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PHOENIX, ARIZONA

Southwestern Public Service Company 2021 Amended Energy Efficiency Plan and Report

Substantive Rules §§ 25.181, 25.182, and 25.183

May 1, 2021

Project No. 51672



Table of Contents

TABLE OF CONTENTS	2
INTRODUCTION.....	3
ENERGY EFFICIENCY PLAN AND REPORT ORGANIZATION	4
EXECUTIVE SUMMARY	5
I. 2021 AND 2022 PROGRAMS.....	8
II. CUSTOMER CLASSES.....	15
III. PROJECTED ENERGY EFFICIENCY SAVINGS AND GOALS.....	16
IV. PROGRAM BUDGETS	20
ENERGY EFFICIENCY REPORT.....	21
V. HISTORICAL DEMAND SAVINGS GOALS AND ENERGY TARGETS FOR PREVIOUS FIVE YEARS.....	21
VI. PROJECTED VERSUS REPORTED AND VERIFIED DEMAND AND ENERGY SAVINGS.....	21
VII. HISTORICAL PROGRAM EXPENDITURES.....	23
VIII. PROGRAM FUNDING FOR CALENDAR YEAR 2020	24
IX. MARKET TRANSFORMATION PROGRAM RESULTS	25
X. 2020 ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF).....	26
XI. REVENUE COLLECTED THROUGH EECRF (2020).....	27
XII. OVER/UNDER-RECOVERY OF ENERGY EFFICIENCY PROGRAM COSTS.	27
ACRONYMS.....	28
APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY 2020.....	29

Introduction

Southwestern Public Service Company (“SPS”) presents this Amended Energy Efficiency Plan and Report (“EEPR”) to comply with 16 Tex. Admin. Code (“TAC”) §§ 25.181, 25.182, and 25.183 (collectively referred to herein as the “EE Rules”), which are the Public Utility Commission of Texas’s (“Commission”) rules implementing Public Utility Regulatory Act (“PURA”) § 39.905.¹ As mandated by this section of PURA, 16 TAC § 25.181(e)(1) requires that each investor-owned electric utility achieve the following minimum goal through market-based standard offer programs (“SOPs”), targeted market transformation programs (“MTPs”), or utility self-delivered programs:

- A utility shall acquire a 30% reduction of its annual growth in demand of residential and commercial customers.
- A utility may have a different demand reduction goal if the demand reduction goal of 30% of its annual growth in demand is equivalent to at least four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers. This is also known as the “trigger.”
- Once the trigger is satisfied, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.

¹ PURA is codified at Tex. Util. Code Ann. §§ 11.001–66.016.

Energy Efficiency Plan and Report Organization

This EEPR consists of an executive summary and two main components: the Energy Efficiency Plan (“EEP”) and the Energy Efficiency Report (“EER”).

- The Executive Summary highlights SPS’s reported achievements for 2020 and SPS’s plans for achieving its 2021 and 2022 projected energy efficiency savings goals.

Energy Efficiency Plan

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

Energy Efficiency Report

- Section V documents SPS’s actual weather-adjusted demand savings goals and energy targets for the previous five years (2016-2020).
- Section VI compares SPS’s projected energy and demand savings to its reported and verified savings by program for calendar years 2019 and 2020.
- Section VII documents SPS’s incentive and administration expenditures for the previous five years (2016-2020) broken out by program for each customer class.
- Section VIII compares SPS’s actual program expenditures for 2020 to its 2020 budget categorized by program for each customer class.
- Section IX describes the results from SPS’s MTPs.
- Section X details SPS’s current Energy Efficiency Cost Recovery Factor (“EECRF”) collection.
- Section XI reflects SPS revenue collected through the 2020 EECRF.

- Section XII breaks out the over/under-recovery of energy efficiency program costs.

Appendices

- Appendix A – Reported kilowatt (“kW”) and kilowatt-hour (“kWh”) savings listed by county for each program.

Executive Summary

SPS submits this EEPR to comply with the EE Rules for Program Years (“PY”) 2021 and 2022. The EEP portion of this EEPR details SPS’s efforts to achieve reductions in peak demand and energy use among its residential and commercial customers. For PYs 2021 and 2022, SPS has developed energy efficiency portfolios designed to meet goals prescribed by 16 TAC § 25.181.

EEP Summary

Table 1 shows SPS’s goal(s) calculations for PY 2021 and 2022.² SPS’s PY 2021 Demand and Energy goals were approved in Commission Docket No. 50804.

Table 1: Summary of Goals, Projected Savings, and Projected Budgets (at Meter)

Calendar Year	2021	2022
Average Growth in Demand (MW)	8.139	(9.722)
Goal Metric: 0.4% Peak Demand (MW)	6.027	5.988
Demand Goal (MW)	6.027	6.027
Goal Metric: 0.4% Peak Energy (MWh)	10,559	10,491
Energy Goal (MWh)	10,559	10,559
Budget ³	\$4,480,825	\$4,263,542

In 2019, SPS met the demand goal trigger described in 16 TAC § 25.181(e)(1)(B). Because the trigger has been met, SPS calculated its demand reduction goal for PY 2022 using four-tenths of

² All megawatt (“MW”) and megawatt hour (“MWh”) figures in Table 1 are given “at Meter.”

³ Projected Budget amounts are set forth in Table 7.

1% of its summer weather-adjusted five-year average (2015-2019) peak demand for the combined residential and commercial customers. This calculation yields a goal metric of 5.988 MW; lower than SPS's PY2021 goal of 6.027 MW. Therefore, in accordance with 16 TAC § 25.181(e)(1)(D), SPS is using its previous year's goal of 6.027 MW for PY2022.

The "Energy (MWh) Goal" is calculated from the demand goal using a 20% conservation load factor, as mandated in 16 TAC § 25.181(e)(4). Thus, the "Energy (MWh) Goal" is 20% of the product of the "Demand Goal (MW)" and 8,760 (the number of hours in a typical year).

SPS will implement the following SOPs, MTPs, and Low-Income Weatherization programs in 2021:

- Residential SOP;
- Residential Home Lighting MTP;
- Smart Thermostat Pilot MTP;
- Refrigerator Recycling MTP;
- Hard-to-Reach SOP;
- Low-Income Weatherization;
- Small Commercial MTP;
- Large Commercial SOP;
- Load Management SOP; and
- Retro-Commissioning MTP.

The projected savings, budgets, and implementation plans included in this EEPR comply with the EE Rules and incorporate lessons learned from energy efficiency service providers ("EESP") and customer participation in the various energy efficiency programs. The projected savings reported in this document assume that all the available funds for energy efficiency programs are reserved by contractors and/or for self-delivered Market Transformation programs and expended energy efficiency projects.

EER Summary

The EER portion of this EEPR demonstrates that in 2020, SPS achieved 11,672 kW of reduction in demand and 25,663,272 kWh of energy savings, which equals 195% and 244%, respectively, of SPS's demand goal of 5,994 kW and energy savings goal of 10,502,289 kWh.

The expenditures for these 2020 programs were \$3,969,970,⁴ which was 89% of SPS's budget. The COVID-19 pandemic and subsequent restrictions placed on businesses and consumers limited SPS's ability to install or complete high-contact energy efficient measures after the first quarter of 2020. As a result of these restrictions, and lack of customer participation during this time, SPS experienced lower than expected portfolio expenditures in 2020. To meet the goal of a four-tenths of 1% reduction in the summer weather-adjusted peak demand through energy efficiency, SPS implemented: the Residential SOPs for single- and multi-family residences; the Large Commercial SOP; the Load Management SOP; the Hard-to-Reach SOP for low-income, single- and multi-family residences; the Low-Income Weatherization program; the Home Lighting MTP; the Retro-Commissioning MTP; Small Commercial MTP, Smart Thermostat Program; and the Refrigerator Recycling MTP. Table 2 below compares the 2020 projected savings and budget to the reported savings as well as actual expended funds for 2020.

Table 2: Summary of 2020 Projected Savings and Budget, Reported/Verified Savings, and Expended Funds

Calendar Year	2020
Demand Goal (MW)	5.994
Energy Goal (MWh)	10,502
Projected MW Savings	9.15
Projected MWh Savings	20,652
Reported/Verified MW Savings	11.672
Reported/Verified MWh Savings	25,663
Total Funds Budgeted	\$4,479,378
Total Funds Expended	\$3,969,970

⁴ This number includes costs associated with all 2019 Evaluation, Measurement, and Verification ("EM&V") activities and SPS's 2020 EECRF expenses.

Energy Efficiency Plan

I. 2021 and 2022 Programs

A. Program Portfolios

PURA § 39.905 and 16 TAC § 25.181 establish peak demand reduction goals and program guidelines for investor-owned electric utilities in Texas. SPS is committed to offering cost-effective energy efficiency programs to ensure that its Texas retail customers are offered the same energy efficiency services that are available to consumers in other areas of the state.

This EEP reflects SPS's continued commitment to provide its customers with energy efficiency opportunities. For PY 2022, SPS proposes to offer multiple SOPs, multiple MTPs, and a weatherization program to its residential and commercial customer classes to meet the requirements under the EE Rules. The following EEP outlines SPS's planned efforts to encourage its residential and commercial customers to participate in its energy efficiency programs, including a discussion of proposed programs, budgets, and program impact estimates.

Table 3 below summarizes the programs and targeted customer classes.

Table 3: Energy Efficiency Program Portfolio

Program	Target Customer Class	Application
Large Commercial SOP	Large Commercial	Retrofit; New Construction
Small Commercial MTP	Small Commercial	Retrofit; New Construction
Load Management SOP	Commercial	Curtable Load
Retro-Commissioning MTP	Large Commercial	Retrofit
Residential SOP	Residential	Retrofit; New Construction
Smart Thermostat MTP	Residential	Buydown
Refrigerator Recycling MTP	Residential	Retrofit
Home Lighting MTP	Residential	Buydown
Hard-to-Reach SOP	Residential Hard-to-Reach	Retrofit
Low-Income Weatherization	Low-Income	Retrofit

The programs listed in Table 3 are described in further detail below. SPS also maintains a website describing all the requirements for project participation, the forms required for project submission, and the current available funding. That website, which can be accessed at <http://www.xcelefficiency.com/>, is the primary method by which SPS communicates with potential project sponsors about program updates and information.

B. Administrative and Research Costs for 2021 and 2022

SPS's administrative costs are incurred to support the development and implementation of its programs, as well as the regulatory compliance requirements associated with PURA § 39.905 and 16 TAC § 25.181. The costs include but are not limited to employee labor and loading costs, employee travel expenses, the purchase of supplies, updating program databases, and legal costs. SPS monitors these costs on an ongoing basis and will make regular corrections to administrative spending, wherever possible, to ensure cost-effectiveness and regulatory compliance.

Research and Development ("R&D") costs include those costs for conducting studies and analyses to identify new programs or measures that enhance the energy efficiency or load management offerings and meet future energy and demand goals. For 2022, SPS is planning to research and test product strategies for a Codes & Standards program offering for potential inclusion into the portfolio.

C. Existing Programs for 2022

SPS will continue to offer the following pre-existing programs in 2022.

Large Commercial Standard Offer Program

The Large Commercial SOP targets commercial customers with single-meter demand of at least 100 kW or aggregate meter demand of at least 250 kW. Incentives are paid to project sponsors based on verified deemed savings for a wide range of measures installed in new or retrofit applications. Typical eligible measures include light emitting diode ("LED") lighting, lighting controls, commercial cooling and ventilation, commercial refrigeration enhancements, building envelope measures, and industrial process upgrades.

Small Commercial Market Transformation Program

The Small Commercial MTP is designed to assist small business customers with identifying and implementing cost-effective energy efficiency solutions for their workplace. Small business customers often encounter greater barriers to participation in energy efficiency programs that are not experienced by larger commercial and industrial (“C&I”) customers. Often the two biggest barriers are lack of access to capital and a lack of information about what energy efficiency measures and strategies are the most cost-effective for the customer’s individual situation. The Small Commercial MTP seeks to assist customers in overcoming these challenges by providing increased guidance throughout the decision-making process to help small business customers plan for, prioritize, and implement energy efficient measures. Successful program measures include LED lighting, lighting controls, and HVAC measures.

Load Management Standard Offer Program

The Load Management SOP was developed in 2012 in accordance with 16 TAC § 25.181, which authorizes participating project sponsors (customers or third-party sponsors) to provide on-call, voluntary curtailment of electricity consumption during peak demand periods in return for incentive payments. Incentives are based on verified demand savings that occur at SPS distribution sites taking primary or secondary service or at eligible institutional customers’ sites because of calls for curtailment. Customers are not required to produce a specific level of curtailed load, but they will receive payments for only the amount of load curtailed.

Residential Standard Offer Program

The Residential SOP provides incentives to service providers for retrofit and new construction installations of residential measures that provide verifiable demand and energy savings. Successful measures include insulation, infiltration, duct efficiency, and LED lighting measures. This program has two components, one for single-family residences and one for multi-family residences. Incentives and savings are tracked separately for these components but are reported together in this EEPR.

Home Lighting Market Transformation Program

The Home Lighting MTP offers SPS's customers point-of-sale rebates to reduce the cost of purchasing new, efficient LED bulbs through qualifying retailers. Point-of-sale rebates occur when the bulb manufacturer, retailer, and SPS combine funds to offer instant rebates on a variety of bulb models, targeted for residential use, enabling customers to purchase discounted LEDs without completing rebate forms. Since the program was rolled out in late 2016 as part of the Company's R&D effort, the program has become one of SPS's most cost effective and popular programs for retail customers.

Hard-to-Reach Standard Offer Program

Hard-to-Reach customers are defined by 16 TAC § 25.181(c)(27) as customers with an annual household income at or below 200% of federal poverty guidelines. The Hard-to-Reach SOP provides incentives for the comprehensive retrofit installations of a wide range of measures that reduce demand and save energy. This program is split into two segments, one for single-family residences and one for multi-family residences. Incentives and savings are tracked separately for these segments but are reported together in this EEPR.

Low-Income Weatherization Market Transformation Program

SPS's Low-Income Weatherization program is designed to cost-effectively reduce the energy consumption and energy costs of SPS's low-income customers. Under this program, one or more program implementers contract with not-for-profit community organizations and government agencies to provide weatherization services to SPS residential customers who meet the current Department of Energy income-eligibility guidelines. Implementation of SPS's Low-Income Weatherization program provides eligible residential customers appropriate weatherization measures and basic on-site energy education and satisfies the requirements of 16 TAC § 25.181(p).

Retro-Commissioning Market Transformation Program

The Retro-Commissioning MTP is designed for identifying and implementing low-cost/no-cost measures, as well as capital projects to optimize and enhance existing facility systems by improving performance, reducing peak demand (kW), and saving energy (kWh). The program is flexible as to facility size, but caters to facilities with significant savings potential, which typically requires a minimum of 50,000 square feet of air-conditioned space.

Refrigerator Recycling Market Transformation Program

The Refrigerator Recycling MTP is designed to decrease the number of inefficient primary or secondary refrigerators and freezers in residential households. The program reduces energy usage by allowing customers to dispose of their operable, inefficient appliances in an environmentally safe and convenient manner. Customers will receive an incentive and free pick-up and recycling of their old freezer or refrigerator.

Smart Thermostat Market Transformation Program

The Smart Thermostat MTP is designed to provide customers discounts on ENERGY STAR® Connected Thermostats through Xcel Energy's online storefront, which is owned and managed by an independent third party. A discount will be applied at the point of sale to qualifying customers. All SPS residential customers will be eligible to participate in this upstream offering.

D. New and Modified Programs for 2022

SPS does not propose any new or modified programs for the 2022 plan year.

General Implementation Plan

Program Implementation

SPS will implement its energy efficiency programs in a non-discriminatory and cost-effective manner. For PY 2021 and 2022, SPS intends to conduct programs using the following activity schedule:

- On December 15, 2020, SPS conducted kick-off meetings for each program, and allowed sponsors to submit applications by December 29th for the 2021 PY, which were reviewed and accepted in the order of receipt.
- Throughout 2021, SPS has and will offer approved EESPs contracts to implement projects. After contract execution, the EESP may begin implementation and reporting of measures. All projects must be completed, and results reported to SPS before November 15, 2021. SPS will continue to inform the EESP community of pertinent news and updates by posting program notices on its energy efficiency website, offering local and Internet-based workshops (if necessary), and sending email notices to various energy service company associations.
- No later than January 1, 2022, SPS will announce its 2022 energy efficiency programs and open its website application pages to assist EESPs in preparing project applications for PY 2022. The application process gives sponsors feedback on whether projects are eligible and the level of incentives for which they may qualify.
- Throughout 2022, SPS will offer contracts to approved EESPs to implement energy efficiency projects. After contract execution, the EESP may begin implementation and reporting of measures. All projects must be completed, and results reported to SPS before November 15, 2022. SPS will continue to inform the EESP community of pertinent news and updates by posting program notices on its energy efficiency website, offering local and Internet-based workshops (if necessary), and sending email notices to various energy service company associations.
- During 2021 and 2022, the Retro-Commissioning Program, Small Commercial MTP, Home Lighting MTP, Low Income MTP, Load Management MTP, and Refrigerator Recycling MTP will utilize third-party program implementers who will conduct a wide range of activities to facilitate and enable customer participation in these programs.

Program Tracking

SPS uses an online database to track program activity in its SOPs. The online database is accessible to project sponsors, implementers, and administrators. All program data can be entered in real-time, capturing added customer information (class, location by county, and utility account), installed measures (quantity, deemed or measured, serial numbers, and paid incentives), authorized incentives, inspection results (including adjustments), invoice requests,

and payments. The database allows SPS to guard against duplicate incentive requests to SPS's programs.

SPS uses separate databases to track program activity for the Retro-Commissioning, Home Lighting MTP, and Low-Income Weatherization programs. The Smart Thermostat MTP and Refrigerator Recycling MTP also utilize separate databases. These databases are managed by the third-party implementers for the programs.

Measurement and Verification

Many of the projects implemented under these programs will report demand and energy savings utilizing "deemed savings estimates" reviewed by the Independent Evaluator and approved by the Commission. If deemed savings have not been approved for a particular installation, such savings will be reported using an approved measurement and verification approach as allowed under 16 TAC § 25.181(o).

The International Performance Measurement and Verification Protocol will be used in the following situations:

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

Outreach and Research Activities

SPS anticipates that outreach to a broad range of EESPs and market segments will be necessary to meet the savings goals required by PURA § 39.905 and the EE Rules. SPS markets the availability of its programs by maintaining its website (<http://www.xcelenergyefficiency.com/>), which is the primary method of communication used to provide potential project sponsors with program updates and information. It contains detailed information regarding requirements for project participation, project eligibility, end-use measure eligibility, incentive levels, application

procedures, and current available funding. All application forms required for project submission are available for download on the website.

SPS offers outreach workshops for the Residential and Hard-to-Reach SOPs. These workshops are held in person or via webinar. SPS invites air conditioning contractors, weatherization service providers, lighting vendors, big-box retailers, and national energy service companies to participate in the workshops. These workshops explain program elements, such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process. SPS coordinates the timing of its workshops to avoid overlap with other utilities' schedules. These workshops increase accessibility to EESPs who may work in several areas.

SPS participates in statewide outreach activities and attends industry-related meetings to generate awareness and interest in its energy efficiency programs. In addition, SPS sends mass email notifications to keep potential project sponsors interested and informed.

SPS uses a mix of large C&I customer account management staff and third-party implementation staff to educate customers about the Load Management SOP and Retro-Commissioning MTP. In 2022, the account management team and third-party implementation staff will continue their efforts to hold customer meetings and use marketing materials to explain the program and the requirements for participation.

II. Customer Classes

SPS targets the Commercial, Residential, and Hard-to-Reach customer classes with its energy efficiency programs. Table 4 summarizes the number of customers in each of the target customer classes. The annual budgets are allocated to customer classes by examining historical program results, evaluating economic trends, and taking into account 16 TAC § 25.181(e)(3)(F), which states that no less than 5% of the utility's total demand goal should be achieved through programs for Hard-to-Reach customers. SPS has relied on historical achievements to determine the budget allocations for the 2021 and 2022 PYs. Although these guidelines have been set, the actual distribution of the budget must remain flexible based upon the response of the marketplace and the potential interest that a customer class may have in a specific program.

Table 4: Summary of Customer Classes

Customer Class	Qualifications	Number of Customers⁵
Commercial	< 69 kV service voltage	52,280
Residential	Non-Hard-To-Reach Residential	207,569
Hard-to-Reach⁶	Hard-To-Reach Income Requirements	60,610

III. Projected Energy Efficiency Savings and Goals

As prescribed by 16 TAC § 25.181(e)(3), SPS’s 2022 demand reduction goal is calculated by applying four-tenths of 1% (0.004) to the five-year average (2016-2020) peak demand, for residential and commercial customers combined, at the meter. Table 5 provides the peak load data used to calculate the demand reduction projection for the demand goal for PY 2022, as required by the EE Rules. To calculate this goal, SPS applied an average line loss factor of 9.70%⁷ to the weather-normalized peak demand value for residential and commercial customers. SPS then removed the peak demand of opt-out customers from the residential and commercial peak demand values. SPS calculated the average peak demand for the combined residential and commercial customers for the previous five years (2016-2020). As shown in Table 5, during the previous five-year period, SPS has experienced an average summer weather-adjusted peak demand for the combined residential and commercial customers at the meter of 1,497 MW. SPS applied four-tenths of 1% (0.004) to the five-year average (2016-2020) peak demand resulting in a goal of 5.988 MW. Since this goal is lower than PY2021’s goal of 6.027 MW, SPS is using the previous PY goal of 6.027 MW for PY 2022 in accordance with 16 TAC § 25.181(e)(1)(D).

⁵ Commercial and Residential number of customers reflect actual SPS customer counts as of December 2020. Hard-to-Reach customers were estimated based on the most recently available U.S. Census data. In 2019, 29.2% of Texans were below the 200% poverty threshold.

<https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pov/pov-46.html>

⁶ Hard-to-Reach customer counts are a subset of the Residential customer counts.

⁷ SPS’s most recently approved line loss study can be found in Docket No. 47527. For purposes of the EEPR, SPS used a simple average of line losses for all levels from the source to the meter.

Table 5: Annual Growth in Demand and Energy Consumption (at Meter)⁸

Calendar Year	Peak Demand (MW) @ Source						Energy Consumption (MWh) @ Meter				Energy Efficiency Goal Calculation		
	Total System		Residential & Commercial				Total System		Residential & Commercial		Peak Demand @ Meter (9.7% Line Losses)	5-Year Average Peak Demand @ Meter	Goal Metric: 0.4% Peak Demand at Meter
	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Opt-Out	Peak Demand @ Source Net Opt-Outs	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted			
2013	2,468	2,425	1,656	1,633	81	1,553	13,994,646	13,859,306	7,764,906	7,629,565	1,402	1,516	6.06
2014	2,506	2,497	1,711	1,702	55	1,647	14,061,579	14,038,723	7,712,573	7,689,717	1,487	1,525	6.10
2015	2,405	2,478	1,618	1,691	52	1,639	14,032,058	14,004,866	7,621,821	7,594,628	1,480	1,499	6.00
2016	2,499	2,449	1,727	1,677	43	1,634	13,958,248	13,905,333	7,498,352	7,445,437	1,475	1,497	5.99
2017	2,464	2,434	1,675	1,645	47	1,597	13,844,659	13,912,071	7,358,371	7,425,783	1,442	1,491	5.96
2018	2,583	2,567	1,848	1,832	51	1,781	14,297,147	14,100,463	7,723,000	7,526,316	1,608	1,478	5.91
2019	2,483	2,510	1,702	1,729	37	1,692	14,037,836	13,944,983	7,465,519	7,372,666	1,528	1,457	5.83
2020	2,371	2,329	1,677	1,634	49	1,585	13,360,219	13,247,232	7,260,442	7,147,455	1,431	1,499	5.99
2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,507	6.03
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,497	5.99

⁸ Line loss factors for 2019 were approved for SPS in Docket No. 47527.

For 2021 and 2022, SPS developed budgets to meet the energy and demand goals in a cost-effective manner, as prescribed by 16 TAC § 25.181. Details of these budgets, including the allocation of funds to specific programs, are given in Section IV.

SPS calculated the projected savings of its energy efficiency programs from these proposed budgets, using the cost per kW of demand reduction achieved in previous SPS programs and the budget allocation for each program. SPS then calculated the expected energy savings from the projected demand reductions using the average load factors from previous PYs (with adjustments for market conditions and other potential changes). Table 6 shows the projected demand and energy savings broken out by program.

Table 6: Projected Demand and Energy Savings Broken Out by Program for Each Customer Class (at Meter)

2021	Projected Savings	
	MW	MWh
Commercial	6.42	11,759
Commercial SOP	1.02	3,826
Retro-Commissioning MTP	1.10	4,850
Load Management SOP	3.50	14
Small Commercial MTP	0.22	1,000
Home Lighting MTP	0.59	2,069
Residential	2.92	10,459
Residential SOP	0.90	2,300
Home Lighting MTP	1.97	6,926
Smart Thermostat MTP Pilot	-	838
Refrigerator Recycling MTP	0.05	395
Hard-to-Reach	0.90	2,465
Hard-to-Reach SOP	0.65	1,700
Low-Income Weatherization	0.25	765
Total Annual Projected	10.24	24,682
2022	Projected Savings	
	MW	MWh
Commercial	7.97	10,866
Commercial SOP	1.02	3,826
Retro-Commissioning MTP	0.90	3,969
Load Management SOP	5.25	21
Small Commercial MTP	0.22	1,000
Home Lighting MTP	0.59	2,069
Residential	2.72	9,970
Residential SOP	0.71	1,811
Home Lighting MTP	1.97	6,926
Smart Thermostat MTP Pilot	-	838
Refrigerator Recycling MTP	0.05	395
Hard-to-Reach	0.75	2,075
Hard-to-Reach SOP	0.50	1,310
Low-Income Weatherization	0.25	765
Total Annual Projected	11.45	22,929

IV. Program Budgets

Table 7: Proposed Annual Budget Broken Out by Program for Each Cost Class

2021	Incentives	Admin	R&D	EM&V	Total
Commercial	\$ 1,952,445	\$ 78,330	\$ -	\$ -	\$2,030,775
Commercial SOP	390,200	44,730	-	-	434,930
Retro-Commissioning MTP	977,600	-	-	-	977,600
Load Management SOP	167,000	27,405	-	-	194,405
Small Commercial MTP	400,000	5,460	-	-	405,460
Home Lighting MTP	17,645	735	-	-	18,380
Residential	1,140,251	61,324	-	-	1,201,575
Residential SOP	600,000	34,965	-	-	634,965
Home Lighting MTP	335,251	13,969	-	-	349,220
Smart Thermostat MTP	30,000	3,675	-	-	33,675
Refrigerator Recycling MTP	175,000	8,715	-	-	183,715
Hard-to-Reach	950,000	19,110	-	-	969,110
Hard-to-Reach SOP	500,000	19,110	-	-	519,110
Low-Income Weatherization	450,000	-	-	-	450,000
Research & Development	-	-	40,000	-	40,000
General Administration	-	205,100	-	-	205,100
Evaluation, Measurement, & Verification	-	-	-	34,265	34,265
Rider Expenses	-	-	-	-	-
Grand Total	\$ 4,042,696	\$ 363,864	\$ 40,000	\$ 34,265	\$4,480,825
2022	Incentives	Admin	R&D	EM&V	Total
Commercial	\$ 1,858,345	\$ 85,175	\$ -	\$ -	\$ 1,943,520
Commercial SOP	390,200	44,730	-	-	434,930
Retro-Commissioning MTP	800,000	-	-	-	800,000
Load Management SOP	250,500	34,250	-	-	284,750
Small Commercial MTP	400,000	5,460	-	-	405,460
Home Lighting MTP	17,645	735	-	-	18,380
Residential	1,012,691	53,890	-	-	1,066,581
Residential SOP	472,440	27,531	-	-	499,971
Home Lighting MTP	335,251	13,969	-	-	349,220
Smart Thermostat MTP	30,000	3,675	-	-	33,675
Refrigerator Recycling MTP	175,000	8,715	-	-	183,715
Hard-to-Reach	835,275	18,903	-	-	854,178
Hard-to-Reach SOP	385,275	18,903	-	-	404,178
Low-Income Weatherization	450,000	-	-	-	450,000
Research & Development	-	-	160,000	-	160,000
General Administration	-	205,100	-	-	205,100
Evaluation, Measurement, & Verification	-	-	-	34,163	34,163
Rider Expenses	-	-	-	-	-
Grand Total	\$ 3,706,311	\$ 363,068	\$ 160,000	\$ 34,163	\$ 4,263,542

Energy Efficiency Report

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

Table 8 documents SPS's demand and energy reduction goals for the previous five years (2016-2020) calculated in accordance with 16 TAC § 25.181 and actual demand reduction and energy savings achieved.

Table 8: Historical Demand and Energy Savings Goals and Achievements (at the Meter)

Calendar Year	Adjusted Demand Goal (MW)	Adjusted Energy Goal (MWh)	Actual Demand Reduction (MW)	Actual Energy Savings (MWh)
2020	5.99	10,502	11.67	25,663
2019	5.49	9,627	9.57	23,328
2018	5.49	9,627	9.57	18,906
2017	5.49	9,627	7.75	16,871
2016	5.49	9,627	8.19	14,451

VI. Projected Versus Reported and Verified Demand and Energy Savings

This section documents SPS's projected savings and its reported and verified savings for PYs 2019 and 2020. Table 9 shows the savings for SOPs, MTPs, and the Low-Income Weatherization program. SPS's 2019 programs produced 9,573 kW demand savings or 174% of the statutory goal of 5,495 kW. In 2020, SPS's programs produced 11,672 kW of demand savings at the meter or 195% of the statutory goal of 5,994 kW. Taking into account line losses approved in Docket No. 47527, SPS's 2020 programs produced 12.93 MW of demand savings at the source.

Table 9: Projected versus Reported/Verified Savings for 2019 and 2020 (at Meter)

2019	Projected Savings		Reported/Verified Savings	
	kW	kWh	kW	kWh
Commercial	5,314	8,674,000	5,985	12,846,135
Commercial SOP	650	3,000,000	623	3,142,792
Retro-Commissioning MTP	900	4,500,000	1,214	6,552,893
Load Management SOP	3,500	14,000	3,417	27,312
Small Commercial MTP	220	1,000,000	316	1,420,641
Home Lighting MTP	44	160,000	415	1,702,497
Residential	1,916	7,056,600	2,632	8,219,484
Residential SOP	900	2,300,000	899	2,134,339
Home Lighting MTP	836	3,040,000	1,683	5,650,639
Smart Thermostat MTP	-	363,000	-	36,322
Refrigerator Recycling MTP	180	1,353,600	50	398,184
Hard-to-Reach	900	2,465,000	956	2,261,958
Hard-to-Reach SOP	650	1,700,000	691	1,531,446
Low-Income Weatherization	250	765,000	265	730,512
Total Annual Savings Goals	8,130	18,195,600	9,573	23,327,577
2020	Projected Savings		Reported/Verified Savings	
	kW	kWh	kW	kWh
Commercial	6,063	10,694,470	7,292	12,672,406
Commercial SOP	1,015	3,825,600	566	2,917,683
Retro-Commissioning MTP	1,100	4,850,400	1,248	6,919,253
Load Management SOP	3,500	14,000	4,922	78,720
Small Commercial MTP	220	1,000,000	160	735,176
Home Lighting MTP	228	1,004,470	396	2,021,574
Residential	2,188	7,492,630	3,399	10,683,647
Residential SOP	900	2,300,000	972	2,166,145
Home Lighting MTP	1,108	3,476,030	2,413	8,159,151
Smart Thermostat MTP	-	363,000	-	250,063
Refrigerator Recycling MTP	180	1,353,600	14	108,288
Hard-to-Reach	900	2,465,000	982	2,307,220
Hard-to-Reach SOP	650	1,700,000	687	1,501,333
Low-Income Weatherization	250	765,000	295	805,886
Total Annual Savings Goals	9,151	20,652,100	11,672	25,663,272

VII. Historical Program Expenditures

This section documents SPS's incentive and administrative expenditures for the previous five years (2016-2020) broken out by program for each customer class. Table 10 shows expenditures for SOPs, MTPs, and the Low-Income Weatherization Program.

Table 10: Historical Program Incentive and Administrative Expenditures for 2016 through 2020⁹

Program	2020		2019		2018		2017		2016	
	Incent. (000s)	Admin (000s)								
Commercial	\$ 1,627	\$ 61	\$ 1,684	\$ 43	\$ 1,784	\$ 43	\$ 1,615	\$ 48	\$ 1,501	\$ 132
Large Commercial SOP	218	35	231	27	264	30	243	41	598	96
Small Commercial SOP	-	-	-	-	-	-	-	-	43	16
Retro-Commissioning MTP	947	-	869	-	882	-	796	-	647	2
Load Management SOP	246	21	171	13	227	13	166	6	213	17
Small Commercial MTP	198	-	400	-	400	-	400	1	-	-
Home Lighting MTP	17	5	13	2	12	-	10	-	-	-
Residential	947	134	875	78	805	35	795	37	556	42
Residential SOP	597	35	568	27	584	30	597	31	556	42
Home Lighting MTP	329	91	251	39	221	5	199	6	-	-
Smart Thermostat MTP	9	-	1	-	-	-	-	-	-	-
Refrigerator Recycling MTP	13	7	55	11	-	-	-	-	-	-
Hard-to-Reach	952	35	918	27	905	30	899	31	710	76
Hard-to-Reach SOP	491	35	497	27	496	30	500	31	352	23
Low-Income Weatherization	461	-	421	-	410	-	399	-	358	54
Research & Development	-	24	-	16	-	25	-	-	-	3
General Administration	-	136	-	148	-	167	-	167	-	62
Evaluation, Measurement, & Verification	-	31	-	34	-	34	-	34	-	35
Rider Expenses	-	23	-	27	-	47	-	49	-	109
Total Expenditures	\$ 3,526	\$ 444	\$ 3,477	\$ 374	\$ 3,495	\$ 379	\$ 3,310	\$ 366	\$ 2,767	\$ 459

⁹ 2020 expenditures from Project No. 51672; 2019 expenditures from Project No. 50666; 2018 expenditures from Project No. 49297; 2017 expenditures from Project No. 48146; 2016 expenditures from Project No. 46907.

VIII. Program Funding for Calendar Year 2020

As shown in Table 11, SPS spent a total of \$3,969,970¹⁰ on its energy efficiency programs in 2020, which is \$509,408 less than SPS's 2020 approved budget of \$4,479,378.

Table 11: Program Funding for Calendar Year 2020

Customer Segment and Program	Total Projected Budget	Participants	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Total Funds Expended	Budget and Expenditure Variance
Commercial & Industrial	\$ 2,024,775	13,312	\$ 1,626,621	\$ 61,049	\$ 1,687,670	83%
Large Commercial SOP	434,930	97	217,622	34,896	252,518	58%
Retro-Commissioning MTP	977,600	23	947,396	-	947,396	97%
Load Management SOP	194,405	9	246,100	21,342	267,442	138%
Small Commercial MTP	405,460	48	198,213	-	198,213	49%
Home Lighting MTP	12,380	13,135	17,290	4,811	22,101	179%
Residential	1,207,575	314,313	947,303	133,825	1,081,128	90%
Residential SOP	634,965	1,223	597,188	34,987	632,175	100%
Home Lighting MTP	235,220	312,815	328,505	91,406	419,911	179%
Smart Thermostat MTP	53,675	179	8,750	-	8,750	16%
Refrigerator Recycling MTP	283,715	96	12,861	7,432	20,292	7%
Hard-to-Reach	969,110	1,146	952,240	34,966	987,206	102%
Hard-to-Reach SOP	519,110	831	491,234	34,966	526,200	101%
Low-Income	450,000	315	461,005	-	461,005	102%
Research & Development	40,000	-	-	24,117	24,117	60%
General Administration	203,070	-	-	136,350	136,350	67%
Evaluation, Measurement, & Verification	34,848	-	-	30,520	30,520	NA
EECRF Rider Expenses	-	-	-	22,980	22,980	NA
Total	\$ 4,479,378	328,771	\$ 3,526,164	\$ 443,807	\$ 3,969,970	89%

Pursuant to 16 TAC § 25.181(l)(2)(Q), SPS is required to provide an explanation of annual program spending variance from budgets if the variance exceeds a positive or negative 10%. In 2020, six programs met this criterion: Large Commercial SOP, Load Management, Small

¹⁰ This number includes SPS's direct program costs, as well as indirect programs costs including R&D, EM&V, and EECRF rate case expenses.

Commercial MTP, Home Lighting MTP, Smart Thermostat MTP and the Refrigerator Recycling MTP.

- The Large Commercial SOP and Small Commercial MTP Programs were below budgeted spending primarily due to a reduction in participation experienced as a result of the COVID-19 pandemic.
- The Load Management Program far exceeded initial savings projections as customers outperformed when called upon.
- During program year 2020, SPS made specific program management adjustments to account for COVID-19 related impacts that were affecting the portfolio. SPS’s Refrigerator Recycling Program was suspended at the start of the pandemic and its funds moved to the Home Lighting Program to replace the associated achievement and maintain goal attainment for the portfolio. The Smart Thermostat program was underperforming compared to forecasts and funding from that program was also moved to Home Lighting.

Table 12: Expenditures for Targeted Low-Income Program

2020 Budget	Required Expenditures	Actual Expenditures	% of Budget
\$ 4,479,378	\$447,938	\$461,005	10%

As shown in Table 12, SPS spent approximately 10% of its 2020 approved portfolio budget on its targeted low-income energy efficiency program.

IX. Market Transformation Program Results

SPS launched its Commercial Retro-Commissioning MTP in April 2013. In 2020, SPS completed 16 projects that resulted in a reduction of 1,248 kW and 6,919,253 kWh. SPS expects additional, similar projects to be completed in 2021.

SPS launched its Small Commercial MTP in January 2017. In 2020, SPS completed 48 projects that resulted in a reduction of 160 kW and 735,176 kWh. This new program has proven to be effective at increasing participation amongst small commercial customers which was the focus for this offering.

SPS launched its Home Lighting MTP in January 2017. In 2020, SPS had over 325,950 bulbs sold in its upstream lighting program that resulted in a reduction of 2,809 kW and 10,180,724 kWh.

SPS launched its Smart Thermostat MTP on January 1, 2019. In the program's second year as a program, SPS sold 179 Thermostats on its online marketplace that resulted in a reduction of 250,063 kWh.

SPS launched its Refrigerator Recycling MTP on January 1, 2019. In the program's second year as a program, SPS recycled 96 old refrigerators within the service territory that resulted in a reduction of 14 kW and 108,288 kWh.

X. 2020 Energy Efficiency Cost Recovery Factor (EECRF)

On September 27, 2019, in Docket No. 49495, the Commission approved SPS's 2020 EECRF to recover a total of \$4,875,863 in expenses associated with its 2020 energy efficiency programs, effective January 1, 2020.

Table 13: 2020 EECRF Rates

Rate Schedule	\$/kWh
Residential Service	\$0.001004
Small General Service	\$0.000865
Secondary General Service	\$0.000572
Primary General Service	\$0.000445
Small Municipal and School Service	\$0.004519
Large Municipal Service	\$0.000296
Large School Service	\$0.001327

XI. Revenue Collected through EECRF (2020)

SPS collected \$4,874,064 through its 2020 EECRF, which became effective January 1, 2020.

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

SPS recovered \$534,519 more than what was approved in EECRF Docket No. 49495 as shown in Table 14 below.

Table 14: Over/Under Recovery (2020)

2020 Program Costs	\$	3,916,471
2020 AIP Reduction		(3,931)
2019 EM&V Costs		30,520
2018 Net Over Recovery		(257,5499)
2018 Rate Case Expenses (D. 48324)		47,001
2018 Performance Bonus		607,033
Total		4,339,545
EECRF Recovery	\$	\$4,874,064
Net (Over)/Under Recovery	\$	(534,519)

Acronyms

C&I	Commercial and Industrial
Commission	Public Utility Commission of Texas
EECRF	Energy Efficiency Cost Recovery Factor
EEP	Energy Efficiency Plan
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report
EE Rules	Energy Efficiency Rules, 16 Tex. Admin. Code § §25.181, 25.182 and § 25.183
EESP	Energy Efficiency Service Provider
EM&V	Evaluation, Measurement, and Verification
kW	kilowatt
kWh	kilowatt hour
LED	Light Emitting Diode
MTP	Market Transformation Program
MW	Megawatt
MWh	Megawatt hour
PURA	Public Utility Regulatory Act
PY	Program Year
R&D	Research & Development
SOP	Standard Offer Program
SPS	Southwestern Public Service Company
TAC	Texas Administrative Code

APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY 2020

Large Commercial SOP			
County	# of Premises	kW	kWh
Crosby	2	44.01	253,641
Gaines	1	3.15	18,681
Gray	3	20.29	44,103
Hale	1	64.93	400,191
Hutchinson	1	15.29	102,389
Lipscomb	1	16.04	109,613
Moore	2	15.56	85,146
Potter	18	295.12	1,440,596
Randall	11	91.39	463,323
Total	40	566	2,917,683

Recommissioning MTP			
County	# of Premises	kW	kWh
Hale	1	7	23,176
Hansford	1	113	420,366
Potter	8	849	5,032,595
Randall	5	271	1,365,784
Sherman	1	9	77,332
Total	16	1,248	6,919,253

Load Management			
County	# of Premises	kW	kWh
Cochran	1	556	8,896
Gaines	1	972	15,548
Moore	2	55	876
Parmer	2	460	7,364
Potter	8	911	14,548
Randall	2	849	13,584
Terry	1	840	13,440
Yoakum	1	279	4,464
Total	18	4,922	78,720

Small Commercial MTP			
County	# of Premises	kW	kWh
Bailey	1	0	2,013
Deaf Smith	1	18	72,044
Gray	1	1	7,493
Hockley	2	25	113,432
Potter	5	34	189,006
Randall	11	78	334,295
Terry	1	4	16,893
Total	22	160	735,176

Home Lighting MTP			
County	# of Premises¹¹	kW	kWh
Deaf Smith	13,535	124	455,457
Gaines	4,197	40	146,614
Gray	18,160	166	609,820
Hale	21,023	186	682,953
Hockley	12,868	119	435,540
Hutchinson	15,250	137	504,534
Moore	12,366	111	406,841
Potter	118,873	918	3,243,495
Randall	109,678	1,008	3,695,470
Total	325,950	2,809	10,180,724

Residential SOP			
County	# of Premises	kW	kWh
Armstrong	1	1	1,131
Carson	2	8	19,936
Castro	9	24	55,333
Cochran	3	8	11,329
Crosby	4	9	25,693
Deaf Smith	14	30	63,011
Floyd	2	2	3,449
Gaines	28	56	147,637
Garza	11	15	42,070
Gray	14	33	80,233
Hale	21	55	134,593
Hockley	12	31	71,553
Hutchinson	17	33	67,731
Lamb	10	24	40,982
Lubbock	17	34	63,664
Moore	5	17	44,795
Oldham	1	1	615
Parmer	15	36	98,444
Potter	150	294	671,256
Randall	198	260	522,689
Total	534	972	2,166,145

¹¹ Sum of individual bulbs sold and not individual premises.

Hard-to-Reach SOP			
County	# of Premises	kW	kWh
Bailey	1	4	11,149
Castro	16	36	92,366
Cochran	11	29	79,218
Crosby	5	11	29,437
Deaf Smith	4	7	6,498
Gaines	23	40	104,639
Garza	2	4	11,744
Gray	9	22	57,697
Hale	12	31	81,755
Hockley	3	6	15,728
Hutchinson	2	2	3,902
Lamb	17	40	100,686
Lubbock	18	44	114,447
Moore	1	2	1,596
Parmer	2	5	13,934
Potter	109	211	418,368
Randall	104	191	358,170
Total	339	687	1,501,333

Low-Income Weatherization			
County	# of Premises	kW	kWh
Armstrong	2	2	2,603
Hutchinson	4	5	5,351
Potter	100	271	778,469
Randall	16	17	19,463
Total	122	295	805,886

Smart Thermostats			
County	# of Premises	kW	kWh
Castro	1	-	1,397
Dallam	2	-	5,588
Deaf Smith	1	-	1,397
Gaines	2	-	4,191
Gray	6	-	11,176
Hale	9	-	12,573
Hansford	1	-	1,397
Hartley	2	-	2,794
Hockley	4	-	6,985
Hutchinson	7	-	11,176
Lipscomb	1	-	1,397
Lubbock	4	-	5,588
Lynn	1	-	1,397
Moore	4	-	6,985
Ochiltree	1	-	1,397
Parmer	2	-	2,794
Potter	28	-	44,704

Randall	80	-	122,936
Swisher	1	-	2,794
Wheeler	1	-	1,397
Total	158	-	250,063

Refrigerator Recycling			
County	# of Premises	kW	kWh
Bailey	1	0.143	1,128
Dallam	2	0.429	3,384
Deaf Smith	1	0.143	1,128
Gray	1	0.143	1,128
Hale	2	0.286	2,256
Hutchinson	3	0.429	3,384
Lubbock	1	0.143	1,128
Moore	8	1.573	12,408
Parmer	3	0.429	3,384
Potter	26	4.004	31,584
Randall	41	5.863	46,248
Roberts	1	0.143	1,128
Total	90	14	108,288