY STAR®

certified and High-Performance homes that meet the performance requirements for the program. For 2016, the program design has been updated to have incentives paid in tiers to builders for installing certain measures in new construction applications based on the levels of energy efficiency achieved. The program also includes a bonus incentive for ENERGY STAR® version 3.0 or 3.1 compliant homes.

Implementation process

TNMP continues its contract with ICF International to implement the HPH MTP, whereby any eligible builder may submit an application for a home meeting the requirements. The program information on TNMP's website reflects eligibility requirements.

Outreach Activities

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

- Contracts with third-party implementer to conduct outreach and planning activities;
- Utilizes mass electronic mail (e-mail) notifications to keep potential builders interested and informed;
- Maintains a website with detailed builder eligibility, incentives, and process; and
- Participates in statewide outreach activities, as may be available.

Residential Standard Offer Program ("RES SOP")

Program Design

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

Implementation Process

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

Outreach Activities

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

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

Hard-To-Reach Standard Offer Program ("HTR SOP")

Program Design

The HTR SOP targets low income customers, defined as a household income at or below 200% of the federal poverty guidelines, or who meet certain other qualifications. Incentives are paid to Project Sponsors for certain eligible measures installed in retrofit applications as defined in the Texas TRM.

Implementation Process

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

Outreach Activities

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

- Utilizes mass electronic mail (e-mail) notifications to keep potential Project Sponsors interested and informed;
- Maintains a website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Participates in statewide outreach activities, as may be available; and

- Conducts workshops as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process.

Low Income Weatherization Program

Program Design

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

Implementation Process

TNMP continues to contract with Frontier Associates (Implementer) to provide marketing and education to local government organizations and not-for-profit agencies. The Implementer contracts with the Texas Department of Housing & Community Affairs' ("TDHCA") sub-recipients and other not-for-profit community action and government agencies (i.e. low income advocates) to provide weatherization services to eligible residential TNMP customers.

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

- Attic insulation
- Central AC replacement
- Infiltration control
- Refrigerator replacement (in multi-family housing only)
- Solar screens
- Wall insulation

Outreach Activities

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

C. New Programs

Efficiency Connection Pilot MTP

In compliance with 16 TAC § 25.181(i)(4), TNMP has set aside budget in 2016 for a program to be delivered to customers by Retail Electric Providers ("REPs") and established program rules and schedules that will give REPs sufficient time to plan, advertise, and conduct an energy efficiency program.

Program Design

Efficiency Connection Pilot MTP is a partnership between TNMP and REPs to help promote energy efficiency to TNMP residential customers by offering discounted LED lamps via an online marketplace. A third-party implementer facilitates REP participation and aids in the selection and management of an online vendor for the program website and order fulfillment. Savings will be calculated using assumptions derived from national statistics and localizing that information to make it relevant to the local market.

Implementation Process

TNMP has contracted with CLEAResult to implement the program in the TNMP service territory. CLEAResult will recruit REP participants and insure program goals are met. Incentives will be paid to the online vendor for verified demand and energy savings achieved through the program.

Outreach Activities

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

- Contract with a third-party program implementer to implement outreach and planning activities;

- Rely on REPs to market the program to existing customers via e-mail, phone calls, social media and direct mail; and
- Participate in appropriate industry-related meetings and events to generate awareness and interest.

II. Customer Classes

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

The annual demand goal will be allocated to customer classes by examining historical program results, evaluating economic trends, and taking into account 16 TAC § 25.181, which states that no less than 5% of the utility's total demand goal should be achieved through programs for hard-to-reach customers. **Table 3** summarizes the number of customers in each of the eligible customer classes, which was used to allocate funding on an equitable basis.

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

Table 3: Summary of Customer Classes

Customer Class	Number of Customers
Commercial	42,026
Residential	126,480
Hard-to-Reach	74,922

III. Projected Energy Efficiency Savings and Goals

The modified PURA § 39.905, effective September 1, 2011, changed the calculation used to determine TNMP's goal, stating that for an electric utility whose amount of energy efficiency to be acquired under this subsection is equivalent to at least four-tenths of 1% of the electric utility's summer weather-adjusted peak demand for residential and commercial customers in the previous

calendar year, the minimum goal shall not be less than four-tenths of 1% of the utility's summer weather-adjusted peak demand for residential and commercial customers, adjusted for distribution industrial opt-out, by December 31 of each subsequent year; and the amount of energy efficiency to be acquired for the utility's residential and commercial customers for the most recent preceding year.

As shown in the data in **Table 4**, a four-tenths of 1% goal would be 5.0 MW for 2017, which is less than the amount of energy efficiency to be acquired for the most recent preceding year. For 2016, TNMP has planned to achieve a goal of 5.74 MW,[3] and for 2017 TNMP has planned to achieve a goal of 5.68 MW.[4]

Table 4 presents historical annual growth in demand for the previous five years that is used to calculate demand and energy goals. **Table 5** presents the projected demand and energy savings broken out by program for each customer class for 2016 and 2017. Projected savings for 2016 and 2017 reflect the budget allocations designed to meet TNMP's goals required by PURA § 39.905.

[3] Goal defined in Docket No. 44778.

[4] 16 TAC § 25.181(e)(1)(A) states that a utility's demand goal cannot be lower than its prior year's goal, except as adjusted in accordance with subsection (w).

Table 4: Annual Growth in Demand and Energy Consumption

	Peak Demand (MW) @ Source				Energy Consumption (MWh) @ Meter						Peak Demand (MW) For Goal		
	Total System		Residential & Commercial		Total System		Residential & Commercial				Residential & Commercial		
Calendar Year	Actual	Weather Adjusted	Actual	Weather Adjusted	Actual	Weather Adjusted	Actual	Weather Adjusted	Opt-Out	Net	T&D Loss Factor %	Adjusted Load	0.4% Peak Demand
(a)	(b)*	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)*	(m)	(n)
2011	1,650	1,549	1,366	1,266	7,898,331	7,649,246	5,482,026	5,232,941	(51,752)	5,181,189	6.14%	1,188	
2012	1,739	1,671	1,442	1,374	7,936,888	7,907,039	5,337,487	5,367,336	(55,940)	5,311,396	6.30%	1,287	4.7
2013	1,564	1,603	1,266	1,305	7,910,840	7,920,127	5,434,270	5,443,557	(60,177)	5,383,380	6.16%	1,224	4.8
2014	1,597	1,651	1,314	1,368	8,205,700	8,185,100	5,588,260	5,567,660	(67,155)	5,500,505	6.24%	1,282	4.9
2015	1,675	1,641	1,409	1,376	8,489,769	8,474,260	5,777,472	5,761,963	(97,104)	5,664,860	5.50%	1,300	5.0

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

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

	2016	
Customer Class and Program	Demand Goal (kW)	Energy Goal (kWh)
Commercial	**5,925**	**8,478,000**
Open for Small Business MTP	425	2,082,500
SCORE/CitySmart MTP	725	2,900,000
Commercial Solutions MTP	775	3,487,500
Load Management SOP	4,000	8,000
Residential	**3,232**	**7,117,093**
High-Performance Homes MTP	1,501	1,782,531
Residential SOP	1,714	5,241,939
Efficiency Connection Pilot MTP	18	92,623
Hard-to-Reach	**471**	**1,187,366**
Hard-to-Reach SOP	256	821,410
Low Income Weatherization	215	365,957
Total Annual Projected Savings	**9,628**	**16,782,459**
	2017	
Customer Class and Program	Demand Goal (kW)	Energy Goal (kWh)
Commercial	**5,868**	**8,450,266**
Open for Small Business MTP	379	1,906,318
SCORE/CitySmart MTP	836	2,859,477
Commercial Solutions MTP	653	3,676,471
Load Management SOP	4,000	8,000
Residential	**~~2,980~~3,005**	**8,~~622,995~~756,814**
High-Performance Homes MTP	1,056	2,450,980
Residential SOP	1,923	6,172,014
Efficiency Connection MTP	25	133,819
Hard-to-Reach	**584**	**1,414,529**
Hard-to-Reach SOP	325	919,118
Low Income Weatherization	259	495,411
Total Annual Projected Savings	**9,~~432~~457**	**18,~~487,789~~621,608**

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[5] The projected savings in Table 6 for 2016 are based on the cost/kW from 2014, as used to estimate future achievement inclusive of a 2% inflation rate, and assuming achievement of the savings precisely as allocated from the exact same measure-mix. The projected savings in Table 6 for 2017 are based on the cost/kW from 2015, as used to estimate future achievement inclusive of a 2% inflation rate, and assuming achievement of the savings precisely as allocated from the exact same measure-mix. Historically, program funds are evaluated and reallocated as necessary among programs throughout the year, so it is highly likely that the actuals will differ from the projection.

IV. Program Budgets

Table 6 presents total proposed budget allocations required to achieve the projected demand and energy savings shown in **Table 5**. The budget allocations are defined by the overall projected demand and energy savings, the avoided costs of capacity and energy in 16 TAC § 25.181, allocation of demand goals among customer classes, and the incentive levels by customer class. The budget allocations presented in **Table 6** below are broken down by customer class, program, and the different budget categories: incentive payments, administration, research and development ("R&D") and EM&V.

TNMP's budget projections are designed to exceed the goal as encouraged by 16 TAC § 25.181(d), while staying within the cost caps established in subsection (f)(7). TNMP uses a historical estimate to project achievements, which does not account for other variables that would lower savings, in an attempt to still meet the goal. 16 TAC § 25.181(d) encourages TNMP to achieve demand reduction and energy savings through a portfolio of cost-effective programs that exceed each utility's energy efficiency goals while staying within the cost caps. TNMP's budget is designed to meet or exceed the goal established by Docket No. 44778 while remaining within the required cost caps.

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

2016	Incentives	Admin	R&D	Total Budget	EM&V
Commercial	**$1,702,500**	**$319,219**	**$106,406**	**$2,128,125**	**$25,352**
Open for Small Business MTP	510,000	95,625	31,875	637,500	4,770
SCORE/CitySmart MTP	477,125	89,461	29,820	596,406	9,018
Commercial Solutions MTP	515,375	96,633	32,211	644,219	10,092
Load Management SOP	200,000	37,500	12,500	250,000	1,472
Residential	**$1,798,500**	**$337,219**	**$112,406**	**$2,248,125**	**$20,879**
High-Performance Homes MTP	600,000	112,500	37,500	750,000	3,970
Residential SOP	1,176,291	220,555	73,518	1,470,364	16,909
Efficiency Connection Pilot MTP	22,209	4,164	1,388	27,761	0
Hard-to-Reach	**$743,000**	**$139,313**	**$46,438**	**$928,750**	**$11,939**
Hard-to-Reach SOP	310,000	58,125	19,375	387,500	8,061
Low Income Weatherization	433,000	81,188	27,063	541,250	3,877
Total Budgets by Category	**$4,244,000**	**$795,750**	**$265,250**	**$5,305,000**	**$58,170**
2017	**Incentives**	**Admin**	**R&D**	**Total Budget**	**EM&V**
Commercial	**$1,825,000**	**$342,188**	**$114,063**	**$2,281,250**	*
Open for Small Business MTP	525,000	98,438	32,813	656,250	
SCORE/CitySmart MTP	525,000	98,438	32,813	656,250	
Commercial Solutions MTP	525,000	98,438	32,813	656,250	
Load Management SOP	250,000	46,875	15,625	312,500	
Residential	**$1,925,000**	**$360,938**	**$120,313**	**$2,406,250**	*
High-Performance Homes MTP	500,000	93,750	31,250	625,000	
Residential SOP	1,385,000	259,688	86,563	1,731,250	
Efficiency Connection MTP	40,000	7,500	2,500	50,000	
Hard-to-Reach	**$775,000**	**$145,313**	**$48,438**	**$968,750**	*
Hard-to-Reach SOP	300,000	56,250	18,750	375,000	
Low Income Weatherization	475,000	89,063	29,688	593,750	
Total Budgets by Category	**$4,525,000**	**$848,438**	**$282,813**	**$5,656,250**	*

*EM&V amounts not available.

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

Table 7 documents TNMP's actual demand goals and energy targets for the previous five years (2011-2015).

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

Calendar Year	Actual Demand Goal (MW)	Actual Energy Goal (MWh)	Actual Demand Reduction (MW)	Actual Energy Savings (MWh)
2015	5.77	10,109	8.~~676~~662	17,~~520~~452
2014	5.8	10,161	9.602	17,119
2013	5.108	8,949	10.294	16,981
2012	4.8	8,410	7.144	12,839
2011	4.8	8,266	4.960	13,416

VI. Projected, Reported and Verified Demand and Energy Savings

Table 8: Projected versus Reported and Verified Savings for 2015 and 2014 (at Meter)

2015	Projected Savings[6]		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	**5.917**	**7,240**	**5.760746**	**9,276208**
Open for Small Business MTP	0.432	1,750	0.434	2,189
SCORE/CitySmart MTP	0.700	2,457	0.924923	3,232225
Commercial Solutions MTP	0.700	3,024	0.660648	3,852790
Load Management SOP	4.085	9.450	3.742	3.742
Residential	**2.702**	**6,415**	**2.227**	**6,528**
High-Performance Homes MTP	1.093	1,328	0.783	1,840
Residential SOP	1.609	5,087	1.445	4,688
Hard-to-Reach	**0.678**	**1,696**	**0.689**	**1,716**
Hard-to-Reach SOP	0.433	1,279	0.431	1,222
Low Income Weatherization	0.245	417	0.258	494
Total Annual Goals	**9.297**	**15,351**	**8.676662**	**17,520452**
2014	**Projected Savings[7]**		**Reported and Verified Savings**	
Customer Class and Program	**MW**	**MWh**	**MW**	**MWh**
Commercial	**5.249**	**6,456**	**5.686**	**6,685**
Open for Small Business MTP	0.312	1,501	0.321	1,561
SCORE/CitySmart MTP	0.445	1,221	0.723	2,312
Commercial Solutions MTP	0.882	3,728	0.649	2,803
Load Management SOP	3.610	7.278	3.993	7.945
Residential	**3.586**	**8,959**	**3.154**	**8,395**
High-Performance Homes MTP	0.493	1,462	0.757	907
Residential SOP	3.093	7,497	2.397	7,488
Hard-to-Reach	**0.812**	**1,270**	**0.762**	**2,039**
Hard-to-Reach SOP	0.525	780	0.496	1,584
Low Income Weatherization	0.287	490	0.266	454
Total Annual Goals	**9.647**	**16,686**	**9.602**	**17,119**

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[6] Projected Savings for 2015 as reported in the EEPR filed in Project No. 44480.

[7] Projected Savings for 2014 as reported in the EEPR filed in Project No. 44480.

VII. Historical Program Expenditures

This section documents TNMP's incentive, administration, R&D, and EM&V expenditures for the previous five years (2011-2015) broken out by program for each customer class.

Table 9: Historical Program Incentive and Administration Expenditures for 2011 through 2015[8]

	2015				2014				2013				2012			2011	
	Incent.	Admin	R&D	EM&V	Incent.	Admin	R&D	EM&V[9]	Incent.	Admin	R&D	EM&V[10]	Incent.	Admin	R&D	Incent.	Admin& R&D
Commercial	**1,599,959 573**	**169,4604 39**	**39,455150**	**30,517**	**1,403,224**	**129,315**	**23,851**	**38,078**	**1,445,795**	**158,846**	**4,864**	**38,504**	**1,067,742**	**150,086**	**60,000**	**1,033,323**	**78,438**
Large Commercial SOP													41,418	27,597		67,735	29,087
Small Commercial SOP																7,181	3,084
Small Business MTP	516,884	54,27328 0	12,649651	4,663	390,500	34,621	6,637	10,123	393,750	40,395	874	6,668			60,000		
Commercial Solutions MTP	451,727	47,43243 7	11,055056	8,512	409,649	36,319	6,963	16,762	548,882	56,309	1,218	15,981	352,694	28,548			
SCORE/CitySmart & Comm Sol MTP	496,1994 95,812	52,10106 7	12,143135	13,179	419,194	37,165	7,125	5,521	353,103	36,225	784	14,430	549,148	44,449		948,855	39,627
Load Management Pilot	135,150	15,65365 5	3,307308	4,163	183,880	21,211	3,125	5,671	150,060	25,918	1,988	1,425	124,482	49,492		9,552	6,640
Residential	**1,091,408**	**234,1912 04**	**36,709712**	**32,095**	**1,502,143**	**279,280**	**80,092**	**40,998**	**1,372,654**	**329,131**	**22,005**	**46,178**	**957,514**	**178,824**	**935**	**879,601**	**131,041**
Small Residential SOP									470,802	123,279	7,548	7,230	145,681	29,630		46,538	6,084
High-Performance Homes MTP	305,814	35,73273 6	17,484485	7,700	201,173	41,089	43,419	10,007	190,240	19,517	3,050	9,327	135,840	13,810		139,875	17,992
Large Residential SOP	785,594	198,4594 68	19,225227	24,395	1,300,971	238,192	36,673	30,990	675,211	176,803	10,824	20,753	567,791	109,382		314,608	41,131
Residential SOP – HVAC									36,401	9,532	584	8,868					
Small DRG Solar PV Pilot													108,202	26,001	935	107,540	30,339
Underserved Area Pilot SOP																271,039	35,435
Hard-to-Reach	**669,222**	**155,5335 41**	**16,377379**	**15,037**	**897,828**	**171,393**	**20,604**	**18,853**	**949,136**	**229,308**	**14,106**	**20,784**	**722,401**	**149,907**		**678,773**	**115,012**
Small Hard-to-Reach SOP									133,500	34,957	2,140	5,930	87,567	17,810		79,313	10,369
Large Hard-to-Reach SOP	298,709	75,46146 4	7,310311	6,719	477,475	87,420	13,459	7,975	416,402	109,035	6,675	9,518	317,684	64,614		331,088	43,285
Low Income Weatherization	370,513	80,07207 7	9,067068	8,318	420,353	83,974	7,145	10,877	399,234	85,316	5,290	5,336	317,150	67,482		268,372	61,358
Research & Development											**177,254**				**104,250**		**50,000**

[8] 2015 budget found at Table 10 in the current EEPR; 2014 budget defined in Project No. 44480; 2013 budget defined in Project No. 42264; 2012 budget defined in Project No. 41196; 2011 budget defined in Project No. 40194.

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

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

Energy Education Project											177,254				101,250		50,000
General															3,000		
Total Annual Expenditures	**3,360,590 203**	**559,183**	**92,241**	**77,649**	**3,803,195**	**579,989**	**124,547**	**97,928**	**3,767,585**	**717,285**	**218,229**	**105,466**	**2,747,658**	**478,816**	**165,185**	**2,591,697**	**374,491**

VIII. Program Funding for Calendar Year 2015

As shown in **Table** 10, TNMP spent a total of $4,~~089,663~~011,627 million, not including EM&V costs, on all of its energy efficiency programs in 2015 to meet the Commission & PURA's mandated budget. The total forecasted budget for 2015 was $4,231,614 million.

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

Table 10: Program Funding for Calendar Year 2015

	Total Projected Budget	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)[11]	Actual Funds Expended (R&D)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining	% change[12]
Commercial	2,058,313	1,663	1,599,[illegible]573	169,460439	39,[illegible]150	1,808,[illegible]	0	[illegible]250,152	
Open for Small Business MTP	648,000	1,376	516,884	54,~~273~~280	12,~~649~~651	583,~~807~~814		64,~~193~~186	10%
Commercial Solutions MTP	578,438	94	~~496,199~~495,812	52,~~101~~067	12,~~143~~135	560,~~443~~014		~~17,995~~18,424	3%
SCORE/CitySmart MTP	581,875	112	451,727	47,~~432~~437	11,~~055~~056	510,~~213~~220		71,~~662~~655	12%
Load Management	250,000	81	135,150	15,~~653~~655	3,~~307~~308	154,~~111~~113		95,~~889~~887	38%
Residential	1,335,801	1,770	1,091,408	234,~~191~~204	36,~~709~~712	1,362,[illegible]	0	-26,[illegible]	
High-Performance Homes	373,301	586	305,814	35,~~732~~736	17,~~484~~485	359,~~030~~035		14,~~271~~266	4%
Residential SOP	962,500	1,184	785,594	198,~~459~~468	19,~~225~~227	1,003,~~278~~289		-40,~~778~~789	-4%
Hard-to-Reach	837,500	329	669,222	155,[illegible]541	16,[illegible]379	841,[illegible]143	0	-3,[illegible]643	
Hard-to-Reach SOP	375,000	211	298,709	75,~~461~~464	7,~~310~~311	381,~~480~~485		-6,~~480~~485	-2%
Low Income Weatherization	462,500	~~118~~407	370,513	80,~~072~~077	9,~~067~~068	459,~~653~~658		2,~~847~~842	1%
Total Annual Expenditures	4,231,614	[illegible]4,061	3,360,[illegible]203	559,183	92,241	4,[illegible]4011,627	0	219,[illegible]	
EM&V						77,649			

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

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

TNMP's 2015 targeted low income program met the requirements in the EE Rule, whereby "annual expenditures for the targeted low income energy efficiency program are not less than 10% of the utilities energy efficiency budget for the program year." as detailed in **Table 11** below:

Table 11: Meeting Low Income Weatherization Expenditure Requirement

~~2015 Budget~~	~~Required~~2015 Total Expenditures	~~Actual~~LIW Expenditures	% of requirement met	
~~$462,500~~4,011,627	~~$423,586.70~~459,658	~~$462,597.74~~11.5%	~~109.2%~~	

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IX. Market Transformation Program Results

Open for Small Business MTP

TNMP retained CLEAResult in 2013 to broaden participation in the commercial sector to include more small business customers. Open MTP is a program designed to offer contractor and customer education on energy efficiency technologies, equip participating contractors with the tools they need to succeed in generating revenue from projects in the small business market, and offer substantial incentive rates needed to move small (≤100 kW peak demand) businesses to install energy efficient products such as high efficiency lighting and refrigeration measures. The program overcomes market barriers by providing incentives to help pay for energy efficiency upgrades. In addition, Open MTP connects customers with participating contractors that are qualified to provide design and installation services for energy efficient technologies and any additional technical support as needed to make the customer comfortable with the implementation of efficiency measures in their facilities.

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

In 2015, TNMP projected acquisition of 432 kW demand savings from this program. TNMP verified and is reporting 433.55 kW. This included 1,376 projects in thirteen counties.

SCORE/CitySmart MTP

TNMP retained CLEAResult to offer the SCORE/CitySmart MTP in 2009 to schools and local government sectors. The program was designed to overcome obstacles to energy efficiency projects such as the institutional disconnect between the finance and facilities departments, the lack of firsthand experience with efficiency measures, limited budgets, and the lack of management decision-making processes necessary for identifying, prioritizing, and completing projects that will improve energy performance and reduce operating costs. The 2015 SCORE/CitySmart MTP continued to provide non-cash incentives such as building energy analysis (benchmarking), energy master planning seminars, technical assistance, communications support, and monetary incentives for the installation of documented energy efficiency measures that reduce peak demand and energy use.

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

Tracking Success

Pursuant to 16 TAC § 25.181, as part of the 2009 Texas SCORE/CitySmart MTP, TNMP completed a baseline study of Texas schools and local governments. The primary objective of this study was to document the current status of energy use, key equipment, practices, and management within school and local government participants in TNMP's service territory. While the study confirmed that energy efficiency interest may not be a significant market barrier, financing, internal management and lack of energy efficiency education are all significant barriers. Many respondents noted they lack the time and procurement process to implement efficiency improvements, as well as the awareness of and familiarity

with energy efficient technologies. Given the significant monetary and non-monetary barriers present in the marketplace, both resource acquisition and market transformation programs are needed.

Barriers to Entry

In 2015, TNMP projected acquisition of 700 kW demand savings from this program. TNMP verified and is reporting 923~~.79~~ kW, including participation by 112 projects in fourteen counties.

Commercial Solutions MTP

TNMP retained CLEAResult to offer the Commercial Solutions component in 2009 to broaden program participation in commercial sectors. In 2012, TNMP separated the CS MTP from the SCORE/CitySmart MTP. The program was designed to overcome obstacles to energy efficiency projects such as the institutional disconnect between the finance and facilities departments, the lack of firsthand experience with efficiency measures, limited budgets, and the lack of management decision-making processes necessary for identifying, prioritizing, and completing projects that will improve energy performance and reduce operating costs. The 2015 CS MTP provided non-cash incentives such as technical assistance and communications support as well as monetary incentives for the installation of documented energy efficiency measures that reduce peak demand and energy use.

Tracking Success

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

Barriers to Entry

Pursuant with 16 TAC § 25.181, as part of the 2011 CS MTP, TNMP completed a baseline study of the commercial market. The primary objective of this study was to document the status of energy use, key equipment, practices, and management within commercial customers in TNMP's service territory. While the study identified that respondents are interested in finding ways to save energy, it confirmed they lack the understanding of the benefits and drawbacks of energy efficiency improvements. In addition, they reported encountering financing constraints, internal management restrictions, and lack of energy efficiency education. Many respondents noted they lack the time and procurement process to implement efficiency improvements, as well as the awareness of and familiarity with energy efficient technologies.

In 2015, TNMP projected acquisition of 700 kW demand savings from this program. TNMP verified and is reporting ~~660.4~~648 kW. This included 94 projects in nine counties.

High-Performance Homes MTP

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

Pursuant with 16 TAC § 25.181, as part of the 2015 HPH MTP, TNMP completed a baseline study of the residential new construction market. The primary objective of this study was to analyze and demonstrate standard construction practices do not meet the current statewide energy code. The results of the study augmented the HPH MTP by quantifying the current new home construction market, and results have been used to generate a Texas Baseline Reference Home to be used in conjunction with the 2012 IECC code to incentivize builders to comply with higher efficiency baseline.

ENERGY STAR® has recognized TNMP's accomplishments in the ENERGY STAR® Homes Program by awarding it the ES Outstanding Achievement Award in 2004-2008 and the Leadership in Housing Award for 2010, 2011, 2012, 2013, 2014 and 2015. TNMP was also recognized by ENERGY STAR by becoming a Partner of the Year award winner for program year 2015.

In 2015, TNMP certified 586 homes, resulting in ~~782.58~~783 kW of reduced demand and 1,840,~~457.67~~458 kWh of energy savings. In order to adapt to changes in the market, TNMP will continue the High-Performance Homes program update made in 2015 to incentivize energy efficiency savings that meet High-Performance specifications as well as ENERGY STAR® qualifications in 2016.

Low Income Weatherization

In 2015, TNMP partnered with five TDHCA sub-recipients and one not-for-profit agency to provide services under the program. Collectively, these agencies covered each region in Texas served by TNMP. Two of the sub-recipient agencies that signed participation agreements were not able to compete homes due to staffing cuts related to the end of the weatherization funding available under the American Recovery and Reinvestment Act ("ARRA").

The 2015 program ~~achieved 109.2~~spent 11.5% of ~~its spending goals~~the total energy efficiency budget, resulting in 407 homes weatherized, producing a savings of ~~257.67~~258 kW and 493,654 kWh. The kW and kWh achievements were largely due to the effort to target homes with electric resistance heating and replace these systems with high-efficiency heat pumps. Many of the affordable housing developments built in the 1970s and 1980s have HVAC system components that have not been replaced since the projects were built. Participating agencies were able to identify and conduct assessments on multifamily properties in Bosque, Somervell and Galveston counties. In addition to other improvements, 14 SEER / 8.2 HSPF heat pumps were installed in these units.

X. Research & Development and Administration Cost Reporting

Research & Development ("R&D")

R&D costs for the 2015 portfolio include, but are not limited to, a baseline study, development of a new tracking system, and costs associated with industry conferences and energy efficiency staff development. TNMP contributed along with three other Texas utilities to funding the completion of a Residential New Construction Baseline Study in 2015. The primary objective of this study was to analyze and demonstrate that standard construction practices do not meet the current statewide energy code. Also, TNMP is investing in the developing a new electronic reporting and tracking system to manage TNMP's energy efficiency portfolio and simplify reporting.

Administration Costs

Administration costs for the 2015 portfolio include, but are not limited to, outsourced program administration, marketing, energy efficiency employees' payroll, EUMMOT, costs associated with regulatory filings, and EM&V admin outside of the actual cost associated with the EM&V contractor. Generally, such costs benefit the entire portfolio with costs being directly assigned, where possible, to the specific program requiring such costs. Any costs (or portions thereof) which are not directly assignable to a specific program are allocated among the programs in proportion to the program incentive costs.

XI. Current Energy Efficiency Cost Recovery Factor ("EECRF")

TNMP filed its Application for Approval of an Energy Efficiency Cost Recovery Factor on May 29, 2015. The application and supporting documents are available for download from the PUCT Interchange under Docket No. 44778. Rates charged per class are billed per kWh monthly:

- Residential Service = $0.001281
- Secondary Service Less than or Equal to 5kW = $(0.007410)
- Secondary Service Greater than 5kW = $0.001226
- Primary Service = $0.000015
- Lighting = $0.000203

The EECRF was filed, approved, and is being collected from Jan 1 – Dec 31, 2016. Rates went into effect March 1, 2016. TNMP will be filing for 2017 EECRF recovery by June 1, 2016.

XII. Revenue Collected through EECRF (2015)

Revenue Collected

TNMP collected $5,804,373 from January 1, 2015 through December 31, 2015.