



Control Number: 48420



Item Number: 1

Addendum StartPage: 0

2018 JUN -1 AM 10: 01

APPLICATION OF CENTERPOINT
ENERGY HOUSTON ELECTRIC, LLC
FOR APPROVAL OF AN ADJUSTMENT
TO ITS ENERGY EFFICIENCY COST
RECOVERY FACTOR

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PUBLIC UTILITY COMMISSION
OF TEXAS

June 1, 2018

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APPLICATION OF CENTERPOINT	§	
ENERGY HOUSTON ELECTRIC, LLC	§	PUBLIC UTILITY COMMISSION
FOR APPROVAL OF AN ADJUSTMENT	§	OF TEXAS
TO ITS ENERGY EFFICIENCY COST	§	
RECOVERY FACTOR	§	

**APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR
APPROVAL OF AN ADJUSTMENT TO ITS
ENERGY EFFICIENCY COST RECOVERY FACTOR**

CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company") files this Application for Approval of an Adjustment to Its Energy Efficiency Cost Recovery Factor ("Application").

I. AUTHORIZED REPRESENTATIVES

The telephone number and address of CenterPoint Houston's authorized business representative are:

Laurie A. Burrridge-Kowalik
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Houston, TX 77002
713.207.7245
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The telephone numbers and addresses of CenterPoint Houston's authorized legal representatives are:

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CenterPoint Houston requests that all information and documents in this filing be served on each of the persons above at their respective addresses or fax numbers.

II. JURISDICTION

The Public Utility Commission of Texas ("Commission") has jurisdiction over the Application pursuant to the Public Utility Regulatory Act § 39.905 ("PURA")¹ and 16 Tex. Admin. Code ("TAC") 25.181.

III. AFFECTED PERSONS AND TERRITORIES

The Application affects all retail electric providers ("REPs") serving end-use retail electric customers in CenterPoint Houston's certificated service territory and will affect the retail electric customers of those REPs to the extent the REPs pass along to their customers the charges under Rider EECRF.

IV. 2019 EECRF REQUEST

As set forth in CenterPoint Houston's Energy Efficiency Plan and Report ("EEPR"), the Company's energy efficiency goal for 2019 is a 0.4% reduction in its peak demand of residential and commercial customers.² The projected demand and energy savings necessary to achieve the goal are 61.94 MW and 108,519 MWh.³ In order to achieve its goal and associated projected

¹ TEX. UTIL. CODE ANN., Title 2 (Vernon 2009 and Supp. 2017).

² See 16 TAC 25.181(e)(1)(D). The Company's 2018 EEPR is attached as Exhibit JRD-1 to the Direct Testimony of John Durland.

³ See Direct Testimony of John Durland at Exhibit JRD-1, p. 5.

savings, CenterPoint Houston estimates that it will spend approximately \$37,897,605 on energy efficiency program incentives and administrative costs in 2019.⁴

Additionally, CenterPoint Houston's successful 2017 energy efficiency programs caused the Company to exceed its 2017 energy efficiency goals.⁵ The total avoided cost achieved was \$126,525,075 and the net benefit to ratepayers was equal to \$94,912,992.⁶ Per 16 TAC 25.181(h)(3), the Company's earned performance incentive is equal to 10% of the net benefits achieved or \$9,491,299.

Further, consistent with 16 TAC 25.181 and Commission precedent, the Company: requests recovery of \$541,294⁷ in certain Evaluation, Measurement and Verification ("EM&V") expenses assigned to the Company by Commission Staff for the 2019 program year; has included a credit in the amount of \$5,174,341 to account for the over-recovery of energy efficiency revenues during 2017; and has included a credit of \$359 related to an administrative expense adjustment. CenterPoint Houston is also requesting recovery of 2017 Energy Efficiency Cost Recovery Factor ("EECRF") proceeding expenses in the amount of \$32,281.⁸

Accordingly, and pursuant to PURA § 39.905 and 16 TAC 25.18, CenterPoint Houston requests approval to recover a total of \$42,787,780 through its Rider EECRF in 2019, consisting of: (1) estimated 2019 energy efficiency program costs of \$37,897,605; (2) a performance incentive for 2017 program achievements of \$9,491,299; (3) \$541,294 for 2019 EM&V expenses assigned to the Company by Commission Staff; (4) a credit of \$5,174,341 related to the over-

⁴ *Id.*; See also Direct Testimony of John Durland at 3. This amount does not include 2017-2018 Energy Efficiency Cost Recovery Factor proceeding expenses, which are considered an administrative expense under 16 TAC 25.181(i) but are listed separately in the Application to make them more easily identifiable.

⁵ *Id.* at Exhibit JRD-1, p. 39.

⁶ *Id.*

⁷ Direct Testimony of John Durland at 26.

⁸ This amount includes the Company's incurred expenses for its 2017 EECRF proceeding, *Application of CenterPoint Energy Houston Electric, LLC for Approval of an Adjustment to Its Energy Efficiency Cost Recovery Factor*, Docket No. 47232 and expenses incurred by municipalities that participated in that proceeding.

recovery of 2017 program costs; (5) a credit of \$359 for an administrative expense adjustment; and (6) \$32,281 in 2017 EECRF proceeding expenses.

V. DESCRIPTION OF FILING PACKAGE

In support of its request, CenterPoint Houston has included the direct testimony, exhibits and schedules of John R. Durland and Laurie A. Burrige-Kowalik. Mr. Durland, Manager of Energy Efficiency Compliance for CenterPoint Houston, explains and supports: (1) the background for the Commission's energy efficiency requirements for investor-owned utilities; (2) the reasonableness of CenterPoint Houston's energy efficiency programs and the Company's historical 2017 expenditures; (3) the Company's planned 2019 energy efficiency program expenditures; and (4) how CenterPoint Houston met the Commission's requirements for an energy efficiency performance bonus based on 2017 program achievements and the amount in performance bonus to be included in this year's EECRF filing.

Ms. Burrige-Kowalik, Manager of Rates for CenterPoint Energy Service Company, LLC, explains and supports: (1) the overall level of costs in Rider EECRF to recover energy efficiency costs for 2019; (2) the calculation of rates included in the Company's Rider EECRF for the various rate classes; and (3) the Company's Rider EECRF tariff.

VI. REVIEW OF 2017 PROGRAM COSTS

Pursuant to 16 TAC 25.181(f)(12), the Company is providing the testimony of Mr. Durland to support the reasonableness of its program costs for the 2017 program year. Subsection (f)(12) states that the scope of an EECRF proceeding includes the extent to which the costs recovered through the EECRF complied with PURA and the Commission's rules, and the extent to which the costs recovered were reasonable and necessary to reduce demand and energy growth. As described in Mr. Durland's testimony, the Company's costs recovered through the EECRF in 2017

complied with PURA and the Commission's rules and were reasonable and necessary to reduce demand and energy growth.

VII. NOTICE

Consistent with the notice provisions in 16 TAC 25.181(f)(13), within seven days of this filing, CenterPoint Houston proposes to provide notice to each party that participated in the Company's 2017 EECRF proceeding, Docket No. 47232;⁹ to all REPs that are authorized to provide service in CenterPoint Houston's service area at the time the EECRF application is filed; to all parties that participated in the Company's most recent base rate case, Docket No. 38339;¹⁰ and to the state agency that administers the federal weatherization program. Attachment 1 to the Application is CenterPoint Houston's proposed form of notice. The Company requests approval of the attached notice as sufficient and in accordance with Commission 16 TAC 25.181(f)(13) and 16 TAC 22.55. The Company will file proof of notice within 14 days after this Application is filed.

VIII. REQUEST FOR PROTECTIVE ORDER

In accordance with 16 TAC 25.181(f)(10)(H), CenterPoint Houston is including with this Application a list of each energy efficiency administrator and/or service provider receiving more than 5% of its overall incentive payments and the percentage of the Company's incentives received by those providers. The rule provides that this information may be treated as confidential. Additionally, in response to requests for information, CenterPoint Houston may be compelled to provide information that is considered confidential or highly sensitive under the Commission's rules, PURA § 32.101 or the Texas Public Information Act.¹¹ Therefore, CenterPoint Houston

⁹ *Application of CenterPoint Energy Houston Electric, LLC for Approval of an Adjustment to Its Energy Efficiency Cost Recovery Factor*, Docket No. 47232.

¹⁰ *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 38339.

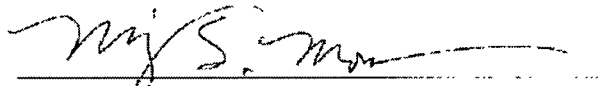
¹¹ TEX. GOV'T CODE ANN. §§ 552.001-552.353 (Vernon 2008 & Supp. 2017).

proposes that the Commission adopt the protective order included as Attachment 2, which is the same protective order approved the Company's last EECRF proceeding, Docket No. 47232.

IX. PRAYER

CenterPoint Houston requests that this Application be granted, that the proposed adjustments to Rider EECRF be approved effective with the commencement of the Company's March 2019 billing month, that the Commission find that the Company's 2017 EECRF program costs were reasonable, and that CenterPoint Houston be granted such other relief to which it may be entitled.

Respectfully submitted,



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**ATTORNEYS FOR CENTERPOINT ENERGY
HOUSTON ELECTRIC, LLC**

**NOTICE OF APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC,
LLC FOR APPROVAL OF AN ADJUSTMENT TO ITS ENERGY
EFFICIENCY COST RECOVERY FACTOR**

On June 1, 2018, CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”) filed with the Public Utility Commission of Texas (“Commission”) an Application for Approval of an Adjustment to Its Energy Efficiency Cost Recovery Factor (“the Application”).

CenterPoint Houston’s energy efficiency goal for 2019, as required by 16 TEX. ADMIN. CODE (“TAC”) §25.181(e)(1)(C)-(D), is a 0.4% reduction in its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year. To achieve that goal and the accompanying savings, CenterPoint Houston plans to implement 16 energy efficiency programs in 2019. 16 TAC §25.181(f)(1) permits CenterPoint Houston to recover funding for its energy efficiency programs through an Energy Efficiency Cost Recovery Factor (“EECRF”). The Application therefore seeks recovery of the following costs through Rider EECRF beginning with the commencement of the Company’s March 2019 billing month: (1) estimated 2019 energy efficiency program costs of \$37,897,605; (2) a performance incentive for 2017 program achievements of \$9,491,299; (3) \$541,294 for 2019 Evaluation, Measurement and Verification expenses assigned to the Company by Commission Staff; (4) a credit of \$5,174,341 related to the over-recovery of 2017 program costs; (5) a credit of \$359 for an administrative expense adjustment; and (5) \$32,281 in 2017 EECRF proceeding expenses. The Company’s total EECRF revenue requirement is \$42,787,780. In addition, pursuant to 16 TAC §25.181(f)(12), the Company is seeking a determination as to the reasonableness of its program costs for the 2017 program year.

The 2019 Rider EECRF will apply to all retail electric providers (“REPs”) serving end-use retail electric customers in CenterPoint Houston’s certificated service territory. Rider EECRF will affect the retail electric customers of those REPs to the extent that the REPs pass along to their customers the charges under Rider EECRF.

The 2019 Rider EECRF will include the following charges on bills rendered to REPs:

Rate Class	EECRF Charge	Billing Unit
Residential Service	\$0.000721	Per kWh of Usage Per Month
Secondary Service Less than or Equal to 10 kVA	\$0.000198	Per kWh of Usage Per Month
Secondary Service Greater than 10 kVA	\$0.000538	Per kWh of Usage Per Month
Primary Service	\$0.000622	Per kWh of Usage Per Month
Transmission Non-Profit Governmental	\$0.000167	Per kWh of Usage Per Month
Transmission Service Industrial	(\$0.000002)	Per kWh of Usage Per Month

Lighting Services	N/A	N/A
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Persons with questions or who want more information about this filing may contact CenterPoint Energy, 1111 Louisiana, Houston, Texas 77002, or call Ms. Laurie A. BurrIDGE-Kowalik at (713) 207-7245. Persons who wish to intervene in or comment upon these proceedings should notify the Public Utility Commission of Texas as soon as possible, as an intervention deadline will be imposed. A request to intervene or for further information should be mailed to the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326. Further information may also be obtained by calling the Public Utility Commission of Texas at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136. All communications should refer to Docket No.

DOCKET NO. _____

APPLICATION OF CENTERPOINT	§	
ENERGY HOUSTON ELECTRIC, LLC	§	PUBLIC UTILITY COMMISSION
FOR APPROVAL OF AN	§	
ADJUSTMENT TO ITS ENERGY	§	OF TEXAS
EFFICIENCY COST RECOVERY	§	
FACTOR	§	

PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials) by a party providing information to the Public Utility Commission of Texas (Commission), including information whose confidentiality is currently under dispute.

It is ORDERED that:

1. Designation of Protected Materials. Upon producing or filing a document, including, but not limited to, records stored or encoded on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. ____" or words to this effect and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include not only the documents so designated, but also the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. Materials Excluded from Protected Materials Designation. Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Texas Public Information Act. Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in a proceeding, is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. Reviewing Party. For the purposes of this Protective Order, a Reviewing Party is a party to this docket.
4. Procedures for Designation of Protected Materials. On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (1) any and all exemptions to the Public Information Act, Tex. Gov't. Code Ann., Chapter 552, claimed to be applicable to the alleged Protected Materials; (2) the reasons supporting the providing party's claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (3) that counsel for the providing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. Persons Permitted Access to Protected Materials. Except as otherwise provided in this Protective Order, a Reviewing Party shall be permitted access to Protected Materials only through its Reviewing Representatives who have signed the Protective Order Certification Form. Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in these proceedings. At the request of the Commissioners or their staff, copies of Protected Materials may be produced by the Staff of the Public Utility Commission of Texas (Commission Staff) or the Commission's Policy Development Division (PDD) to the Commissioners. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.
6. Highly Sensitive Protected Material Described. The term Highly Sensitive Protected Materials is a subset of Protected Materials and refers to documents or information which

a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as set forth herein) would expose a producing party to unreasonable risk of harm, including but not limited to: (1) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act; (2) contractual information pertaining to contracts that specify that their terms are confidential or which are confidential pursuant to an order entered in litigation to which the producing party is a party; (3) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (4) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation "HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. _____" or words to this effect and shall be consecutively Bates Stamped in accordance with the provisions of this Protective Order. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. Restrictions on Copying and Inspection of Highly Sensitive Protected Material. Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made in order to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. A record of any copies that are made of Highly Sensitive Protected Material shall be kept and a copy of the record shall be sent to the producing party at the time the copy or copies are made. The record shall include information on the location and the person in possession of the copy. Highly Sensitive Protected Material

shall be made available for inspection only at the location or locations provided by the producing party, except as provided by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. Restricting Persons Who May Have Access to Highly Sensitive Protected Material. With the exception of Commission Staff, the Office of Public Utility Counsel (OPC), and the Office of the Attorney General (OAG) when the OAG is representing a party to the proceeding and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are: (1) outside counsel for the Reviewing Party; (2) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel; or (3) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review each Highly Sensitive Protected document to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG and OPC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.
9. Copies Provided of Highly Sensitive Protected Material. A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to

review Highly Sensitive Protected Material under Paragraph 8, and be either outside counsel or an outside consultant. Other representatives of the reviewing party who are authorized to view Highly Sensitive Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected documents provided to a Reviewing Party may not be copied except as provided in Paragraph 7 and shall be returned along with any copies made pursuant to Paragraph 7 to the producing party within two weeks after the close of the evidence in this proceeding. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is representing a party to the proceeding.

10. Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict. The procedures set forth in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.
11. Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC, and the OAG. When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission

Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures set forth herein.

12. Delivery of the Copy of Highly Sensitive Protected Material to Staff and Outside Consultants. The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification provided in Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification attached hereto.
13. Restriction on Copying by Commission Staff, OPC, and the OAG. Except as allowed by Paragraph 7, Commission Staff, OPC, and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the Presiding Officer directs otherwise. Limited notes may be made by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) of Highly Sensitive Protected Materials furnished to them and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.
14. Public Information Requests. In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.

15. Required Certification. Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification set forth in the attachment to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of Commission Staff or OPC shall be used only for the purpose of the proceeding in DOCKET NO. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification set forth in the Attachment to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

A copy of each signed certification shall be provided by the reviewing party to counsel for the producing party and served upon all parties of record.

16. Disclosures Between Reviewing Representatives and Continuation of Disclosure Restrictions After a Person is no Longer Engaged in the Proceeding. Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a

signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the Protected Material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials. Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant to Paragraph 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.

18. Procedures Regarding Voluminous Protected Materials. Production of voluminous Protected Materials will be governed by P.U.C. PROC. R. 22.144(h). Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00

p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.

19. Reviewing Period Defined. The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. Procedures for Making Copies of Voluminous Protected Materials. Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical, or electronic copies of the Protected Materials, subject to the conditions hereof; provided, however, that before photographic, mechanical, or electronic copies can be made, the Reviewing Party seeking photographic, mechanical, or electronic copies must complete a written receipt for copies on the attached form identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. Protected Materials to be Used Solely for the Purposes of These Proceedings. All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (1) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (2) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.

22. Procedures for Confidential Treatment of Protected Materials and Information Derived from those Materials. Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protected Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to ensure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.
23. Procedures for Submission of Protected Materials. If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion, or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the Presiding Officer and served under seal to the counsel of record for the Reviewing Parties. The Presiding Officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (1) shall notify the party which provided the information within sufficient time so that the providing party may seek a temporary sealing order; and

(2) shall otherwise follow the procedures set forth in Rule 76a, Texas Rules of Civil Procedure.

24. Maintenance of Protected Status of Materials During Pendency of Appeal of Order Holding Materials are Not Protected Materials. In the event that the Presiding Officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the Presiding Officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a Presiding Officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.
25. Notice of Intent to Use Protected Materials or Change Materials Designation. Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. _____ at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing

Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. Procedures to Contest Disclosure or Change in Designation. In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate Presiding Officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or alternatively that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation. If the party asserting confidentiality files an objection, the appropriate Presiding Officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or reviewing party or upon the Presiding Officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the Presiding Officer determines that such proposed disclosure or change in designation should be made, disclosure shall

not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such Presiding Officer's ruling.

28. Maintenance of Protected Status During Periods Specified for Challenging Various Orders.

Any party electing to challenge, in the courts of this state, a Commission or Presiding Officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (1) the date of an unfavorable Commission order; or (2) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this Paragraph. For purposes of this Paragraph, a favorable ruling of a state district court, state appeals court, supreme court or other appellate court includes any order extending the deadlines set forth in this Paragraph.

29. Other Grounds for Objection to Use of Protected Materials Remain Applicable. Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless and until such additional disclosure is ordered by the Commission or a court, all parties will abide by the restrictions imposed by the Protective Order.

30. Protection of Materials from Unauthorized Disclosure. All notices, applications, responses, or other correspondence shall be made in a manner, which protects Protected Materials from unauthorized disclosure.
31. Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials. Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit, or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. Applicability of Other Law. This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act, and any other applicable law, provided that parties subject to those acts will give the party asserting confidentiality notice, if possible under those acts, prior to disclosure pursuant to those acts.
33. Procedures for Release of Information Under Order. If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (1) the Reviewing Party shall notify the party asserting confidentiality of such order at least five (5) calendar days in advance of the release of the information in order for the party asserting confidentiality to contest any release of the confidential information; (2) the Reviewing Party shall notify the producing party that there is a request for such information within five (5) calendar days of the date the Reviewing Party is notified of the request for information; and (3) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein.
34. Best Efforts Defined. The term "best efforts" as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body or written opinion of the Texas Attorney General which was sought in compliance with the Public Information Act. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of § 552.301 of the Public Information Act, or intends to comply with the final governmental or court order.

35. Notify Defined. Notify, for purposes of Paragraphs 33 and 34, shall mean written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. Requests for Non-Disclosure. If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Order, the producing party shall tender the information for in camera review to the presiding officers within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information. Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the Presiding Officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the Presiding Officer shall stay the order of disclosure for such period of time as the Presiding Officer deems necessary to allow the producing party to appeal the ruling to the commission.
37. Sanctions Available for Abuse of Designation. If the Presiding Officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to

Paragraph 36, the Presiding Officer may sanction the producing party pursuant to P.U.C. PROC. R. 22.161.

38. Modification of Protective Order. Each party shall have the right to seek changes in this Protective Order as appropriate from the Presiding Officer.
39. Breach of Protective Order. In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of Commission Staff or OPC shall be used only for the purpose of the proceeding in Docket No. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

DOCKET NO. _____

I request to view/copy the following documents:

<u>Document Requested</u>	<u># of Copies</u>	<u>Non-Confidential</u>	<u>Confidential and/or H.S.</u>

Signature

Party Represented

Printed Name

Date

DOCKET NO. _____

APPLICATION OF CENTERPOINT	§	
ENERGY HOUSTON ELECTRIC,	§	PUBLIC UTILITY COMMISSION
LLC FOR APPROVAL OF AN	§	OF TEXAS
ADJUSTMENT TO ITS ENERGY	§	
EFFICIENCY COST RECOVERY	§	
FACTOR	§	

DIRECT TESTIMONY OF

JOHN R. DURLAND

FOR

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

June 1, 2018

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TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
Exhibit JRD-1	CenterPoint Houston's 2018 Revised Energy Efficiency Plan and Report filed in Project No. 48146
Exhibit JRD-2	Affidavit of Ms. Michelle Townsend
Exhibit JRD-3	Affidavit of Ms. Mary Kirk
Exhibit JRD-4	Affidavit of Mr. Randy Sutton
Exhibit JRD-5	Affidavit of Mr. Mickey Moon

DIRECT TESTIMONY OF JOHN DURLAND

I. INTRODUCTION AND BACKGROUND

Q. PLEASE STATE YOUR NAME AND POSITION.

A. My Name is John Durland, and I serve as the Manager of Energy Efficiency Compliance for CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company"). My business address is 1111 Louisiana St., Houston, Texas 77002.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I started my career in Energy Efficiency with CPS Energy in San Antonio, Texas as a consultant in 2010. I managed CPS Energy's residential energy efficiency programs and was responsible for the solar rebate program. I started my career with CenterPoint Energy in August of 2016. I've earned an undergraduate degree in Business Administration, Masters of Business Administration and I am a Certified Energy Manager.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of CenterPoint Houston.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to: (1) provide background on the Public Utility Commission of Texas' ("Commission") energy efficiency requirements for investor-owned utilities; (2) support the reasonableness of CenterPoint Houston's energy efficiency programs and the Company's 2017 expenditures on those programs; (3) describe the Company's planned 2019 energy efficiency program

1 expenditures; and (4) explain how CenterPoint Houston met the Commission's
2 requirements for an energy efficiency performance bonus based on 2017 program
3 achievements and the amount of the performance bonus to be included in the
4 Energy Efficiency Cost Recovery Factor ("EECRF").

5 **Q. WHAT EXHIBITS HAVE YOU INCLUDED WITH YOUR TESTIMONY?**

6 A. Exhibit JRD-1 is CenterPoint Houston's 2018 Energy Efficiency Plan and Report
7 – Revision 1 ("EEPR"), filed in Project No. 48146. Exhibit JRD-2 is an affidavit
8 from Ms. Michelle Townsend supporting affiliate expenses. Exhibit JRD-3 is an
9 affidavit from Ms. Mary Kirk verifying accounting practices. Exhibit JRD-4 is an
10 affidavit from Mr. Randy Sutton describing the Company's employee
11 compensation and benefits program. Exhibit JRD-5 is an affidavit from Mr. Mickey
12 Moon verifying the Company's rate case expenses.

13 **Q. WERE YOUR TESTIMONY AND THE EXHIBITS ATTACHED**
14 **THERE TO PREPARED BY YOU OR UNDER YOUR DIRECT**
15 **SUPERVISION AND CONTROL?**

16 A. Yes, they were.

17 **Q. DOES YOUR TESTIMONY RELATE TO THE DIRECT TESTIMONY OF**
18 **ANY OTHER WITNESS?**

19 A. Yes. Company witness Laurie Burrridge-Kowalik's testimony focuses on the
20 design of the tariff and calculation of the rates for the 2019 Rider EECRF.

21 **Q. PLEASE SUMMARIZE THE COSTS REQUESTED BY THE COMPANY**
22 **IN THIS CASE.**

1 A. CenterPoint Houston requests approval to recover a total of \$42,787,780 through
 2 its 2019 Rider EECRF. The requested amount is derived as described below and in
 3 the testimony of Mrs. Burridge-Kowalik, and consists of: (1) estimated 2019 energy
 4 efficiency program costs of \$37,897,605; (2) a performance bonus for 2017
 5 program achievements of \$9,491,299; (3) \$32,281 in 2017 EECRF rate-case
 6 expenses; (4) \$541,294 in EM&V cost for 2019; (5) a credit of \$5,174,341 for over-
 7 recovery of 2017 program costs and (6) a credit of \$359 for an Administrative
 8 Expense Adjustment.

9 **II. THE COMMISSION'S ENERGY EFFICIENCY RULES**

10 **Q. WOULD YOU PLEASE PROVIDE A SUMMARY OF THE ANNUAL**
 11 **ENERGY EFFICIENCY GOALS PRESCRIBED BY COMMISSION**
 12 **RULES?**

13 A. 16 Tex. Admin. Code ("TAC") § 25.181(e) requires investor-owned utilities to
 14 achieve savings goals through market-based standard offer programs ("SOPs") and
 15 limited, targeted, market transformation programs ("MTPs"). Specifically, the rule
 16 requires a 0.4% reduction of the electric utility's annual peak demand of residential
 17 and commercial customers for the 2014 program year and for subsequent program
 18 years. 16 TAC § 25.181(m) sets forth the requirements for the SOPs and MTPs.

19 **Q. ARE THERE ANY LIMITS ON WHAT THE COMPANY MAY SPEND IN**
 20 **ORDER TO ACHIEVE THESE GOALS?**

21 A. Yes. 16 TAC § 25.181(f)(7) states that the sum of energy efficiency costs shall not
 22 exceed the following:

- 1 • For residential customers for program years 2016 and 2017, \$0.001266 per
2 kWh;
- 3 • For residential customers for program year 2018, \$0.001263 per kWh
4 increased or decreased by a rate equal to the 2016 calendar year's
5 percentage change in the South urban consumer price index (CPI), as
6 determined by the Federal Bureau of Labor Statistics;
- 7 • For commercial customers for program years 2016 and 2017, rates designed
8 to recover revenues equal to \$0.000791 per kWh times the aggregate of all
9 eligible commercial customers' kWh consumption; and
- 10 • For commercial customers for program year 2018, rates designed to recover
11 revenues equal to \$0.000790 per kWh increased or decreased by a rate equal
12 to the 2016 calendar year's percentage change in the South urban CPI, as
13 determined by the Federal Bureau of Labor Statistics times the aggregate of
14 all eligible commercial customers' kWh consumption.
- 15 • For the 2019 program year and thereafter, the residential and commercial
16 cost caps shall be calculated to be the prior period's cost caps increased or
17 decreased by a rate equal to the most recently available calendar year's
18 percentage change in the South urban CPI, as determined by the Federal
19 Bureau of Labor Statistics.

20

21 **Q. IS THE COMPANY ADMINISTERING ITS ENERGY EFFICIENCY**
22 **PROGRAMS IN COMPLIANCE WITH THE COMMISSION'S RULES?**

23 **A. Yes.**

1 **Q. IS THE AMOUNT THAT CUSTOMERS WILL BE REQUIRED TO PAY AS**
2 **A RESULT OF THE COMPANY'S EECRF REQUEST LESS THAN THE**
3 **BUDGET CAP IMPOSED BY 16 TAC § 25.181(F)(7)?**

4 A. Yes. If the Company's request is approved as filed, the 2019 residential monthly
5 per-customer EECRF charge will be \$0.000721 per kWh, Secondary Service Less
6 than or Equal to 10 kVA will be \$0.000198 per kWh, Secondary Service Greater
7 than 10 kVA will be \$0.000538 per kWh, Primary Service will be \$0.000622 per
8 kWh, Transmission Service – Non-Profit Governmental will be \$0.000167 per
9 kWh, and Transmission Services will be (\$0.000002).

10 **Q. HAVE THERE BEEN ANY STATUTORY CHANGES TO SECTION 39.905**
11 **OF THE PUBLIC UTILITY REGULATORY ACT ("PURA") SINCE THE**
12 **COMPANY'S LAST EECRF FILING?**

13 A. No.

14 **III. CENTERPOINT HOUSTON'S CURRENT AND FUTURE ENERGY**
15 **EFFICIENCY PROGRAMS**

16 **Q. PLEASE DESCRIBE THE ENERGY EFFICIENCY PROGRAMS**
17 **CENTERPOINT HOUSTON CURRENTLY OFFERS.**

18 A. CenterPoint Houston currently offers sixteen programs. These programs target
19 broad market segments as well as specific market sub-segments and technologies.
20 Five programs target the Company's commercial customers, eight programs
21 involve residential customers, and three programs serve the hard-to-reach class.
22 The sixteen programs are listed as follows:

- 23 1. Commercial Standard Offer Program (SOP)
24 2. Large Commercial Load Management (SOP)

- 1 3. Commercial Market Transformation Program
- 2 4. Retro-Commissioning MTP
- 3 5. REP (Commercial CoolSaver)
- 4 6. CenterPoint Energy High Efficiency Homes MTP
- 5 7. Advanced Lighting MTP
- 6 8. Residential A/C and Pool Pump Distributor MTP
- 7 9. REP (Residential CoolSaver and Efficiency Connection)
- 8 10. Smart Thermostat Program (pilot)
- 9 11. Multi-Family Market Rate MTP
- 10 12. Residential Demand Response SOP
- 11 13. Residential & Small Commercial (SC) SOP
- 12 14. Hard-to-Reach SOP
- 13 15. Multi-Family MTP HTR
- 14 16. Targeted Low Income MTP (Agencies in Action)

15 A description of each program can be found in Section I of Exhibit JRD-1.

16 **Q. DOES CENTERPOINT HOUSTON OFFER ENERGY EFFICIENCY**
 17 **PROGRAMS TO ALL OF ITS ELIGIBLE CUSTOMERS?**

18 A. Yes. CenterPoint Houston's energy efficiency programs meet the Commission's
 19 requirement in 16 TAC § 25.181(a) that all eligible customers "have a choice of
 20 and access to the utility's portfolio of energy efficiency programs that allow each
 21 customer to reduce energy consumption, summer and winter peak demand, or
 22 energy costs."

23 **Q. WILL CENTERPOINT HOUSTON OFFER THE SAME 2018 ENERGY**
 24 **EFFICIENCY PROGRAMS IN 2019?**

25 A. Yes.

26 **Q. WHAT IS THE COMPANY'S 2019 ENERGY EFFICIENCY PROGRAM**
 27 **BUDGET?**

28 A. The total 2019 program budget amount reflected in Table 6 of Section IV of Exhibit
 29 JRD-1 is \$37,897,605 excluding any EM&V costs.

1 **Q. HOW DID CENTERPOINT HOUSTON DETERMINE THE BUDGET FOR**
2 **ITS ENERGY EFFICIENCY PROGRAMS IN 2019?**

3 A. Several factors went into the determination of CenterPoint Houston's 2019 energy
4 efficiency budget. First and foremost, CenterPoint Houston must meet the
5 requirements set forth in PURA § 39.905 and 16 TAC § 25.181. The key
6 requirements of the statute and rule can be summarized as follows:

- 7 • Meet a demand goal of a 0.4% reduction of peak demand;
- 8 • Meet an energy goal based on a 20% capacity factor applied to the demand
- 9 goal;
- 10 • Achieve savings for hard-to-reach customers of at least 5% of the total
- 11 demand goal;
- 12 • Offer programs to all eligible customer classes;
- 13 • Ensure programs are cost-effective;
- 14 • Budget not less than 10% of the energy efficiency program on the targeted
- 15 low-income energy efficiency program; and
- 16 • Spend up to 15% of total program cost on program administration and up to
- 17 10% of costs on R&D but spend no more than 20% on program
- 18 administration and R&D combined.

19 Other key factors that played a role in establishing CenterPoint Houston's 2019
20 energy efficiency budget included:

- 21 • Maintaining the continuity of SOPs and MTPs;
- 22 • Responding to market and customer needs;

- Positioning CenterPoint Houston to meet future goals through R&D and pilot program investments; and

Additional details of CenterPoint Houston's 2019 energy efficiency budget can be found in Exhibit JRD-1.

Q. PLEASE EXPLAIN THE BASIS FOR THE \$4,772,605 OF PROJECTED 2019 ADMINISTRATION COSTS AS SHOWN ON TABLE 6 OF EXHIBIT JRD-1.

A. The estimated administration costs include labor to administer the programs, outreach for those programs, research and development ("R&D") projects and verification activities. To project the 2019 costs, I started with 2017 actual costs, adjusted those costs to account for program changes in 2018 and the labor to run those programs, and then further adjusted those 2018 costs based on expected 2019 programs to meet 2019 goals as well as future goal requirements. The budgeted amount is less than the 20% limit on administration and R&D combined costs provided by the Commission's Substantive Rules.

Q. PLEASE EXPLAIN THE BASIS FOR THE \$500,000 OF PROJECTED 2019 R&D COSTS AS SHOWN ON TABLE 6 OF EXHIBIT JRD-1.

A. To stimulate the market for new energy efficiency technologies, the Company budgeted that amount for the continuation of Research and Development projects in 2019. Current R&D projects are described on page 18 of Exhibit JRD-1. That budgeted amount is reasonable based on prior years' budgets and possible new programs and is less than the 10% limit on recoverable R&D costs provided by the Commission's Substantive Rules. As in past years, additional projects may be

1 added during the 2019 program year as needed or as demand increases.

2 **Q. WOULD YOU PROVIDE AN EXAMPLE OF A COMPANY R&D**
 3 **PROJECT OR PILOT PROGRAM AND EXPLAIN HOW THE COMPANY**
 4 **IMPLEMENTS THOSE PROGRAMS?**

5 A. Yes. In 2019 CenterPoint Houston will work with vendors and internal and external
 6 experts to evaluate the feasibility of incentivizing the replacement or upgrade of
 7 measures commonly used in commercial kitchens that waste energy. For example;
 8 electric warming tables, exhaust vents and refrigeration.

9 **Q. WHAT SAVINGS WILL OCCUR IF THE COMPANY SUCCESSFULLY**
 10 **IMPLEMENTS ITS PLANNED ENERGY EFFICIENCY PROGRAMS IN**
 11 **2019?**

12 A. The Company projects program savings at the meter of 159 MW and 188,231 MWh
 13 for 2019. Please see Table 5 in Exhibit JRD-1 for additional detail.

14 **Q. PLEASE COMMENT ON THE OVERALL COST-EFFECTIVENESS OF**
 15 **CENTERPOINT HOUSTON'S 2019 ENERGY EFFICIENCY PROGRAMS.**

16 A. The average cost of peak demand reduction expected by CenterPoint Houston's
 17 programs in 2019 is projected to be approximately \$43 per kW.¹ We expect a
 18 general decrease in cost effectiveness in the future due to decreasing avoided cost
 19 of energy, higher baselines, and increasing customer adoption rates for 2019. Cost
 20 effectiveness is expected to fluctuate with changes in avoided cost and customer

¹ Total Projected Program Spend in 2019 divided by Projected Demand Savings using a 5.5 year EUL.

adoption cycles of technology. Nevertheless, CenterPoint Houston's Energy Efficiency programs continue to offer excellent ratepayer value.

IV. CENTERPOINT HOUSTON'S 2017 ENERGY EFFICIENCY PROGRAMS

Q. WHAT FACTORS HAVE BEEN IDENTIFIED BY THE COMMISSION AS RELEVANT TO THE EVALUATION OF ENERGY EFFICIENCY PROGRAM COSTS?

A. 16 TAC § 25.181(f) (12) explicitly identifies certain factors that are to be addressed in the evaluation of program costs. I address each of these factors below.

Q. CAN YOU PROVIDE A BRIEF SUMMARY OF HOW CENTERPOINT HOUSTON HAS DEVELOPED AND IMPLEMENTED ITS ENERGY EFFICIENCY PROGRAM PORTFOLIO?

A. The Company has been developing and implementing an energy efficiency program portfolio since 2002 when the Legislature began requiring utilities to achieve savings equal to a 10% reduction in annual growth in demand for residential and commercial customers. In 2005, as a result of a settlement in its then pending base rate case,² CenterPoint Houston's existing programs were expanded to include additional low-income and hard-to-reach programs. Since 2009, following the Legislature's direction related to increasing goals, these programs have been expanded further. Since 2002, the Company has consistently and diligently followed Commission rule requirements, solicited program participants and stakeholders for feedback on market demands and needs (both

² See *Petition by Commission Staff for a Review of the Rates of CenterPoint Energy Houston Electric LLC Pursuant to PURA § 36.151*, Docket No. 32093 (Sep. 5, 2006).

1 inside and outside of the Energy Efficiency Implementation Project process), and
2 developed an annual review process for assessing accomplishments and challenges
3 in individual programs. In recent years, this annual review has taken place after the
4 close of the calendar year while the Company was preparing its annual EEPR filing,
5 allowing the Company to annually assess the effectiveness of the program portfolio
6 and make necessary changes in order to maintain successful and cost-effective
7 programs.

8 **Q. PLEASE ASSESS THE OVERALL SUCCESS OF AND BENEFITS**
9 **PROVIDED BY CENTERPOINT HOUSTON'S ENERGY EFFICIENCY**
10 **PROGRAMS.**

11 A. CenterPoint Houston's energy efficiency programs have performed well and
12 achieved significant benefits. The Company has exceeded its energy efficiency
13 goal each year since the inception of the initial rules. In 2017, 54,672 customers
14 participated in and benefited from the programs. Demand was reduced by 188MWs
15 and energy savings were over 183,438MWHs. The Company achieved 311% of the
16 statutory peak demand reduction goal and 173% of the energy goal. CenterPoint
17 Houston's low-income customers also benefited greatly from the Company's
18 energy efficiency program in 2017, with \$4,742,734 out of total expenditures of
19 \$31,420,852 (approximately 15%) going to low-income programs. 3,255 low-
20 income customers participated in 2017 programs, and these customers will enjoy
21 projected electric savings that total more than 5.4MW and 7,583MWH.

22 **Q. WHAT WERE CENTERPOINT HOUSTON'S ENERGY EFFICIENCY**
23 **PROGRAM COSTS IN 2017?**

1 A. \$31,420,852. The Company's historical program costs are provided on Table 10
2 of the 2018 EEPR, Exhibit JRD-1.

3 **Q. WERE THE COMPANY'S ENERGY EFFICIENCY PROGRAM COSTS**
4 **LESS THAN OR EQUAL TO THE AVOIDED COST OF THOSE**
5 **PROGRAMS, AS CALCULATED PER SUBSECTION (d) OF 16 TAC §**
6 **25.181?**

7 A. The total energy efficiency program costs were less than the avoided cost of those
8 programs, resulting in positive total benefits to ratepayers. The Residential and
9 Small Commercial SOP and the Retail Electric Provider ("REP") programs did not
10 meet the individual cost effectiveness standards. Participation in these programs
11 was lower than anticipated through the summer. The SOP incentive levels were
12 evaluated and adjusted for 2018 and CenterPoint Houston has increased the level
13 of outreach to contractors. To address cost effectiveness in the REP programs in
14 2018, CenterPoint worked with the implementer to restructure their compensation
15 to a performance based system, worked with the vendor to reduce implementation
16 fees and tied participant incentives to a tiered system that more closely aligns
17 savings with cost.

18
19 **Q. HAVE CENTERPOINT HOUSTON'S SAVINGS BEEN ACHIEVED IN A**
20 **MANNER THAT IS CONSISTENT WITH THE COST-EFFECTIVENESS**
21 **STANDARD IN 16 TAC § 25.181?**

1 A. Yes. The Company's portfolio of programs exceeds CenterPoint Houston's energy
2 efficiency goals while staying within the costs caps established under 16 TAC §
3 25.181(f)(7).

4 **Q. WHAT DO SECTION 39.905 OF PURA AND 16 TAC § 25.181 SAY ABOUT**
5 **MATCHING OF COSTS AND REVENUE?**

6 A. Section 39.905(b-1) is set out below.

7 The energy efficiency cost recovery factor under Subsection (b)(1)
8 may not result in an over-recovery of costs but may be adjusted each
9 year to change rates to enable utilities to match revenues against
10 energy efficiency costs and any incentives to which they are granted.
11 The factor shall be adjusted to reflect any over-collection or under-
12 collection of energy efficiency cost recovery revenues in previous
13 years.

14 This provision calls for a process of setting rates to match revenues and costs of the
15 energy efficiency program. In this context, the first sentence, which states that an
16 EECRF may not result in an over-recovery of costs, suggests the kind of process
17 that the Commission has established in 16 TAC § 25.181 (the "Rule"), in which
18 rates are adjusted on an annual basis. This annual adjustment process prevents the
19 over-recovery of energy efficiency program costs. Among the provisions of the
20 Rule that address the matching issue in Section 39.905(b-1) are provisions that
21 require the review of key rate elements in each EECRF, namely, estimated costs in
22 subsection (f)(12)(A) of the Rule, calculations of over- or under-recovery of costs
23 in subsection (f)(12)(B) of the Rule, cost allocations in subsection (f)(12)(D) of the
24 Rule, estimated billing determinants in subsection (f)(12)(E) of the Rule, and
25 system losses and line losses in subsection (f)(12)(F) of the Rule.

1 **Q. HAVE CENTERPOINT HOUSTON'S COSTS AND REVENUES**
 2 **MATCHED?**

3 A. Yes. As detailed below and in the testimony of Laurie Burrige-Kowalik, in 2017
 4 CenterPoint Houston had an over-recovery of \$5,174,341 on \$31,984,468 of
 5 program expenditures. The Company proposes to return \$3,111,019 in over-
 6 collection for 2017 residential programs and billing to residential customers and to
 7 return \$2,063,322 in over-collection for 2017 commercial programs and billing to
 8 commercial customers.

9 **Q. HAVE LINE LOSSES BEEN FACTORED INTO THE CALCULATION OF**
 10 **THE COMPANY'S GOALS?**

11 A. Yes. The line loss values approved in the latest CenterPoint Energy Houston
 12 Electric rate case, Docket No. 38339 were incorporated into the peak demand
 13 values used to calculate the MW goal. Line loss values for each rate class were
 14 weighted according to 2017 program participation to arrive at a cumulative line loss
 15 of 5.05%.³

16 **Q. HAVE ANY EXISTING MARKET CONDITIONS IN THE COMPANY'S**
 17 **SERVICE TERRITORY AFFECTED CENTERPOINT HOUSTON'S**
 18 **ENERGY EFFICIENCY COSTS?**

19 A. While CenterPoint Houston has been able to keep its program costs low and
 20 maintain the cost effectiveness of its programs over the years, market conditions
 21 are gradually increasing program costs. As an example, as more energy efficient
 22 lighting is adopted in the market, potential savings are reduced by free ridership

³ Refer to JRDWP1 for detailed line loss calculation

1 and increased baselines. Energy savings must come from incorporating new
2 technology like occupancy sensors, which cost more for less demand reduction.

3

4 **Q. WERE THE ENERGY EFFICIENCY COSTS INCURRED BY**
5 **CENTERPOINT HOUSTON CONSISTENT WITH THE ACHIEVEMENTS**
6 **OF ITS ENERGY EFFICIENCY PROGRAMS IN 2017?**

7 A. Yes. CenterPoint Houston's programs produced \$94,912,992 in net benefits in
8 2017. In fact, since originally started in 2002, CenterPoint Houston's programs
9 have produced an estimated \$1 billion in total net benefits for customers in the
10 Company's service area.

11 **Q. HOW DO CENTERPOINT HOUSTON'S COSTS COMPARE TO COSTS**
12 **IN OTHER MARKETS WITH SIMILAR CONDITIONS?**

13 A. CenterPoint Houston's portfolio of programs is the lowest cost, on a total dollar-
14 per-kW achieved basis, of all the ERCOT utilities.⁴

15 **Q. HAVE ANY CIRCUMSTANCES CHANGED IN THE COMPANY'S**
16 **SERVICE TERRITORY THAT AFFECTED CENTERPOINT HOUSTON'S**
17 **ABILITY TO IMPLEMENT ANY OF ITS ENERGY EFFICIENCY**
18 **PROGRAMS?**

19 A. Not materially. Market conditions in the CenterPoint Houston service territory
20 have generally been consistent over time. This consistency has helped the Company
21 reach its goals.

⁴ Refer to JRDWP2 for a detailed calculation of portfolio costs versus other ERCOT utilities.

1 **Q. HOW DID THE NUMBER OF ENERGY EFFICIENCY SERVICE**
 2 **PROVIDERS OPERATING IN THE COMPANY'S TERRITORY AFFECT**
 3 **ITS ABILITY TO IMPLEMENT PROGRAMS IN 2017?**

4 A. Since 2002, CenterPoint Energy has attempted to encourage the growth of service
 5 providers in its territory. The Company has furthered this development through
 6 training, seminars, and adjusting to changes in the market as they arise. Annually,
 7 the number of service providers available has been sufficient for the Company to
 8 meet its goals.

9 **Q. WERE THE COMPANY'S PROGRAMS IMPLEMENTED IN**
 10 **ACCORDANCE WITH RECOMMENDATIONS OF THE COMMISSION'S**
 11 **EM&V CONTRACTOR?**

12 A. Yes. CenterPoint Energy Houston Electric has incorporated or conformed to all of
 13 the applicable recommendations made by the EM&V Contractor.

14 **Q. CAN YOU DESCRIBE THE COMPANY'S BIDDING AND ENGAGEMENT**
 15 **PROCESS FOR CONTRACTING WITH PROGRAM IMPLEMENTERS**
 16 **AND/OR PROGRAM ADMINISTRATORS?**

17 A. The selection process for energy efficiency program implementers and/or program
 18 administrators is governed by the Company's Purchasing Policy. CenterPoint
 19 Energy's Purchasing Policy (May 31, 2016) states:

20 Competitive bidding is required for all purchases that equal or
 21 exceed \$50,000. As part of that process, if there are compelling
 22 business reasons to forgo the bidding process and award a sole
 23 source contract, or if competitive bids have been received and
 24 evaluated, and a decision is made not to award the ensuing purchase
 25 to the lowest evaluated bidder, CNP Purchasing and the requisition
 26 initiator must agree on and document the decision in sufficient detail
 27 to justify it. The requisition, including the sole source or premium

justification documentation, must be properly approved by the next authorization level above that required for the transaction in the Authorization Policy.

The steps to the formal competitive bid process, which may vary slightly depending on the nature of the project, are outlined below:

1. Secure Authorization for the purchase per Authorization Policy
2. Collaborate with Client to define the Scope of Work/Specifications, including
 - a) Contract Value and Term
 - b) Compensation basis
 - c) Contract form & format
3. Determine performance metrics/service level agreement
4. Develop Request for Proposal ("RFP") Document
5. Create Bid Sheet or Salary/Task Matrix
6. Determine the Evaluation Criteria and weights (weights are not disclosed to RFP participants)
7. Establish Contract Documents (Terms and Conditions, Compensation Schedule, Non-Disclosure Agreement, Supplier Diversity Documents)
8. Pre-qualify Bidders (include MWBEs or justify exclusion)
9. Distribute RFP Document via electronic sourcing system (ESO)
10. Pre-Bid Conference (optional)
11. Close of Vendor Questions
12. Proposal Submittal
13. Proposal Evaluation

- 1 14. Determine "Short List" (optional)
- 2 15. Vendor Presentations/Site Visit (optional)
- 3 16. Preliminary Award
- 4 17. Contract Negotiation
- 5 18. Final Award
- 6 19. Executive Approval
- 7 20. Implementation

8 **Q. HAS CENTERPOINT HOUSTON PROVIDED A LIST OF ALL ENERGY**
9 **EFFICIENCY SERVICE PROVIDERS IN THIS FILING CONSISTENT**
10 **WITH 16 TAC § 25.181(f) (10) (K)'S DIRECTION?**

11 A. Yes, a confidential list of all energy efficiency service providers can be found in
12 my workpapers.⁵

13 **Q. CAN YOU SPEAK TO HOW CENTERPOINT HOUSTON HAS**
14 **EVALUATED CUSTOMER PARTICIPATION IN ITS PROGRAMS AND**
15 **IMPLEMENTED CHANGES TO GENERATE MORE PARTICIPATION**
16 **OR TRANSFORM THE MARKET FOR THE COMPANY'S PROGRAMS?**

17 A. CenterPoint Houston continues to review its programs on an annual basis to
18 determine if adjustments are needed to generate more participation. CenterPoint
19 Houston reviews participation levels at both the program and measure
20 level. Program adjustments can include raising or lowering incentive payments,
21 adding or removing measures, or instituting new program rules based on changes
22 in market conditions and/or Commission rules.

⁵ JRDWP3 –Energy Efficiency Service Providers.

1 Q. HAS CENTERPOINT HOUSTON SET ITS INCENTIVE PAYMENTS
2 WITH THE OBJECTIVE OF ACHIEVING ITS ENERGY AND DEMAND
3 GOALS AT THE LOWEST REASONABLE COST PER PROGRAM?

4 A. Yes. Through the annual review process described above, the Company
5 consistently evaluates its incentive payment levels to ensure that its programs are
6 provided at the lowest reasonable cost.

7 Q. CAN YOU SPEAK TO THE REASONABLENESS OF CENTERPOINT
8 HOUSTON'S R&D AND ADMINISTRATIVE COSTS IN 2017?

9 A. The table below compares research and development costs to the prior year's actual
10 level of total program costs. As this table shows, the research expenditures were
11 well below the 10% cap in subsection (e) of the statute and subsection (i) of the
12 rule.

Year	Research and Development Costs	Prior Year Total Program Costs	R&D Costs as Percentage of Prior Year Total Costs
2017	122,775	\$ 31,420,852	0.39%

13 The table below compares administration costs to total program costs and compares
14 the sum of administration and R&D costs to the current year's level of total program
15 costs. The information in the table shows that the administration costs were below
16 the 15% cap in the rule and the combined administration and R&D costs were
17 below the 20% cap in the rule.

Year	Administration Costs	Administration + R&D Costs	2017 Program Costs	Admin. Costs as % of Total	Admin. + R&D as % of Total
2017	3,121,235	\$3,244,010	\$31,420,852	9.9%	10.3%

1 In summary, the R&D costs and total administrative costs are well below the caps
2 established by the statute and the rule.

3

4 **Q. HAS THE COMPANY COMPLIED WITH ANY OTHER RELEVANT**
5 **COMMISSION RULES WITH RESPECT TO ITS HISTORICAL EECRF**
6 **PROGRAM EXPENDITURES?**

7 A. Yes. As detailed in the attached affidavit of Ms. Mary Kirk at Exhibit JRD-3, the
8 Company's books and records have been maintained at all times in accordance with
9 the FERC Uniform System of Accounts, as prescribed by Section 14.151 of PURA,
10 and meet all applicable requirements of 16 TAC 25.72.

11 **V. PROGRAMS FOR HARD-TO-REACH AND LOW-INCOME**
12 **CUSTOMERS**

13 **Q. WHAT ARE THE COMMISSION'S REQUIREMENTS REGARDING**
14 **PROGRAM SAVINGS ASSOCIATED WITH HARD-TO-REACH**
15 **CUSTOMERS?**

16 A. 16 TAC § 25.181(e)(3)(F) requires that savings achieved through programs for
17 hard-to-reach ("HTR") customers shall be no less than 5.0% of the utility's total
18 demand reduction goal.

19 **Q. DID CENTERPOINT HOUSTON MEET THE COMMISSION'S HARD-**
20 **TO-REACH REQUIREMENTS IN 2017?**

1 A. Yes. In 2017, the Company spent \$4,742,734 on programs for HTR customers
2 resulting in a savings of 5.43MW, which is more than 5.0% of the Company's HTR
3 demand reduction goal of 3MW.

4 **Q. WILL THE COMPANY MEET ITS HARD-TO-REACH REQUIREMENT**
5 **IN 2019?**

6 A. Yes. The Company is budgeted to spend \$7,050,315 on programs for HTR
7 customers. The Company anticipates this investment will result in 4.6MW in
8 savings, which is more than 5.0% of the Company's demand reduction goal.

9 **Q. DID THE COMPANY HAVE ANY FUNDS THAT WERE NOT**
10 **OBLIGATED AFTER JULY OF ITS 2017 PROGRAM YEAR THAT IT**
11 **MADE AVAILABLE FOR USE IN THE HARD-TO-REACH PROGRAMS**
12 **THAT YEAR?**

13 A. Yes, the Company identified funds available at the end of the third quarter. A
14 portion of those funds were utilized by the Low Income Weatherization program.

15 **Q. WHAT ARE THE COMMISSION'S REQUIREMENTS WITH RESPECT**
16 **TO SPENDING ON PROGRAMS FOR LOW-INCOME CUSTOMERS?**

17 A. Under PURA § 39.905(f) and 16 TAC § 25.181(r), each unbundled transmission
18 and distribution utility shall include in its energy efficiency plan a targeted low-
19 income energy efficiency program, including the following requirements:

- 20 • Each utility shall ensure that annual expenditures for the targeted low-
21 income energy efficiency program are not less than 10% of the utility's
22 energy efficiency budget for the program year.

- 1 • The utility's targeted low-income program shall incorporate a whole-house
2 assessment that will evaluate all applicable energy efficiency measures for
3 which there are commission-approved deemed savings. The cost-
4 effectiveness of measures eligible to be installed and the overall program
5 shall be evaluated using the Savings-to-Investment (SIR) ratio.
- 6 • Any funds that are not obligated after July of a program year may be made
7 available for use in the hard-to-reach program.

8 **Q. DID CENTERPOINT HOUSTON MEET ITS TARGETED LOW-INCOME**
9 **ENERGY EFFICIENCY PROGRAM REQUIREMENTS IN 2017?**

10 A. Yes. The Company met the requirements of PURA § 39.905(f). Targeted low-
11 income spending was 12.47% of total spending in 2017.

1 **Q. DOES THE COMPANY ANTICIPATE THAT IT WILL MEET THE**
2 **TARGETED LOW-INCOME ENERGY EFFICIENCY PROGRAM**
3 **REQUIREMENTS IN 2019?**

4 **A.** Yes. CenterPoint Houston estimates that it will spend \$5,242,875 on targeted low-
5 income programs in 2019, which is 14% of the Company's total 2018 estimate for
6 all energy efficiency programs.

7 **VI. OVER-RECOVERY OF PROGRAM COSTS**

8 **Q. DO THE COMMISSION'S RULES REQUIRE AN ELECTRIC UTILITY**
9 **TO ADJUST ITS EECRF FOR THE OVER-RECOVERY OF PROGRAM**
10 **COSTS?**

11 **A.** Yes. 16 TAC § 25.181(f) (10) (D) states that a utility must include in its EECRF
12 application the amount of any over- or under-recovery of energy efficiency program
13 costs whether collected through base rates or the EECRF.

14 **Q. DID CENTERPOINT HOUSTON OVER-RECOVER PROGRAM COSTS**
15 **FOR 2017 PROGRAMS AND BILLING?**

16 **A.** Yes. CenterPoint Houston over-recovered program costs and billing in 2017. The
17 total over-recovered amount is \$5,174,341.

18 **Q. WHY DID CENTERPOINT HOUSTON OVER-RECOVER \$5,174,341 IN**
19 **PROGRAM COSTS AND BILLING IN 2017?**

20 **A.** The Company spent less on its programs than it originally anticipated and over
21 collected due to higher than estimated billing determinants. Program spending was
22 \$4,555,825 under forecast and billing determinants represented \$618,516 of the
23 discrepancy.

1 **Q. HOW DOES THE COMPANY PROPOSE TO ADDRESS THE**
 2 **OVER-RECOVERY OF 2017 PROGRAM COSTS IN THE 2019 RIDER**
 3 **EECRF?**

4 A. As discussed in the direct testimony of Mrs. Burrige-Kowalik and shown in her
 5 accompanying workpapers, the Company proposes to return \$3,111,019 to
 6 residential customers of which \$1,731,946 was due to an over-collection for 2017
 7 residential programs) and to return \$2,063,322 to commercial customers of which
 8 \$2,823,879 was due to an over-collection for 2017 commercial programs. Please
 9 see Mrs. Burrige-Kowalik's direct testimony for further detail.

10

11 **VII. ENERGY EFFICIENCY PERFORMANCE BONUS**

12 **Q. WHAT DOES 16 TAC § 25.181 PROVIDE REGARDING AN ELECTRIC**
 13 **UTILITY'S ABILITY TO EARN AN ENERGY EFFICIENCY**
 14 **PERFORMANCE BONUS?**

15 A. 16 TAC § 25.181(h) states that a utility that exceeds its demand reduction goal and
 16 does not exceed the cost cap "*shall* be awarded a performance bonus." (emphasis
 17 added). The rule states that the performance bonus shall equal 1% of the net benefits
 18 the utility's energy efficiency programs achieve for every 2% that the utility
 19 exceeds the demand reduction goal, up to a maximum of 10% of the utility's total
 20 net benefits.

21 **Q. DOES CENTERPOINT HOUSTON QUALIFY FOR A PERFORMANCE**
 22 **BONUS BASED ON ITS 2017 ENERGY EFFICIENCY PROGRAMS?**

1 A. Yes. CenterPoint Houston achieved 311% of its 2017 goal, and costs were well
2 within the avoided cost limits defined by 16 TAC § 25.181. Net benefits (avoided
3 cost minus program costs) generated by the 2017 programs totaled \$94,912,992.
4 The Company's program costs in 2017 were \$31,984,468 inclusive of EM&V
5 expenses and 2017 rate case expenses. CenterPoint Houston is therefore requesting
6 a performance bonus of \$9,491,299.

7 **Q. HOW WAS THE AMOUNT OF THE REQUESTED PERFORMANCE**
8 **BONUS CALCULATED?**

9 A. A detailed performance bonus calculation can be found in my workpapers and on
10 page 42 of Exhibit JRD-1.⁶

11 **Q. IS THE AVOIDED COSTS CALCULATION USED TO DETERMINE**
12 **CENTERPOINT HOUSTON'S PROPOSED ENERGY EFFICIENCY**
13 **PERFORMANCE BONUS CORRECT AND CONSISTENT WITH THE**
14 **METHODOLOGY APPROVED BY THE COMMISSION IN DOCKET NO.**
15 **42560, APPLICATION OF CENTERPOINT HOUSTON ELECTRIC**
16 **COMPANY, LLC FOR APPROVAL OF AN ADJUSTMENT TO ITS ENERGY**
17 **EFFICIENCY COST RECOVERY FACTOR?**

18 A. It is. Docket No. 42560 was an EECRF proceeding in which the calculation of the
19 Company's performance bonus was contested. The Commission agreed that the
20 Company was correctly calculating its performance bonus and CenterPoint

⁶ JRDWP4 -- Detailed Bonus Calculation.

1 Houston has continued to follow that approved methodology. The avoided costs
2 calculation is provided in my workpapers.⁷

3 **VIII. EM&V AND RATE-CASE EXPENSES**

4 **Q. CAN YOU SPEAK TO THE EM&V COSTS INCLUDED IN THE**
5 **COMPANY'S FILING?**

6 A. Yes. 16 TAC § 25.181 was amended in 2012 to include a new subsection detailing
7 the new EM&V process.⁸ Consistent with that amendment, the Commission has
8 entered into an agreement with an EM&V contractor and that contractor is currently
9 evaluating each utility's programs and the costs incurred. The EM&V contractor's
10 expenses are to be collected through each utility's EECRF, and those costs are not
11 subject to the cost caps established in 16 TAC § 25.181(f)(7).⁹

12 **Q. HOW WERE THE ESTIMATED EM&V COSTS IN THE FILING**
13 **DETERMINED?**

14 A. The EM&V costs are based on data provided to all Texas utilities from Commission
15 Staff. For program year 2019, the total projected EM&V costs provided by EM&V
16 provider, Tetra Tech are \$541,294. Details from the Tetra Tech forecast can be
17 found in JRDWP9.

18 **Q. PLEASE ADDRESS THE RATE-CASE EXPENSES INCLUDED IN THIS**
19 **FILING.**

⁷ JRDWP5 – Avoided Cost by EUL

⁸ 16 TAC § 25.181(q).

⁹ *Id.* § 25.181(q) (10) (B).

1 A. The Energy Efficiency Rule permits the recovery of rate case expenses through the
 2 EECRF process. Specifically, utilities are permitted to include outside legal and
 3 consulting expenses relating to the previous year's EECRF proceeding.¹⁰ As such,
 4 the Company has included in this filing a request for its 2017 EECRF rate case
 5 expenses incurred in Docket No. 47232, which totaled \$32,281. The invoices
 6 relating to the Company's 2017 EECRF rate case expenses in Docket No. 47232
 7 are included with the affidavit of Mr. Mickey Moon attesting to the reasonableness
 8 of those costs at Exhibit JRD-5. A description of how the 2017 EECRF rate case
 9 expenses are incorporated into the 2019 Rider EECRF rates can be found in Laurie
 10 Burridge-Kowalik's testimony.

11 **Q. WERE THERE ANY MUNICIPAL RATE-CASE EXPENSES IN 2017?**

12 A. Yes, the Company received \$8,946 in expenses from the Gulf Coast Coalition of
 13 Cities ("GCCC") that appear to relate to CenterPoint Houston's 2017 EECRF
 14 proceeding in Docket No. 47232. These invoices are included in my workpapers
 15 and the amounts related to 2017 EECRF municipal rate case expenses have been
 16 included in the calculation of the 2019 EECRF.¹¹

17 **Q. DOES THE COMPANY SUPPORT THE REASONABLENESS OF THESE**
 18 **EXPENSES?**

19 A. CenterPoint Houston does not oppose recovery of municipal rate-case expenses.
 20 However, consistent with prior Commission practice and precedent, the Company
 21 believes that any cities or city groups that seek rate case expense recovery must

¹⁰ *Id.* § 25.181(f)(3).

¹¹ JRDWP6 – GCCC Invoices

1 support, in the form of testimony or an affidavit, the reasonableness of their own
2 rate case expenses.

3

4 **Q. ARE THERE ANY OTHER DIFFERENCES IN THIS FILING COMPARED**
5 **TO THE COMPANY'S PREVIOUS EECRF CASES?**

6 A. No. The Company has supported the reasonableness of its estimated 2019 energy
7 efficiency program costs and corresponding allocations in the same manner as it
8 did in Docket Nos. 36952, 38213, 39363, 40356, 41540, 42560, 44783, 46014 and
9 47232.

10 **IX. AFFILIATE AND ADMINISTRATIVE COSTS**

11 **Q. 16 TAC § 25.181(f) (10) (I) NOW REQUIRES UTILITIES TO PROVIDE AN**
12 **EXPLANATION OF ANY AFFILIATE AND ADMINISTRATIVE COSTS**
13 **AS PART OF ITS EECRF APPLICATION. WERE ANY AFFILIATE OR**
14 **ADMINISTRATIVE COSTS INCLUDED IN THE COSTS RECOVERED**
15 **THROUGH THE COMPANY'S 2017 EECRF'S?**

16 A. Yes. The administrative expenses necessary to implement the Company's energy
17 efficiency programs in 2017 are summarized in my workpapers.¹² A portion of the
18 Company's administrative costs included shared service expenses.

19 **Q. WHAT WAS THE NATURE OF THE AFFILIATE EXPENSE INCURRED**
20 **IN 2017?**

¹² JRDWP7 – Administrative Expenses.

1 A. The affiliate expenses were provided by the Company's Shared Services division.
2 They included IT expenses and were all direct-billed pursuant to the methodology
3 approved by the Commission in the Company's last general rate-case proceeding,
4 Docket No. 38339. Additionally, accompanying my testimony at Exhibit JRD-2 is
5 the affidavit of Ms. Michelle Townsend. Ms. Townsend's sworn statement,
6 describes the nature of the costs, confirms that these costs were reasonable and
7 necessary, and demonstrates that the affiliate standard in PURA has been met for
8 recovery of these costs.

9 **Q. PLEASE DESCRIBE THE GENERAL NATURE OF THE REMAINING**
10 **ADMINISTRATIVE EXPENSES?**

11 A. The remaining administrative expenses include labor costs, consultant fees,
12 inspections, and miscellaneous program administrative expenses. CenterPoint
13 Houston's energy efficiency department consists of one Director, a Manager of
14 Compliance, a Manager of Program Implementation, six Energy Efficiency
15 Consultants that are responsible for implementing the programs, one staff engineer
16 that oversees three inspectors, two analysts and three Administrative and Budget
17 professionals. As noted in the affidavit of Mr. Randy Sutton, accompanying my
18 testimony at Exhibit JRD-4, compensation for Energy Efficiency staff has been
19 determined according to the same corporate methodology approved by the
20 Commission in Docket No. 38339. Additionally, consultant fees are paid to third-
21 party implementers for various programs. These consultants are selected using
22 CenterPoint Houston's previously described bidding and engagement process.
23 Training for Company personnel is offered annually through corporate training

1 programs as well as outside energy efficiency and other professional conferences
2 and seminars.

1 **Q. HAS THE COMPANY MADE ANY ADJUSTMENTS IN THIS FILING TO**
 2 **REMOVE ADMINISTRATIVE EXPENSES?**

3 A. Yes. Prior to this filing, CenterPoint Houston conducted an analysis of its
 4 administrative costs and, consistent with Commission precedent and 16 TAC §
 5 25.181, has made an adjustment of \$5,938 to remove certain expenses.¹³
 6 Adjustments were made at the program level and are not explicitly identified in the
 7 testimony of Laurie Burrridge-Kowalik. The Company also made a directly
 8 assigned administrative adjustment of \$359 to remove the lighting class from the
 9 EECRF Rider. This adjustment takes the lighting revenue requirement to zero and
 10 is depicted on Schedule F page 3 and Schedule A within Mrs. Burrridge-Kowalik's
 11 Exhibit LABK-2.

12 **Q. ARE ANY ALLOCATED ADMINISTRATIVE GENERAL COSTS OR**
 13 **ALLOCATED GENERAL PLANT COSTS INCLUDED IN THE EECRF**
 14 **PROGRAM COSTS AND/OR ADMINISTRATIVE COSTS?**

15 A. No.

16 **Q. ARE ANY OUT-OF-STATE TRAVEL, LODGING, MEALS OR**
 17 **CONFERENCE COSTS INCLUDED IN 2017 EECRF EXPENSE?**

18 A. Yes. CenterPoint Houston staff members travel to out-of-state energy efficiency
 19 and professional conferences to learn from other utilities and markets in effort to
 20 make CenterPoint Houston's energy efficiency programs as effective as possible.

¹³ These include certain meals the Company has removed from administrative costs.

1 **Q. DOES THE ADMINISTRATION OR R&D COSTS INCLUDE COSTS FOR**
2 **ANY EMPLOYEES WHO WORK ON ACTIVITIES OTHER THAN**
3 **ENERGY EFFICIENCY?**

4 A. No.

5 **Q. HAS THE COMPANY PROVIDED A BREAKDOWN OF 2017**
6 **ADMINISTRATION AND R&D COSTS EXPENDED ON OUTSIDE**
7 **CONSULTING SERVICES?**

8 A. Yes. The total amount of 2017 Administration and R&D costs expended on outside
9 consulting services was \$780,750. Workpaper JRDWP8 includes a breakdown of
10 the consultant, the cost, and the general description of services rendered.

11 **X. CONCLUSION**

12 **Q. IS CENTERPOINT HOUSTON'S ESTIMATE REGARDING THE COST**
13 **TO PROVIDE ITS 2019 ENERGY EFFICIENCY PROGRAM**
14 **REASONABLE?**

15 A. Yes.

16 **Q. WERE THE COMPANY'S ENERGY EFFICIENCY PROGRAM COSTS IN**
17 **2017 REASONABLE, NECESSARY, AND PRUDENTLY INCURRED?**

18 A. Yes.

19 **Q. DOES THE CENTERPOINT HOUSTON APPLICATION FOR AN EECRF**
20 **COMPLY WITH ALL THE REQUIREMENTS OF THE COMMISSION**
21 **RULES?**

22 A. Yes.

23

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes.

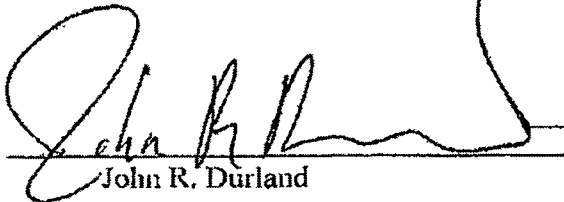
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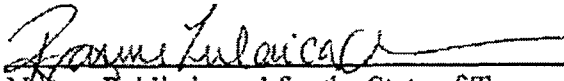
County of Harris §

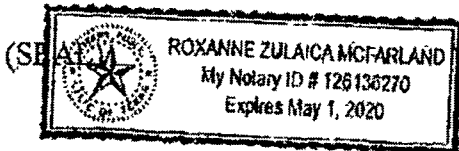
BEFORE ME, the undersigned notary public, this day personally appeared John R. Durland, to me known, whom being duly sworn according to law, deposes and says:

“My name is John R. Durland. I am of legal age and a resident of the State of Texas. The foregoing testimony and the opinions stated therein are, in my judgment and based upon my professional experience, true and correct.”


John R. Durland

SWORN TO AND SUBSCRIBED before me on the 23rd day of May, 2018.


Notary Public in and for the State of Texas



**CenterPoint Energy Houston Electric,
LLC**

2018 Energy Plan and Report

Pursuant to P.U.C. SUBST. R. § 25.181(n)

(Revised)

June 1, 2018

Project No. 48146

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Introduction

CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) presents this Energy Efficiency Plan and Report (EEPR) to comply with Substantive Rules § 25.181 and § 25.183, which implement Public Utility Regulatory Act (PURA) § 39.905. PURA § 39.905 and Substantive Rule § 25.181 require that each investor-owned electric utility achieve the following savings goal through market-based standard offer programs (SOPs) and limited, targeted, market transformation programs (MTPs):

- 0.4% reduction of the electric utility's peak demand of residential and commercial customers for the 2017, 2018 and 2019 program years.

The format used in the EEPR is consistent with the requirements outlined in § 25.181(n) and the Company's 2017 EEPR filing. The EEPR presents the results of CenterPoint Houston's 2017 energy efficiency programs and describes how the company plans to achieve its goals and meet the requirements set forth in § 25.181. Planning information provided focuses on 2018 and 2019 projected savings and projected budgets, as well as information on programs to be offered, and discusses outreach and informational activities and workshops designed to encourage participation by energy service providers and retail electric providers (REPs).

EEPR Organization

This EEPR consists of an executive summary, sixteen (16) sections, and three (3) appendices. Sections one through four explain the planning section of the EEPR, while sections five through eleven present energy efficiency report information. The final five sections address the Energy Efficiency Cost Recovery Factor (EECRF) and the performance bonus achieved in 2017. The three appendices provide a description of the acronyms used throughout the report, give the location of the glossary of commonly used terms, and the demand and energy savings for each program by county.

Executive Summary

The Energy Efficiency Plan portion of this EEPR details CenterPoint Houston's plans to achieve a 0.4% reduction in its peak demand of residential and commercial customers by December 31, 2018, and another 0.4% reduction in its peak demand of residential and commercial customers by December 31, 2019. The Plan also addresses the corresponding energy savings goal, which is calculated from the demand savings goal using a 20% capacity factor. The goals, budgets, and implementation plans that are included in this EEPR are determined by requirements of Rule § 25.181 and the information gained from prior implementation of the selected programs. Table 1 presents a summary of 2018 and 2019 goals, projected savings, and projected budgets.

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

	Calendar Year	Normalized Peak Demand	MW Goal	Demand (MW) Goal	Energy (MWh) Goal ²	Projected MW Savings	Projected MWh Savings ³	Projected Budget (in 000's)
Annual Goals	2018	15,354	0.4% of peak demand	61.42	107,608	161.56	191,297	\$36,436
	2019	15,485	0.4% of peak demand	61.94	108,519	159.25	188,231	\$37,898

¹ Peak Demand figures are from Table 4; Projected Savings from Table 5; Projected Budget from Table 6. All MW and MWh figures in this Table and throughout this EEPR are measured at the meter.

² Calculated using a 20% capacity factor

³ Peak demand reduction and energy savings projections are for the current and following calendar year that CenterPoint Houston is planning and budgeting for in the EEPR. These projected savings reflect estimates based on information gained from prior implementation of the programs.

In order to reach the projected savings presented in Table 1, CenterPoint Houston will implement the following programs:

1. Commercial Standard Offer Program (SOP)
2. Commercial Market Transformation Program
3. Large Commercial Load Management (SOP)
4. Retro-Commissioning MTP (RCx)
5. REP (Commercial CoolSaver)
6. CenterPoint Energy High Efficiency Homes MTP
7. Advanced Lighting MTP
8. Residential A/C and Pool Pump Distributor MTP
9. REP (Residential CoolSaver and Efficiency Connection)
10. Smart Thermostat Program (pilot)
11. Multi-Family Market Rate MTP
12. Residential Demand Response SOP
13. Residential & Small Commercial (SC) SOP
14. Hard-to-Reach SOP
15. Multi-Family MTP HTR
16. Targeted Low Income MTP (Agencies in Action)

Where applicable, program manuals for these programs can be found on CenterPoint Houston's sponsor portal <https://centerpoint.anbetrack.com/>

As detailed in this report, CenterPoint Houston successfully implemented SOPs and MTPs, required by PURA § 39.905, that met the statutory energy efficiency savings goal of 0.4% peak demand reduction. CenterPoint Houston's goals for 2017 were 60.42 MW in peak demand reduction and 105,856 MWh in energy savings. Actual achieved reductions in 2017 totaled 188.424 MW and 183,438.841 MWh. The total forecasted spending for 2017 was \$36.508 million, actual 2017 spending totaled \$31.42 million.

Energy Efficiency Plan

I. 2018 Programs

A. 2018 Program Portfolio

CenterPoint Houston plans to implement 16 programs in 2018. These programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. CenterPoint Houston anticipates that targeted outreach to a broad range of service providers will be necessary in order to meet the savings goals required by PURA § 39.905 on a continuing basis. Table 2 lists each program and identifies target markets and applications.

Table 2: 2018 Energy Efficiency Program Portfolio

Program	Target Market	Application
Large Commercial SOP	Large Commercial	Retrofit; New Construction
Commercial MTP (SCORE, Healthcare, Data Center)	Large Commercial	Retrofit; New Construction
Commercial Load Management	Large Commercial	Load Management
Retro-Commissioning MTP	Large Commercial	Tune-up of existing facilities
REP (Commercial CoolSaver)	Large Commercial	Retrofit
REP (Residential CoolSaver & Efficiency Connection)	Residential	Retrofit
Residential Demand Response SOP	Residential	Load Management
CenterPoint Energy High Efficiency Homes MTP	Residential	New Construction
Residential & SC SOP	Residential & Commercial	Retrofit
Advanced Lighting Residential MTP	Residential & Commercial	Retrofit; New Construction
Distributor MTP (Residential Pool Pump & A/C)	Residential & Commercial	Retrofit
Smart Thermostat	Residential	Retrofit; New Construction
Hard-to-Reach SOP	Hard-to-Reach	Retrofit
Multi-Family MTP	Residential	New Construction
HTR Multi-Family MTP	Hard-to-Reach	New Construction
Targeted Low Income MTP (Agencies in Action)	Hard-to-Reach	Retrofit

The programs listed in Table 2 are described further in sub-section B. CenterPoint Houston maintains two energy efficiency websites⁴: one targeted to the end user and one for project sponsors. The energy efficiency sponsor portal contains requirements for project participation and most of the forms required for project submission. These websites provide project sponsors with program updates and information.

B. Existing Programs

Commercial Standard Offer Program (SOP)

Program Design

The Commercial SOP targets commercial customers by offering incentives paid for a variety of measures installed in new or retrofit applications including: lighting, HVAC, motors, or other custom measures.

Implementation Process

CenterPoint Houston will continue implementation of its Commercial SOP where any eligible project sponsor may submit applications for qualifying projects.

Outreach and Research activities

- Maintains internet website with program processes on how to register for participation, as well as how to input a viable project, detailed project eligibility, end-use measures, incentives, workbooks to assist with providing incentive estimates, as well as procedures and application forms
- Participates in appropriate industry-related meetings and events to generate awareness and interest
- Conduct workshops as necessary to explain elements such as: responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

⁴ CenterPoint Houston energy efficiency website is www.centerpointefficiency.com ; CenterPoint Houston's sponsor portal is <https://centerpoint.anbetrack.com/>

The Commercial Market Transformation Program (MTP)

Program Design

The Commercial MTP includes the following three program offerings: SCORE/CitySmart, Healthcare Energy Efficiency Program (HEEP), and the Data Center Energy Efficiency Program (DCEEP)

SCORE/CitySmart targets public and private K-12 schools, public and private higher education, cities, counties, state governmental agencies, non-profit and faith-based organizations. A third-party program implementer provides technical assistance, engineering analysis, and performance benchmarking to program participants in order to help them make decisions about cost-effective investments. The SCORE Lite portion of the program provides higher incentives to participants that do not require the technical assistance or engineering analysis provided by the implementer.

HEEP provides technical support and incentives for implementing energy efficiency projects to eligible healthcare facilities including hospitals, doctors' offices, clinics, laboratories, medical office buildings (MOB), and assisted living/nursing care facilities.

DCEEP provides technical support and incentives for implementing energy efficiency projects to commercial customers that have a dedicated data center, server room or server closets for specialized IT-related equipment such as data storage, web hosting and telecommunications.

Implementation Process

Commercial Market Transformation Program uses third party implementers to help eligible participants identify energy efficiency measure upgrades in their facilities. The program pays incentives to participants for approved measures that result in both demand and energy savings.

Outreach and Research Activities

- Contracts with third-party program implementers to implement outreach and planning activities
- Participates in appropriate industry-related meetings and events to generate awareness and interest
- Conducts workshops as necessary to explain elements of program requirements, incentive information, application and reporting processes.

Large Commercial Load Management SOP (CLM)

Program Design

The CLM program will be available to non-residential distribution, governmental, educational, and non-profit customers. Curtailments will be initiated when the Electric Reliability Council of Texas (ERCOT) declares an EEA2 event or deems that an EEA2 event is imminent. Incentives will be paid to project sponsors for measured and verified kW reductions based on their average performance over all events. Participating facilities must be equipped with an Interval Data Recorder (IDR) or smart meter, and be able to curtail a minimum of 100 kW to be eligible.

Implementation Process

Implementation of this program will be through customers and third-party entities representing eligible facilities within the CenterPoint Houston service territory. The CLM will initiate up to a maximum of six events totaling 22 hours per year during the summer on peak period (up to a maximum of 2 test curtailments lasting 1 to 3 hours; and up to a maximum of 4 unscheduled events based on ERCOT EEA2 events lasting 1 to 4 hours each). A 30-minute notice is given to all participants prior to each event.

Outreach and Research Activities

- Maintains program information in the program tracking database.
- Conducts workshops as necessary to explain elements such as responsibilities of the project participant, project requirements, incentive information, and the application and reporting process
- Participates in appropriate industry-related meetings and events to generate awareness and interest.

Retro-Commissioning MTP (RCx)

Program Design

RCx is an optimization program for existing buildings (50,000 square foot and larger) that identifies no-cost or low-cost measures (up to a 3-year simple payback) the customer can implement to reduce the demand and energy usage in commercial facilities. The program is designed to provide end-users with a free engineering analysis to improve the performance within their facilities that will reduce electric demand and consumption. Facility owners are required to implement all of the identified measures with simple payback of less than 1.5 years or pay towards the cost of the analysis. Customers do not receive capital improvement incentives in this program.

Implementation Process

The program is implemented through a third-party implementer. Program information is provided on CenterPoint Houston's website. RCx Agents, typically engineer consulting firms, are used to deliver the program to customers. The engineering analysis is comparable to an ASHRAE Level 2 audit.

Outreach and Research Activities

- Maintains internet website with detailed project eligibility, procedures, and application forms
- Participates in appropriate industry-related meetings and events to generate awareness and interest
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor and RCx Agents, project requirements, incentive information, and the application and reporting process

Retail Electric Provider MTP

Program Design

This program offers energy saving products and services to end use residential and/or commercial customers through participating Retail Electric Providers (REPs). Participating REPs market the energy saving measures and services to their customers in the CenterPoint Energy Houston Electric (CEHE) service territory. REPs can participate in any or all the following programs:

- CoolSaver A/C Tune-up Program – Residential
- CoolSaver A/C Tune-up Program - Commercial
- Efficiency Connection Electronic Marketplace

CoolSaver A/C Tune-Up Program – Commercial and Residential

The CoolSaver A/C Tune-up program utilizes specially trained air conditioning contractors to perform comprehensive A/C tune-ups for residential, residential income qualified and commercial customers. The program provides incentives, paid to the A/C contractor, to reduce the customer's upfront cost of system diagnosis and correction. It also provides participating trade allies with training on best practices and discounts on high quality diagnostic tools.

Efficiency Connection

Efficiency Connection is an online marketplace that enables customers to shop for discounted energy efficiency products. Through the program's third-party vendor, products are delivered directly to qualifying residential customers. Program marketing informs the customer of the importance of installing LED's in high use areas and replacing existing incandescent, fluorescent and halogen lamps to increase savings.

Implementation Process

The Retail Electric Provider program work with local REPs to recruit and enroll customers. Incentives are paid to program service providers or contractors for the average verified demand and energy savings achieved through the program.

Outreach and Research Activities

- Contracts with a third-party program implementer to implement outreach and planning activities
- REPs market the program to existing customers via e-mail, phone calls, social media and direct mail

Residential Demand Response (SOP)

Program Design

The Residential Demand Response program provides demand reduction during the summer peak period, when ERCOT issues an EEA2 emergency alert. Participants are tested twice during the summer peak period and are available for up to five additional demand response events. Events may last from one to four hours and may be initiated Monday through Friday between the hours of 1:00 pm and 7:00 pm. The program begins June 1, and ends on September 31.

Implementation process

The Residential Demand Response program utilizes CenterPoint Houston's internal tracking database to enroll customers who own a Wi-Fi enabled device that can provide curtailment during energy saving events.

Outreach and Research Activities

- Maintains internet website with detailed project eligibility, end-use measures, incentive structure, procedures, application forms and list of third-party project sponsors
- CenterPoint Houston works with aggregators / vendors to enroll customers who wish to participate

CenterPoint Energy High Efficiency Home MTP

The High Efficiency Home MTP incentivizes the construction of efficient homes and educates consumers and contractors on energy efficient practices. To qualify for incentives all homes must achieve 10% more kWh savings than the Texas Baseline Reference Home (TBRH). An additional bonus will be offered for those builders who build ENERGY STAR® certified homes. Each home is reviewed for verifiable demand and energy savings.

Outreach and Research Activities

- Contracts with a third-party program implementer to implement outreach, training and planning activities
- Advertise using a multitude of media, including billboards, radio, TV, point of purchase signage, online and targeted relocation publications, as well as supporting the local home builder association publications

Residential & SC Standard Offer Program (SOP)

Program Design

The Residential SOP targets retrofit measures for residential customers with incentives being paid to project sponsors, for qualifying measures that provide verifiable demand and energy savings. The program is open to all qualifying energy efficiency measures, including, but not limited to: air conditioning, duct sealing, weatherization, ceiling insulation, water saving measures, and ENERGY STAR® windows.

Implementation Process

Any eligible project sponsor may apply for a project meeting the minimum requirements. Program information is provided on CenterPoint Houston's website.

Outreach and Research Activities

- Maintains internet website with detailed project eligibility, end-use measures, incentive structure, procedures, application forms and list of third-party project sponsors

Advanced Lighting Residential MTP

Program design

This program offers point of purchase discounts to residential customers at participating retail stores for the purchase of qualified, (i.e., ENERGY STAR® rated) high efficiency, LED lighting products.

Implementation process

The Advanced Lighting program is implemented by a third-party program implementer. Point of purchase discounts will be applied to residential customers at participating retailers, including Home Depot, Lowes, and Sam's Club. 5% of the savings and cost associated with the Advanced Lighting Program will be allocated to the commercial sector. The program is administered as a single program, but the savings and cost are detailed by segment throughout this document.

Outreach and Research activities

- In-store promotions of the program via signage
- Participates in appropriate industry-related meetings and events to generate awareness and interest.

Distributor MTP

Program design

The A/C and Pool Pump Distributor MTP provides incentives to air conditioning and pool pump distributors who agree to facilitate the installation of high-efficiency pool pumps, air conditioners and heat pumps in existing single-family and multi-family properties.

Implementation process

Any registered A/C distributor or pool pump distributor may apply for participation in the program. Program information is provided on CenterPoint Houston's website.

Outreach and Research activities

- Contracts with a third-party program implementer to implement outreach and planning activities
- Conduct workshops as necessary to explain elements such as responsibilities of the distributors and contractors, program requirements, incentive information, and the application and reporting process

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

Program Design

Incentives are paid to project sponsors for qualifying measures installed in retrofit applications which provide verifiable demand and energy savings to customers whose annual total household income is less than 200% of current federal poverty guidelines. Qualifying energy efficiency measures, include but are not limited to; air conditioning, AC tune-ups, duct sealing, weatherization, ceiling insulation, water saving measures, and ENERGY STAR® windows.

Implementation Process

Any registered project sponsor may submit an application for a project meeting the minimum requirements. Program information is provided on CenterPoint Houston's website.

Outreach and Research Activities

- Maintain an internet website with detailed project eligibility, end-use measures, incentive structure, procedures and application forms
- Conduct workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process

Multi-family MTP

Program Design

The Multi-family MTP encompasses two programs; Multi-family Water and Space Heating and Multi-Family New Construction MTP. Multi-family Water and Space Heating promotes the installation of energy efficient non-electric water heating in new multi-family housing developments. Multi-family New Construction MTP incentivizes energy efficiency in new multi-family buildings.

Multi-family HTR MTP

Program Design

The Multi-family HTR MTP encompasses three programs; Multi-family Water and Space Heating, Multi-family New Construction MTP, and Direct Install programs. Multi-family Water and Space Heating promotes the installation of energy efficient non-electric water heating in multi-family housing developments. Multi-family New Construction MTP incentivizes energy efficiency in new multi-family buildings. The Multi-Family Direct Install Program offers property owners and managers a free visual

audit of existing units to see if the property is eligible for energy efficient direct install measures, which may include CFLs / LED lights and water saving measures, but is only available to properties that have tenants whose annual total household income is less than 200% of current federal poverty guidelines. If eligible, these measures will be installed at no cost and include an educational component.

Implementation Process

The Multi-family HTR and Multi- Family MTP programs are implemented by a 3rd party program implementer (Frontier Energy).

Outreach and Research Activities

- Contracts with a third-party program implementer to implement outreach and planning
- Provide point of purchase materials including yard signs, marketing kits, and brochures to participating developers and property managers

Targeted Low-Income MTP (Agencies in Action)

Program Design

The Targeted Low-Income MTP facilitates the installation of energy efficiency upgrades for low-income residential customers in single family or multi-family homes. Local non-profit organizations and energy service companies provide comprehensive, whole-house retrofits that maximize electricity savings to homes with an SIR greater than 1. This is accomplished by installing attic insulation, solar screens, lighting retrofits, water saving measures, ENERGY STAR® room air conditioners, central air conditioning systems, ENERGY STAR® refrigerators, duct efficiency improvement, and air infiltration control for participants that have an annual household income of less than 200% of the federal poverty guidelines. A maximum expenditure of \$6,500 is allowed per home.

Implementation Process

CenterPoint Houston contracts with a program implementer (Frontier Energy) that has the responsibility of recruiting and overseeing the participating agencies and ESCOs. A NEAT audit and the SIR score determine which projects are selected for renovation.

Outreach and Research Activities

- Partner with a 3rd party implementer
- Contact non-profit organizations for potential participation

Research and Development (R&D) Projects

In 2018 CenterPoint Houston plans to implement the following R&D projects. Additional projects may be implemented depending on research opportunities and the availability of budgeted R&D funds.

Project Tracking System

The contract for our existing project tracking system, customer portal and energy efficiency database is set to expire in 2018. We will be undertaking an upgrade or a replacement of the system in 2018 through 2019.

Commercial Kitchen Measures

CenterPoint Houston will be conducting research on energy efficiency kitchen measures. Kitchen vent hoods and electric steam tables are examples of measures we expect to research in 2018/2019.

C. New Programs for 2018

Program: Smart thermostat pilot program

Smart thermostats or learning thermostats adjust temperature settings based on occupant behavior. The thermostat recognizes patterns of temperature settings and/or occupancy and adjusts the thermostat slightly to gain efficiencies. We leveraged research that was already being done on determining a savings methodology to develop a potential program for 2018. If successful, this program will become part of the SOP and the REP program offerings.

D. Potential New Programs for 2019

In 2019, we do not expect to add any new programs, however we will explore expanding our upstream and midstream program offerings through our existing distributor program and explore expanding our existing Commercial and Residential MTP program offerings. To reflect changes in our programs, we will continue to modify the titles of the programs.

CenterPoint Energy plans to partner with the City of Houston in program year 2019 to leverage the reach of their Complete Communities initiative to increase participation among low income residents. The program will follow the same guidelines as the existing AIA program, but focus on more cost-effective projects.

II. Customer Classes

CenterPoint Houston's energy efficiency programs target the Hard-to-Reach, Residential, and Commercial customer classes.

The annual MW savings goal will be allocated to a customer class by examining historical program results, evaluating economic trends, and considering Substantive Rule § 25.181, which state that no less than 5% of the utility's total demand reduction savings goal should be achieved through programs for hard-to-reach customers and no less than 10% of the energy efficiency budget is to be spent on targeted low-income programs. Table 3 summarizes the number of customers in each of the customer classes. It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the marketplace and the overriding objective of meeting legislative and Commission goals.

Table 3: Summary of Customer Classes

Customer Class	Number of Customers
Commercial	280,030
Residential	1,478,062
Hard to Reach ⁵	686,011

⁵ CenterPoint Houston does not require income information for electric service and no records are available to correlate revenue for the Hard-to-Reach customer class. However, according to the U.S. Census Bureau, Current Population Survey 2016 Annual Social and Economic Supplement, 31.7% of Texas families fall below 200% of the poverty threshold. Applying that percentage to CenterPoint Houston's residential customer totals, the number of HTR customers is estimated at 686,011. Program goals will be based on the requirement in the energy efficiency rule that no less than 5% of the total energy efficiency demand goal will be achieved through the programs in the Hard-to-Reach customer class.

III. Energy Efficiency Goals and Projected Savings

As prescribed by Substantive Rule § 25.181, and because CenterPoint Houston satisfied its goal to meet 30% of its five-year average rate of growth in demand in 2013, its demand goal for 2018 is 0.4% of peak demand. For the purposes of this report, the 2017 demand goal is based on the 5-year average of weather adjusted peak demand for 2012-2016 and the 2018 demand goal is based on the 5-year average of weather adjusted peak demand for 2013-2017. The corresponding energy savings goals are determined by applying a 20 percent capacity factor to the demand savings goals.

Table 4 presents historical annual peak demand for 2011-2017 and estimated peak demand for 2018 and 2019. Table 5 presents the corresponding projected demand and energy savings broken out by program for each customer class for 2018 and 2019. The projected savings is the demand and energy savings that can be achieved based on the annual budget shown in Table 6. The MW and MWh values presented in Table 5 are at the customer meter and include line loss values approved in the latest CenterPoint Energy Houston Electric rate case, Docket 38339.

Table 4: Annual Growth in Demand and Energy Consumption

Calendar Year	Peak Demand (MW)				Energy Consumption (GWh)			
	Total System		Residential & Commercial		Total System		Residential & Commercial	
	Actual ⁶	Weather Adjusted ^{7,8}	Actual	Weather Adjusted	Actual	Weather Adjusted	Actual	Weather Adjusted
2010	16,315	16,341	14,602	14,628	81,142	80,373	80,263	79,494
2011	17,284	16,688	15,321	14,725	84,354	81,635	83,385	80,666
2012	16,614	16,507	14,906	15,013	82,720	83,034	81,790	82,104
2013	17,012	16,925	14,894	14,981	84,431	84,616	83,533	83,718
2014	16,592	17,032	14,692	15,131	86,159	87,044	68,420	69,680
2015	18,056	17,768	15,960	15,672	88,232	88,326	71,013	71,107
2016	17,957	18,201	15,731	15,975	91,322	91,336	72,022	72,036
2017	18,364	18,611	16,236	15,665	92,593	93,480	76,652	72,449
2018	19,125	N/A ⁹	16,726	N/A	93,856	N/A	72,635	N/A
2019	19,394		16,984		97,175		74,134	

2018 Goals

MW Goal = $15,354 \times 0.4\% = 61.42\text{MW}$

MWh Goal = $61.42\text{MW} \times 8760 \text{ Hours} \times 20\% \text{ Load Factor} = 107,608\text{MWh}$

2019 Goals

MW Goal = $15,485 \times 0.4\% = 61.94\text{MW}$

MWh Goal = $61.94\text{MW} \times 8760 \text{ Hours} \times 20\% \text{ Load Factor} = 108,519\text{MWh}$

⁶ 2018 and 2019 Calendar Year "Actual" values are forecasted.

⁷ "Actual Weather Adjusted" Peak Demand is "Actual" Peak Demand adjusted for weather fluctuations using weather data for the most recent ten years.

⁸ Weather adjustment calculations are based on hourly weather data from NOAA's Quality Controlled Local Climatological Data (QCLCD).

⁹ NA = Not Applicable: Energy efficiency goals are calculated based upon the actual weather-adjusted growth in demand

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

Program Goals by Customer Class for 2018 and 2019	2018		2019	
	Projected Savings (KW) at Meter	Projected Savings (kWh) at Meter	Projected Savings (kW) at Meter	Projected Savings (kWh) at Meter
Large Commercial	121,975	139,747,016	121,581	137,131,254
Large Commercial SOP	15,000	86,000,000	13,846	79,384,615
Commercial MTP (SCORE, Healthcare, Data Center)	7,000	38,000,000	7,700	41,800,000
Large Commercial Load Management SOP	98,000	590,000	98,000	590,000
Retro-Commissioning MTP	1,652	14,000,000	1,652	14,000,000
REP (Commercial CoolSaver)	181	559,472	226	699,341
Advanced Lighting Commercial	142	597,544	156	657,298
Residential and Small Commercial	35,015	44,351,721	33,053	43,536,833
REP (CoolSaver & Efficiency Connection)	3,344	10,135,652	2,280	6,910,672
Residential Demand Response Program	19,500	117,000	17,550	105,300
CenterPoint Energy High Efficiency Homes MTP	6,230	14,583,333	6,408	15,000,000
Residential & SC SOP	952	1,740,893	952	1,740,893
Advanced Lighting Residential	2,702	11,353,330	2,972	12,488,663
Residential Pool Pump & A/C Distributor MTP	1,379	3,790,617	1,379	3,790,617
Multi-Family MTP	658	1,430,896	1,012	1,100,689
Smart Thermostat Program (Pilot)	250	1,200,000	500	2,400,000
Hard-to-Reach	4,565	7,198,565	4,616	7,562,854
Hard-to-Reach SOP	1,876	3,668,810	1,876	3,668,810
Multi-Family MTP (HTR)	1,519	1,476,201	1,168	1,135,539
Targeted Low Income MTP (Agencies in Action)	1,170	2,053,554	1,572	2,758,505
TOTAL	161,555	191,297,302	159,230	188,230,942

IV. Program Budgets

Table 6 presents proposed budget allocations required to achieve the projected demand and energy savings for calendar years 2018 and 2019. The budget allocations are a result of the projected demand and energy savings presented in Table 5. The budget allocations presented in Table 6 include incentive and administration costs for each program and customer class.

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

Program Estimated Budget by Customer Class for 2018 and 2019	2018			2019		
	Incentives	Admin	Total Budget	Incentives	Admin	Total Budget
Large Commercial	\$15,750,000	\$1,938,624	\$17,688,624	\$15,780,000	\$1,929,019	\$17,709,019
Large Commercial SOP	\$6,500,000	\$914,243	\$7,414,243	\$6,000,000	\$843,917	\$6,843,917
Commercial MTP (SCORE, Healthcare, Data Center)	\$5,000,000	\$583,823	\$5,583,823	\$5,500,000	\$642,206	\$6,142,206
Large Commercial Load Management SOP	\$3,300,000	\$323,112	\$3,623,112	\$3,300,000	\$323,112	\$3,623,112
Retro-Commissioning MTP	\$800,000	\$105,406	\$905,406	\$800,000	\$105,406	\$905,406
REP (Commercial CoolSaver)	\$100,000	\$7,568	\$107,568	\$125,000	\$9,461	\$134,461
Advanced Lighting Commercial	\$50,000	\$4,471	\$54,471	\$55,000	\$4,918	\$59,918
Residential and Small Commercial	\$11,250,000	\$1,296,170	\$12,546,170	\$11,345,000	\$1,293,271	\$12,638,271
REP (CoolSaver & Efficiency Connection)	\$2,200,000	\$175,682	\$2,375,682	\$1,500,000	\$119,783	\$1,619,783
Residential Demand Response Program	\$900,000	\$72,800	\$972,800	\$900,000	\$72,800	\$972,800
CenterPoint Energy High Efficiency Homes MTP	\$3,500,000	\$440,131	\$3,940,131	\$3,600,000	\$452,706	\$4,052,706
Residential & SC SOP	\$500,000	\$94,319	\$594,319	\$500,000	\$94,319	\$594,319
Advanced Lighting Residential	\$950,000	\$84,955	\$1,034,955	\$1,045,000	\$93,450	\$1,138,450
Residential Pool Pump & A/C Distributor MTP	\$2,300,000	\$313,309	\$2,613,309	\$2,300,000	\$313,309	\$2,613,309
Multi-Family MTP	\$650,000	\$67,474	\$717,474	\$1,000,000	\$51,903	\$1,051,903
Smart Thermostat Program (Pilot)	\$250,000	\$47,500	\$297,500	\$500,000	\$95,000	\$595,000
Hard-to-Reach	\$5,000,000	\$876,040	\$5,876,040	\$6,000,000	\$1,050,315	\$7,050,315
Hard-to-Reach SOP	\$1,000,000	\$255,537	\$1,255,537	\$1,000,000	\$255,537	\$1,255,537
Multi-Family MTP (HTR)	\$650,000	\$67,474	\$717,474	\$500,000	\$51,903	\$551,903
Targeted Low Income MTP (Agencies in Action)	\$3,350,000	\$553,029	\$3,903,029	\$4,500,000	\$742,875	\$5,242,875
SUB TOTAL	\$32,000,000	\$4,110,834	\$36,110,834	\$33,125,000	\$4,272,605	\$37,397,605
R&D	\$0	\$325,000	\$325,000		\$500,000	\$500,000
PROGRAM TOTAL	\$32,000,000	\$4,435,834	\$36,435,834	\$33,125,000	\$4,772,605	\$37,897,605
EM&V			\$1,063,413			\$541,294
EECRF PROGRAM TOTAL			\$37,499,247			\$38,438,899

Energy Efficiency Report

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

Table 7 documents CenterPoint Houston's actual demand goals and energy targets for the previous five years (2013 – 2017). Each value was calculated using the methods outlined in Substantive Rule § 25.181.

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

Calendar Year	Actual Weather Adjusted Demand Goal at Meter (MW)	Actual Weather Adjusted Energy Goals at Meter (MWh)	Actual Demand Savings at Meter (MW)	Actual Weather Adjusted Energy Savings at Meter (MWh)
2017	60.42	105,855.84	188.42	183,438.84
2016	59.40	104,314.00	167.70	190,892.42
2015	58.83	103,069.00	168.49	188,255.21
2014	55.73	97,639.00	159.19	153,170.39
2013	54.85	96,088.00	195.97	160,106.74

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

Table 8 breaks out the projected savings verified and reported demand energy savings by customer class for each program. The projected savings were reported in the Energy Efficiency Plan filed in April of 2017. The verified and reported savings are those savings that have been achieved and verified in 2017 calendar year.

Table 8: Projected Savings versus Verified and Reported Savings for 2017 (at Meter)

		2017					
		Projected Savings		Verified Savings		Reported / Verified	
		kW	kWh	kW	kWh	kW	kWh
Large Commercial		123,798	147,112,428	138,822.9	86,424,405.2	138,822.9	86,424,405.2
Large Commercial SOP		16,135	88,316,545	7,339.5	44,918,996.1	7,339.5	44,918,996.1
Commercial MTP (SCORE, Healthcare)		4,378	25,938,380	4,427.3	29,649,147.0	4,427.3	29,649,147.0
Large Commercial Load Management SOP		98,412	590,472	125,559.9	751,942.9	125,559.9	751,942.9
Retro-Commissioning MTP		1,910	14,742,910	171.7	2,111,423.0	171.7	2,111,423.0
Sustainable Schools		667	2,127,636	466.0	3,661,656.0	466.0	3,661,656.0
REP (Commercial CoolSaver)		768	2,377,758	125.1	222,396.0	125.1	222,396.0
Advanced Lighting Commercial		128	537,789	189.3	947,499.2	189.3	947,499.2
Data Centers Program		1,400	12,480,939	544.1	4,161,345.0	544.1	4,161,345.0
Residential and Small Commercial		34,617	42,862,779	44,171.6	89,431,935.7	44,171.6	89,431,935.7
New Homes MTP		6,230	14,583,333	15,707.9	51,344,878.6	15,707.9	51,344,878.6
Residential & SC SOP		952	1,740,893	71.8	134,764.1	71.8	134,764.1
Advanced Lighting Residential		2,432	10,217,997	3,595.8	18,002,484.9	3,595.8	18,002,484.9
Residential & SC A/C Distributor MTP		879	2,138,140	2,937.2	7,700,016.7	2,937.2	7,700,016.7
REP (CoolSaver & Efficiency Connection)		3,299	10,023,497	1,852.5	5,292,181.2	1,852.5	5,292,181.2
Residential Demand Response Program		19,500	117,000	17,192.1	103,152.0	17,192.1	103,152.0
Multi-Family MTP		658	1,430,896	1,615.9	2,794,741.3	1,615.9	2,794,741.3
Smart Pool Program Residential		448	1,526,704	723.5	2,757,329.7	723.5	2,757,329.7
Energy Wise Resource Action MTP		219	1,084,319	475.0	1,302,387.2	475.0	1,302,387.2
Hard-to-Reach		4,611	7,334,895	5,430.4	7,582,499.9	5,430.4	7,582,499.9
Hard-to-Reach SOP Program		1,876	3,668,810	539.6	587,204.4	539.6	587,204.4
Multi-Family MTP (HTR)		1,519	1,476,201	1,035.3	991,265.3	1,035.3	991,265.3
Targeted Low Income MTP (Agencies in Action)		1,170	2,053,554	3,855.5	6,004,030.2	3,855.5	6,004,030.2
REP (CoolSaver Income Qualified)		46	136,330	0.0	0.0	0.0	0.0
TOTAL		163,026	197,310,102	188,424.8	183,438,840.8	188,424.8	183,438,840.8

Table 9: Projected Savings versus Reported and Verified Savings for 2016 (at Meter)

	2016					
	Projected Savings		Verified Savings		Reported / Verified	
	MW	MWh	MW	MWh	MW	MWh
Large Commercial	116.5	97,955.1	126.0	102,523.5	126.0	102,523.5
Large Commercial SOP	11.2	65,976.7	9.5	62,265.9	9.5	62,265.9
Commercial MTP (TX Score & HEEP)	3.9	15,413.1	4.0	22,947.4	4.0	22,947.4
Large Commercial Load Management SOP	96.9	266.6	109.1	654.7	109.1	654.7
Retro-Commissioning MTP	1.1	4,050.0	0.5	2,306.2	0.5	2,306.2
Sustainable Schools	0.6	1,038.9	0.6	2,669.4	0.6	2,669.4
REP (Commercial CoolSaver)	1.4	1,717.1	1.3	2,875.0	1.3	2,875.0
Pool Pump Program Commercial	0.4	726.2	0.06	530.1	0.1	530.1
Data Centers Program	1.0	8,766.5	1.0	8,274.7	1.0	8,274.7
Residential and Small Commercial	20.1	54,580.6	35.8	80,621.0	35.8	80,621.0
New Homes MTP	10.5	27,453.3	13.7	42,736.6	13.7	42,736.6
Residential & SC SOP	0.9	1,809.1	0.1	295.9	0.1	295.9
Advanced Lighting Residential	1.0	7,132.3	2.6	14,095.8	2.6	14,095.8
Residential & SC A/C Distributor MTP	1.7	5,452.1	2.3	6,308.9	2.3	6,308.9
REP (CoolSaver & Efficiency Connection)	1.3	4,028.2	3.8	10,151.8	3.8	10,151.8
Residential Demand Response Program	2.0	12.0	11.1	66.7	11.1	66.7
Multi-Family MTP (RES & Energy Star MF Low Rise)	1.2	3,125.8	1.3	4,140.4	1.3	4,140.4
Smart Pool Program Residential	1.2	3,600.0	0.5	1,824.0	0.5	1,824.0
Energy Wise Resource Action MTP	0.4	1,967.9	0.3	1,001.0	0.3	1,001.0
Hard-to-Reach	4.6	8,181.3	5.85	7,712.4	5.8	7,712.4
Hard-to-Reach SOP Program	1.3	2,353.6	0.3	629.0	0.3	629.0
Multi-Family MTP (HTR)	1.2	3,125.8	2.3	2,669.9	2.3	2,669.9
Targeted Low Income MTP (Agencies in Action)	2.2	2,701.9	3.1	4,251.4	3.1	4,251.4
REP (CoolSaver Income Qualified)	0.0	0.0	0.1	162.0	0.1	162.0
TOTAL	141.2	160,716.9	167.7	190,857	167.7	190,856.8

VII. Historical Program Expenditures

This section documents CenterPoint Houston's incentive and administration expenditures for the previous five years (2013 – 2017) broken out by program for each customer class. Administrative costs do not include EM&V or rate case cost.

Table 10: Historical Program Incentive and Administrative Expenditures (2013 – 2017)¹⁰

Historical Statutory Program Funding by Customer Class	2017		2016		2015		2014		2013	
	Incentives	Admin	Incentives	Admin	Incentives	Admin	Incentives	Admin	Incentives	Admin
Large Commercial	\$13,090,927	\$1,621,148	\$14,984,848	\$1,874,746	\$15,297,984	\$1,808,656	\$14,527,295	\$2,146,049	\$17,014,058	\$1,818,911
Large Commercial SOP	\$4,239,883	\$846,554	\$5,932,906	\$973,862	\$6,283,259	\$795,079	\$6,335,962	\$1,087,653	\$6,597,644	\$954,748
Retro-Commissioning MTP	\$298,214	\$46,658	\$451,417	\$52,715	\$464,977	\$48,338	\$260,367	\$43,365	\$924,415	\$98,467
Commercial MTP (SCORE, Healthcare)	\$4,229,468	\$304,518	\$3,641,919	\$366,294	\$3,216,713	\$386,926	\$3,015,795	\$400,337	\$2,933,764	\$230,852
Large Commercial Load Management SOP	\$3,027,561	\$261,179	\$3,106,220	\$327,570	\$3,244,409	\$346,571	\$3,506,366	\$396,980	\$5,221,195	\$350,800
Sustainable Schools	\$344,898	\$22,450	\$334,782	\$28,914	\$337,537	\$49,264	\$319,547	\$55,048	\$209,070	\$31,015
Advanced Lighting Commercial	\$46,267	\$2,438	N/A	N/A	N/A	N/A	\$601,336	\$108,054	\$632,539	\$111,449
RHP (Commercial CoolServer)	\$75,000	\$44,342	\$400,300	\$30,474	\$397,350	\$45,679	\$487,922	\$54,572	\$495,429	\$41,581
Pool Pump Program Commercial	N/A	N/A	\$119,576	\$12,377	\$100,247	\$11,489	N/A	N/A	N/A	N/A
Data Centers Program	\$829,634	\$93,008	\$997,729	\$82,540	\$1,233,493	\$125,310	N/A	N/A	N/A	N/A
Residential and Small Commercial	\$10,820,380	\$1,022,888	\$9,832,154	\$1,126,186	\$11,659,302	\$1,308,234	\$10,275,021	\$1,224,176	\$9,173,682	\$968,688
New Homes MTP	\$3,677,205	\$277,696	\$2,636,756	\$339,312	\$3,892,457	\$399,031	\$4,064,036	\$466,162	\$3,474,935	\$318,973
Residential & SC SOP	\$35,832	\$107,863	\$79,596	\$31,791	\$300,720	\$61,320	\$254,477	\$41,964	\$387,886	\$70,664
Advanced Lighting Residential	\$879,069	\$46,330	\$943,324	\$74,665	\$843,658	\$108,397	\$772,689	\$81,713	\$440,152	\$37,808
Multi-Family MTP	\$443,524	\$95,973	\$462,168	\$28,541	\$506,714	\$48,463	\$472,690	\$70,662	\$252,600	\$46,153
Residential & SC A/C Distributor MTP	\$2,144,829	\$108,246	\$1,968,257	\$201,245	\$2,173,535	\$210,007	\$1,906,639	\$228,715	\$1,548,290	\$171,697
Smart Pool Program Residential	\$682,501	\$25,149	\$550,894	\$63,589	\$582,718	\$87,710	\$83,400	\$13,668	N/A	N/A
Energy Wise Resource Action MTP	\$499,992	\$31,295	\$502,515	\$103,808	\$657,801	\$89,390	\$666,317	\$78,607	\$749,997	\$47,823
RHP (CoolServer, BJT, Connection & Demand Response)	\$2,457,428	\$270,339	\$2,688,643	\$283,236	\$2,701,700	\$303,916	\$1,951,523	\$218,283	\$1,568,860	\$131,673
Home Performance with ENERGY STAR®	N/A	N/A	N/A	N/A	N/A	N/A	\$103,250	\$24,402	\$750,962	\$135,897
Community Weatherization (RES)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City of Houston Weatherization (RES)										
Hard-to-Reach	\$4,265,535	\$477,199	\$4,488,983	\$481,142	\$4,844,189	\$521,843	\$6,386,605	\$770,007	\$7,492,187	\$627,394
Hard-To-Reach SOP	\$320,076	\$129,723	\$345,907	\$111,156	\$971,292	\$160,463	\$606,341	\$118,105	\$933,114	\$173,248
Multi-Family MTP (HTR)	\$286,980	\$88,796	\$354,407	\$48,936	\$447,330	\$49,039	\$279,358	\$39,808	\$50,400	\$9,435
Res HTR - Afford. Home	N/A	N/A	N/A	N/A	\$3,529	\$312	\$20,295	\$3,591	\$62,400	\$13,040
Targeted Low Income MTP (Agencies in Action)	\$3,658,477	\$258,680	\$3,656,549	\$318,396	\$3,360,588	\$303,786	\$5,480,611	\$608,503	\$6,446,273	\$431,671
TDHCA Low-Income Weatherization (SR-712)										
Rebuilding Together Houston	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community Weatherization (HTR)										
City of Houston Weatherization (HTR)										
REP (CoolServer Income Qualified)	\$0	\$0	\$32,040	\$2,655	\$61,450	\$8,243	N/A	N/A	N/A	N/A
R&D		\$122,775		\$322,930		\$392,784	\$0	\$435,563	\$0	\$1,196,274
TOTAL	\$38,876,813.77	\$3,244,010.75	\$39,305,505	\$4,006,004	\$41,601,475	\$4,031,517	\$31,188,921	\$4,575,798	\$33,670,927	\$4,609,267

¹⁰ 2017 actual spending taken from Table 11 in the current EEPR; 2016, 2015, 2014, and 2013 actual spending from the 2017 EEPR filed under Project 46907.

VIII. Program Funding for Calendar Year 2017

As shown on Table 11, CenterPoint Houston spent a total of \$31,420,852 on energy efficiency programs in 2017. This was less than the budgeted \$36,508,012. Changes to individual program budgets that resulted in greater than 10% increases or decreases are described below.

- The Commercial Standard Offer Program was 34% underspent. We believe weather and the elimination of “plug and play” lighting eligibility were contributing factors to lower participation in 2017.
- The Commercial MTP was able to allocate some of the unspent CSOP funding program to schools participating in SCORE
- The Retro-Commissioning Market Transformation program was not fully subscribed in 2017 and several projects were either partially funded or moved to 2018 therefore it was 67% underrun.
- The Commercial CoolSaver program was under spent by 74%. CenterPoint Houston is working with REPs and the implementer to lower barriers to entry to this program.
- The Residential CoolSaver program was underspent by 21% due to lower participation.
- The Data Centers Program was 14% under spent in 2017. Projects that we anticipated capturing in 2017 were moved to 2018 program year.
- Residential Standard Offer Program has seen a decline in spending due to certain measures having stricter requirements such as HVAC measures, this lead to an 76% underrun in budget. The excess money was moved to other programs.
- Residential Hard to Reach (SOP) has seen a decline in spending due to certain measures having stricter requirements such as HVAC measures, this lead to a 64% underrun in budget.
- The A/C Distributor Program spent an additional 18%. The program was allocated additional funds from programs that were underspent.
- The Residential Demand Response portion of the REP program was underspent by 12%. We are optimistic that this program will succeed as thermostats with Wi-Fi capability are becoming widely adopted.

- The Multi-Family MTP spending was lower by 25% due to delays in construction projects for both market-rate and hard-to-reach. HTR was underspent by 48%.
- The HTR REP CoolSaver program was eliminated due to cost effectiveness.
- The residential pool pump program was more successful than anticipated and was oversubscribed by 33%

Table 11: Program Funding for Calendar Year 2017

Program Funding for Calendar Year 2017	Number of Customer Meters	Forecasted Budget	Actuals Funds Expended (Incentives)	Actuals Funds Expended (Admin)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining (Not Committed)	Percentage Change From Budgeted/ Actual
Large Commercial	311	\$ 17,835,763	\$ 13,090,927	\$ 1,621,148	\$ 14,712,075	\$ -	\$ (3,123,688)	82%
Large Commercial SOP	123	\$ 7,661,251	\$ 4,239,883	\$ 846,554	\$ 5,086,438	\$ -	\$ (2,574,813)	66%
Commercial MTP (SCORE, Healthcare)	73	\$ 3,826,674	\$ 4,229,468	\$ 304,518	\$ 4,533,986	\$ -	\$ 707,312	118%
Large Commercial Load Management SOP	74	\$ 3,317,539	\$ 3,027,561	\$ 261,179	\$ 3,288,740	\$ -	\$ (28,799)	99%
Retro-Commissioning MTP	4	\$ 1,044,774	\$ 298,214	\$ 46,658	\$ 344,872	\$ -	\$ (699,902)	33%
Sustainable Schools	N/A	\$ 406,462	\$ 344,898	\$ 22,450	\$ 367,349	\$ -	\$ (39,113)	90%
REP (Commercial CoolSaver)	32	\$ 456,611	\$ 75,000	\$ 44,342	\$ 119,342	\$ -	\$ (337,269)	26%
Advanced Lighting Commercial	N/A	\$ 48,955	\$ 46,267	\$ 2,438	\$ 48,705	\$ -	\$ (250)	99%
Data Centers Program	5	\$ 1,073,497	\$ 829,634	\$ 93,008	\$ 922,643	\$ -	\$ (150,855)	86%
Residential and Small Commercial	51,106	\$ 12,561,036	\$ 10,820,380	\$ 1,022,888	\$ 11,843,268	\$ -	\$ (717,769)	94%
New Homes MTP	12,606	\$ 3,932,540	\$ 3,677,205	\$ 277,696	\$ 3,954,901	\$ -	\$ 22,362	101%
Residential & SC SOP	164	\$ 592,692	\$ 35,832	\$ 107,863	\$ 143,695	\$ -	\$ (448,997)	24%
Advanced Lighting Residential	N/A	\$ 930,141	\$ 879,069	\$ 46,330	\$ 925,398	\$ -	\$ (4,743)	99%
Residential & SC A/C Distributor MTP	2,405	\$ 1,959,410	\$ 2,144,829	\$ 168,246	\$ 2,313,075	\$ -	\$ 353,665	118%
REP (CoolSaver & Efficiency Connection)	6,402	\$ 2,372,652	\$ 1,678,490	\$ 197,396	\$ 1,875,886	\$ -	\$ (496,766)	79%
Residential Demand Response Program	13,856	\$ 971,544	\$ 778,937	\$ 72,943	\$ 851,881	\$ -	\$ (119,664)	88%
Multi-Family MTP	1,609	\$ 716,311	\$ 443,524	\$ 95,973	\$ 539,497	\$ -	\$ (176,814)	75%
Smart Pool Program Residential	784	\$ 533,235	\$ 682,501	\$ 25,149	\$ 707,650	\$ -	\$ 174,414	133%
Energy Wise Resource Action MTP	13,280	\$ 552,512	\$ 499,992	\$ 31,293	\$ 531,285	\$ -	\$ (21,227)	96%
Hard-to-Reach	3,255	\$ 5,861,212	\$ 4,265,535	\$ 477,199	\$ 4,742,734	\$ -	\$ (1,118,479)	81%
Hard-to-Reach SOP Program	406	\$ 1,251,130	\$ 320,078	\$ 129,723	\$ 449,801	\$ -	\$ (801,329)	36 0%
Multi-Family MTP (HTR)	882	\$ 716,311	\$ 286,980	\$ 88,796	\$ 375,776	\$ -	\$ (340,534)	52%
Targeted Low Income MTP (Agencies in Action)	1,966	\$ 3,837,178	\$ 3,658,477	\$ 258,680	\$ 3,917,157	\$ -	\$ 79,979	102%
REP (CoolSaver Income Qualified)	1	\$ 56,594	\$ -	\$ -	\$ -	\$ -	\$ (56,594)	0%
SUB TOTAL	54,672	\$ 36,258,012	\$ 28,176,842	\$ 3,121,235	\$ 31,298,077	\$ -	\$ (4,959,935)	86%
R&D		\$ 250,000	\$ -	\$ 122,775	\$ 122,775	\$ -	\$ (127,225)	N/A
TOTAL	54,672	\$ 36,508,012	\$ 28,176,842	\$ 3,244,010	\$ 31,420,852	\$ -	\$ (5,087,160)	86%

IX. Market Transformation Program Results

The Commercial MTP

The Commercial MTP

SCORE/HEEP

In 2017, CenterPoint Houston projected to acquire 4,378 kW and 25,938,380 kWh savings from this program. CenterPoint Houston verified and is reporting a savings of 4,443 kW and 29,783,612 kWh.

The program paid incentives to school districts, colleges/universities, municipal governments, county governments, faith-based organizations, hospitals, clinics, outpatient surgery centers, and medical office buildings reaching a total of 73 customers. Lighting and HVAC measures represented most of the projects that were incentivized in 2017.

SCORE Lite program participation and impacts continue to grow as customers and contractors become better equipped to be self-directed in the program. CenterPoint Houston and the program implementer will continue to promote greater self-reliance for SCORE Lite participants. The program will also focus additional outreach efforts to customer segments that have not participated as heavily in the SCORE/CitySmart program, namely local governments, faith-based organizations, and non-profits.

Retro-Commissioning MTP (RCx)

In 2017, CenterPoint Houston projected to acquire 1,910 kW and 14,742,910 kWh savings from this program. CenterPoint Houston verified and is reporting a savings of 172 kW and 2,111,423 kWh.

Sustainable Schools Program (SSP)

In 2017, CenterPoint Houston projected to acquire 667 kW and 2,127,636 kWh savings from this program. CenterPoint Houston verified and is reporting a savings of 466 kW and 3,661,656 kWh. The Sustainable Schools Program was eliminated as a standalone program for 2018.

Data Centers MTP

In 2017, CenterPoint Houston projected to acquire 1,400 kW and 12,480,939 kWh savings from this program. CenterPoint Houston verified and is reporting a savings of 544 kW and 4,161,345 kWh.

New Homes MTP

In 2017, CenterPoint Houston projected to acquire 6,230 kW and 14,583,333 kWh savings from this program. CenterPoint Houston verified and is reporting a savings of 15,708 kW and 51,344,879 kWh. This program drives builders to use energy efficient methods in design and construction.

Advanced Lighting Residential MTP

In 2017, CenterPoint Houston projected to acquire 2,432 kW and 10,217,997 kWh from this program. CenterPoint Houston verified and is reporting a savings of 3,596 kW and 18,002,485 kWh.

A/C Distributor MTP

In 2017, the program had 8 distributors that preformed over 2,800 HVAC and heat pump change outs. Incentives were increased to encourage sales of 17 SEER and higher, and incentives were reduced for the 16 SEER. CenterPoint Houston verified and is reporting a savings of 2,937 kW and 7,700,017 kWh.

Smart Pool Program - Residential MTP

In 2017, CenterPoint Houston projected to acquire 448 kW and 1,526,704 kWh savings from this program. CenterPoint Houston verified and is reporting a savings of 723 kW and 2,757,330 kWh.

Energy Wise Resource Action MTP

The Energy Wise program uses kits to teach school children about energy efficiency. The education and kits are believed to have a lasting impact. This program provided 475 kW and 1,302,387 kWh. Due to the decreasing savings and lower avoided cost, this program is not included in the 2018 plan.

Targeted Low-Income MTP (Agencies in Action)

In 2017, the program reached 1,966 homes in the CenterPoint Houston electric territory. Of these homes, 1,840 were multi-family units and 126 were single family homes. Heat pumps were the leading measure installed and made up most of incentives paid. Other measures installed include: air infiltration, attic insulation, central AC, refrigerator replacement, solar screen, wall insulation, and window AC.

Retail Electric Provider Market Transformation Program

CoolSaver - The CoolSaver portion of the REP MTP program provided free comprehensive air conditioning tune-ups to residential, small commercial and income qualified residential customers in the CenterPoint Houston service territory. The program was marketed by seventeen (17) participating REPs. The tune-ups were performed by thirty-one (31) specially trained A/C contractor companies. Participating REPs included: Ambit Energy, Amigo Energy, Bounce Energy, Brilliant Energy, Champion Energy Services, Direct Energy, Entrust Energy, Frontier Utilities, Gexa Energy, Hudson Energy, Infinite Energy, Just Energy, Spark Energy, Star Tex Power, Tara Energy, TriEagle Energy and Veteran Energy. As a result, 3,640 residential A/C tune-ups and 250 commercial A/C tune-ups were performed in 2017.

Efficiency Connection - In 2017, CenterPoint Houston continued the online Efficiency Connection website to promote and deliver energy efficient LED bulbs at a reduced price. The program was marketed by twelve (12) participating REPs and yielded 58,191 Energy Star rated LED bulbs. Participating Retail Electric Providers included: Amigo Energy, Bounce Energy, Champion Energy Services, Direct Energy, First Choice Power, Infinite Energy, Just Energy, Reliant Energy, Spark Energy, Star Tex Power, Tara Energy, and TriEagle Energy.

Residential Demand Response - During the summer peak period of 2017, two, three-hour demand response test events were initiated by CenterPoint Houston Distribution Dispatch personnel. Six (6) company Sponsors, including Energy Hub, Whisker Labs, Comcast, Reliant Energy, Eco Factor, and Ecobee, took part in the Residential Demand Response program enrolling a total of 13,947 customers with Wi-Fi enabled programmable thermostats in their home to participate.

Multi-Family MTP Program & Multi-Family HTR MTP Program

Water & Space Heating – The Water & Space Heating portion of the Multi-Family Program promotes the installation of energy efficient non-electric water heating and space heating in housing projects. In 2017, it

paid incentives on five apartment complexes with a total of 1,337 units in the CenterPoint Houston service area. Of these units, 200 were classified as Hard-To-Reach and 1,137 were classified as Market Rate.

Direct Install - The Direct Install portion of the Multi-Family Program promotes the installation of energy efficient measures at no cost to the developer, property owner, and tenants. In 2017, it paid incentives on ten apartment complexes with a total of 682 units in the CenterPoint Houston service area, all classified as Hard-To-Reach.

High Efficiency New Construction - The High Efficiency New Construction program expands the participation to include both low-and mid-rise projects, and to incorporate greater flexibility in estimating and documenting above-code energy savings via additional RESNET accredited energy modeling software tools, and tools that can perform hourly analyses. It incentivized the construction of four market rate properties, with a total of 472 units. Two of these four properties also participated in the Water & Space Heating Program, providing additional savings to customers.

To plan more effectively for the Multi-family portfolio, developers, architects and builders were invited to attend a Market Transformation 2017 Program kickoff meeting that included information on the Multi-Family Water & Space Heating, Multi-Family Direct Install, and Multi-Family High Efficiency New Construction programs.

Interest in these programs continues to be favorable. A 2018 Program kickoff meeting was held in January to prepare for the several prospective projects. The 2018 Program will largely represent a continuation of the existing Multi-Family Water & Space Heating, Direct Install, and High Efficiency New Construction program elements.

X. Research and Development Results

In 2017, CenterPoint Houston implemented the following R&D projects to help meet its energy efficiency goals.:

Program: Water Energy Nexus

CenterPoint Houston partnered with Aiqueous, a water conservation organization to find potential energy efficiency opportunities in the 2017 statewide water plan. The project analyzed the potential of various large projects that could impact our SOP or MTP programs if implemented.

Program: Smart thermostat

CenterPoint Houston leveraged an external vendor and existing efforts to develop a program plan for a Smart Thermostat Pilot in 2018.

Program: CenterPoint Portfolio Planning and Analysis

CenterPoint Houston performed a deep dive analysis of its portfolio structure, the results of which have been used to reduce barriers to entry for participants. Our program offerings menu has been consolidated from 23 to 15 program offerings, however our program measures remain broad and allow for clearer participation channels for our vendors and participants.

Program: Power Across Texas

The Power Across Texas (PAT) launched a separate and independent initiative in 2017: the Texas Energy Poverty Research Institute (TEPRI). Its mission is to acquire and share actionable data that helps meet the needs of the energy poor in Texas. CenterPoint Houston funds Texas Energy Poverty Research Institute's work to access the poverty and energy nexus and how to bring more cost-effective programs to that group of customers.