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El Paso Electric

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August 5, 2024

Commission Filing Clerk
Public Utility Commission of Texas
1701 N. Congress Ave
P.O. Box 13326
Austin, TX 78711

Re: **Docket No. 56572 – Application of El Paso Electric Company to Adjust its Energy Efficiency Cost Recovery Factor**
Second Errata

To Whom It May Concern:

On May 1, 2024, El Paso Electric Company ("EPE") filed its 2024 Application for Approval to Revise its Energy Efficiency Cost Recovery Factor ("EECRF"). On June 12, 2024, EPE filed its first errata to its filing. It has been brought to EPE's attention that the amount EPE included for municipal rate case expenses for last year's proceeding was in error and that EPE used the wrong cost caps in calculating the reduction to EPE's performance bonus for its performance during the 2023 program year. Therefore, EPE is hereby filing a second errata to this filing that corrects these two errors.

These changes affect both the testimonies and many of the exhibits. Attached are a clean version of the applicable documents with the corrections. At the end of this EECRF Second Errata are the redlined pages indicating the specific changes made to the EECRF filed May 1, 2024, as modified by the errata of June 12, 2024.

If there are any questions regarding this filing, please contact me at 915-543-4378.

Sincerely,

Michelle Pedroza
Regulatory Case Management

DOCKET NO. 56572

APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL TO REVISE ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	§ § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL TO REVISE ITS ENERGY EFFICIENCY COST RECOVERY FACTOR

El Paso Electric Company (EPE or Company) submits this Application for Approval to Revise its Energy Efficiency Cost Recovery Factor (EECRF). In support thereof, EPE respectfully shows the following:

I. BUSINESS ADDRESS AND AUTHORIZED REPRESENTATIVES

EPE's business address is 100 N. Stanton Street, El Paso, Texas 79901. EPE's authorized representative for the purpose of receiving service of documents is:

Michelle Pedroza
El Paso Electric Company
PO Box 982
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(915) 543-4378
michelle.pedroza@epelectric.com
EPE_Reg_Mgmt@epelectric.com

EPE's authorized legal representatives and designated recipients for service of pleadings and other documents are:

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Duggins Wren Mann & Romero, LLP
P.O. Box 1149
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(512) 744-9300
(512) 744-9399 (fax)
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Rosanna Alhakeem
El Paso Electric Company
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El Paso, Texas 79901
(915) 521-4664
rosanna.alhakeem@epelectric.com

II. JURISDICTION

The Public Utility Commission of Texas (Commission or PUCT) has jurisdiction over EPE and the subject matter of this Application pursuant to Section 39.905 of the Public Utility Regulatory Act (PURA)[1] and 16 Tex. Admin. Code § 25.182 (TAC).

III. AFFECTED PERSONS

EPE provides service to approximately 350,000 retail electric customers in Texas. EPE proposes to apply the EECRF requested herein to all of its retail electric customers in its Texas service area that fall within the classes subject to the EECRF. Those classes are listed in the proposed tariff, which is Attachment A to this Application.

IV. EPE'S PROPOSED EECRF FOR 2025

By this Application, EPE requests the authority to revise its EECRF for 2025 to reflect the following five components:

1) projected energy efficiency program costs for 2025 of $5,161,212;
2) a performance bonus based on the Company's 2023 energy efficiency program performance of $1,555,954;
3) EPE's prior year (2023) EECRF proceeding expenses of $44,876;
4) a true-up adjustment by rate class of EPE's net over-recovery for 2023 of $(1,125,164), including interest; and
5) projected evaluation, measurement, and verification (EM&V) costs allocated to EPE by the Commission of $67,486.

The total amount that EPE requests be included in its 2025 EECRF is therefore $5,704,364. EPE's request is based on continuing all of its energy efficiency programs and with the same megawatt goal (11.16 MW) and at the same level they have been at since 2011. With the programs that EPE proposes to offer in 2025, EPE calculates that it will be able to achieve the equivalent of an energy efficiency savings of greater than both the 30% energy efficiency goal and the four-tenths of 1% (0.4%) of its summer weather-adjusted peak demand goal that are prescribed by 16 TAC § 25.181(e).

In support of this application, EPE submits the Direct Testimonies of Antonio Reyes and Victor H. Silva and an affidavit by Bret Slocum concerning last year's EECRF proceeding expenses. In his Direct Testimony, Mr. Reyes addresses EPE's energy efficiency program and its

[1] Tex. Util. Code §§ 11.001-66.016. (PURA).

associated costs, as well as the bidding and engagement process for contracting with energy efficiency service providers. Mr. Reyes also discusses EPE's 2023 performance bonus. In his Direct Testimony, Mr. Silva provides a summary of the relief sought by EPE and describes the specific costs to be included in EPE's revised EECRF pursuant to the requirements of 16 TAC § 25.182(d). Mr. Silva's testimony also supports the calculation of EPE's revised EECRF rates for the billing period January 2025 through December 2025.

V. ADJUSTED ENERGY EFFICIENCY COST RECOVERY FACTOR

EPE's revised EECRF tariff containing the EECRF rates for 2023 is provided as Exhibit VHS-02E2 to Mr. Silva's Direct Testimony and is attached to this Application as Attachment A. Based on EPE's current base rates and fixed fuel factor, EPE's EECRF request would result in a residential customer using 701 kilowatt hours of electricity per month being charged $0.77 per month, which is a decrease of $0.04, or about a 0.04% decrease in a residential customer's current average monthly bill of $96.44.

EPE requests the Commission to approve the adjusted EECRF effective as of the first billing cycle of the January 2025 billing month.

VI. NOTICE

Consistent with the notice provisions of 16 TAC § 25.182,[2] EPE proposes to provide notice to all parties that participated in the Company's last EECRF proceeding, Docket No. 54950,[3] and its last completed base rate proceeding, Docket No. 52195.[4] EPE will also provide notice to Texas Department of Housing and Community Affairs, which is the state agency that administers the federal weatherization program. Because EPE's service territory is not open to retail competition, no Retail Electric Provider is eligible to provide service in EPE's service area, so no notice to a retail electric provider is required. The form of the notice to be provided is set forth in

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[2] 16 TAC § 25.182(d)(13) states:

Notice of a utility's filing of an EECRF application is reasonable if the utility provides in writing a general description of the application and the docket number assigned to the application within 7 days of the application filing date to:

(A) All parties in the utility's most recent completed EECRF docket;

(B) All retail electric providers that are authorized by the registration agent to provide service in the utility's service area at the time the EECRF application is filed;

(C) All parties in the utility's most recent completed base-rate proceeding; and

(D) The state agency that administers the federal weatherization program.

[3] *Application of El Paso Electric Company to Adjust its Energy Efficiency Cost Recovery Factor and Establish Revised Cost Cap*, Docket No. 54950, Order (May 1, 2023).

[4] *Application of El Paso Electric Company to Change Rates*, Docket No. 52195, Order (Sept 15, 2022).

Attachment B to this Application. The Company requests that the Commission find that the Company's notice is sufficient.

VII. DOCUMENTS FILED UNDER SEAL AND REQUEST FOR PROTECTIVE ORDER

Portions of this filing constitute confidential or highly sensitive confidential materials and have been filed under seal. These materials will be made available to the Staff of the PUCT and any intervenors upon entry of an appropriate protective order ensuring the confidential nature of these materials. EPE proposes that the Commission adopt its standard protective order in this proceeding.

VIII. PRAYER

EPE requests that its Application be deemed complete and sufficient and in compliance with PURA § 39.905(b) and 16 TAC § 25.182, that EPE's suggested notice of this filing as described above and attached to this Application be considered sufficient and authorized, that EPE's Application for Approval to Revise its EECRF be approved with implementation for use beginning with the first billing cycle of its January 2025 billing month, and for such other relief to which it may be entitled.

Respectfully submitted,

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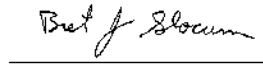


Bret J. Slocum

ATTORNEYS FOR
EL PASO ELECTRIC COMPANY

EL PASO ELECTRIC COMPANY

SCHEDULE NO. 97
ENERGY EFFICIENCY COST RECOVERY FACTOR

APPLICABILITY

Electric service billed under rate schedules having an Energy Efficiency Cost Recovery Factor Clause shall be subject to an Energy Efficiency Cost Recovery Factor ("EECRF"). The EECRF is not applicable to service billed at transmission voltage rates.

Pursuant to Section 25.182(d) of Title 16 of the Texas Administration Code, the EECRF allows the Company to recover the cost of energy efficiency programs from the customer classes that receive services under such programs.

TERRITORY

Texas Service Area

MONTHLY RATE

Rate No.	Description	Energy Efficiency Cost Recovery Factor ($/kWh)	
01	Residential Service Rate	$0.001088	(R)
EVC	Electric Vehicle Charging Rate	0.000000	
02	Small Commercial Service Rate	0.001609	(I)
07	Outdoor Recreational Lighting Service Rate	-0.001917	(R)
08	Governmental Street Lighting Service Rate	0.000000	
09	Governmental Traffic Signal Service	0.000001	(I)
11-TOU	Time-Of-Use Municipal Pumping Service Rate	0.000000	
WH	Water Heating	-0.000025	(R)
22	Irrigation Service Rate	-0.000350	(I)
24	General Service Rate	0.000586	(R)
25	Large Power Service Rate (excludes transmission)	0.000134	(R)
34	Cotton Gin Service Rate	0.000273	(R)
41	City and County Service Rate	0.004249	(I)
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	0.000273	(R)
47	Backup Power Service For Cogeneration And Small Power Production Facilities	0.000273	(R)

DOCKET NO.56572

APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL TO REVISE ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	§ § § §	PUBLIC UTILITY COMMISSION OF TEXAS

SECOND ERRATA TO THE DIRECT TESTIMONY OF

ANTONIO REYES

FOR

EL PASO ELECTRIC COMPANY

AUGUST 5, 2024

TABLE OF CONTENTS

EXHIBITS

I. Introduction and Qualifications

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Antonio Reyes. My business address is 100 N. Stanton Street, El Paso, Texas 79901.

Q2. HOW ARE YOU EMPLOYED?

A. I am employed by El Paso Electric Company ("EPE" or "Company") as a Senior Energy Efficiency Program Analyst.

Q3. PLEASE SUMMARIZE YOUR PROFESSIONAL AND EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. In 1998, I graduated from the Massachusetts Institute of Technology with a Bachelor of Science in Mechanical Engineering, and in 2018, I obtained a Graduate Certificate in Public Utility Regulatory Economics from New Mexico State University. From 1998 through 2008, I was employed by General Motors and Delphi Automotive as a Test Engineer in the Steering Division developing test procedures and testing equipment for validation of prototype and production steering components. From 2008 through 2009, I was employed by Delphi as an Engineering Group Manager in the Electronics Group where I managed the Electrical Analysis, Mechanical Analysis, and Appearance & Lighting Departments where I facilitated and led the deployment of new analysis, simulation, and measurement tools. From 2008 through 2013, I was employed by Solar Smart Living as the Energy Efficiency Business Line Manager where I supervised engineers and energy raters completing home energy audits and weatherization audits, developed the green building and energy efficiency product lines, and designed and implemented operations and maintenance plans for small EPE owned solar facilities. In 2011, I was also employed by El Paso Community College as the Instructor of the Basics of Green Design Course. In 2013, I was employed by EPE as a Project Manager in the Renewables and Emergent Technology Group where I managed utility scale solar, transportation electrification, and renewable operations and maintenance ("O&M") projects. In 2020, I transferred to the EPE Energy Efficiency Department as a Senior Program Coordinator overseeing various New Mexico commercial programs and supporting residential programs, research and

development ("R&D") and evaluation, measurement and verification ("EM&V") activities in both Texas (TX) and New Mexico (NM). Since 2009, I have been a LEED (Leadership in Energy and Environmental Design) Accredited Professional, received a Project Management Professional ("PMP") Certification in 2014 and held a North American Board of Certified Energy Practitioners ("NABCEP") solar installer certification from 2010 through 2019.

Q4. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.

A. As a Senior Program Analyst within Energy Efficiency, I oversee the Texas and New Mexico Residential Load Management Programs, support the oversight of the Texas and New Mexico Marketplace Programs, lead R&D activities in both Texas and New Mexico, oversee the New Mexico SCORE Plus Program and the New Mexico Commercial Comprehensive Program. I work with consultants and statewide evaluators in both Texas and New Mexico reviewing technical documents, evaluation methodologies, reports, and verification of deemed energy and demand savings, establishing incentive amounts, savings calculations, and program budgets to ensure cost effectiveness.

Q5. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE UTILITY REGULATORY BODIES?

A. No, I have not previously filed testimony but have assisted several witnesses at EPE in preparing testimony in the course of my job responsibilities within the Renewables Development and Energy Efficiency Departments.

II. Purpose of Testimony

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to:

- resent the results of EPE's 2023 energy efficiency program year;
- Present known adjustment to the 2024 energy efficiency programs;
- Provide the EPE 2024 Energy Efficiency Plan and Report ("EEPR");
- Describe EPE's proposed 2025 energy efficiency goals, programs, and budget;
- Explain EPE's 2023 performance bonus calculation;

- Describe EPE's bidding and engagement process for contracting with energy efficiency service providers ("EESPs") and administrators;
- Provide a list of the EESPs and contractors that participated in EPE's energy efficiency programs, including a list of those whose incentive payments exceeded 5% of the overall incentive payments in EPE's 2023 energy efficiency programs; and
- Provide a list of each energy efficiency program measure's estimated useful life ("EUL").

Q7. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes, I am sponsoring the following exhibits that have been prepared by me or under my direction:

- Exhibit AR-01E – EPE's 2024 Energy Efficiency Plan and Report – Second Errata
- Exhibit AR-02E – 2023 Cost-effectiveness Summary by Program
- Exhibit AR-03 – Comparison of 2023 Program Expenditures
- Exhibit AR-04 – Comparison of 2023 Incentive Expenditures
- Exhibit AR-05 – 2025 Total Budget and Program Expenses by Rate Class
- Exhibit AR-06E – 2023 Performance Bonus Calculation
- Exhibit AR-07 – (CONFIDENTIAL) – List of Energy Efficiency Service Providers
- Exhibit AR-08 – (CONFIDENTIAL) Cost Comparison $ per kW
- Exhibit AR-09 – 2023 Estimated Useful Life Table

Q8. IS EPE PRESENTING OTHER WITNESSES IN THIS PROCEEDING?

A. Yes, EPE witness Victor H. Silva presents and supports the calculation of EPE's Energy Efficiency Cost Recovery Factor ("EECRF") for 2025, based on the program costs and other information I discuss in my testimony.

III. 2023 Energy Efficiency Program Results

Q9. CAN YOU LIST THE 2023 ENERGY EFFICIENCY PROGRAMS THAT EPE OFFERED?

A. Yes. In 2023, EPE offered the following energy efficiency programs:

- Small Commercial Solutions Market Transformation Program ("MTP"),

- Large Commercial & Industrial ("C&I") Solutions MTP,
- Texas Schools and Cities Conserving Resources ("Texas SCORE") MTP,
- Commercial Load Management Standard Offer Program ("SOP"),
- Residential Solutions MTP,
- LivingWise® MTP,
- FutureWise Pilot MTP
- Texas Appliance Recycling MTP,
- Residential Marketplace MTP,
- Residential Load Management MTP ("RLMP"), and
- Hard-to-Reach Solutions MTP.

Q10. CAN YOU DESCRIBE EACH ENERGY EFFICIENCY PROGRAM?

A. Yes. A complete description of EPE's energy efficiency programs is provided in EPE's 2024 EEPR Second Errata, attached as Exhibit AR-01E.

Q11. WHAT WERE EPE'S ENERGY EFFICIENCY PROGRAM EXPENDITURES DURING THE 2023 PROGRAM YEAR?

A. In 2023, EPE accrued $4,806,725 in total program expenditures including EM&V expenses and EECRF proceeding expenses. Program expenditures alone were $4,694,253. A detailed breakdown of the amounts spent by program can be found in Table 10 of Exhibit AR-01E.

Q12. WHAT WAS EPE'S DEMAND REDUCTION GOAL FOR THE 2023 PROGRAM YEAR?

A. EPE's demand reduction goal for 2023 was 11.16 megawatts ("MW"), as described in the Executive Summary and explained in more detail in Section III of Exhibit AR-01E.

Q13. WHAT DEMAND REDUCTION DID EPE ACHIEVE THROUGH ITS 2023 ENERGY EFFICIENCY PROGRAMS?

A. As shown in Table 8 of Exhibit AR-01E, EPE achieved a total of 20,553 kilowatts ("kW") of demand reduction through its energy efficiency programs for 2023. This reduction represents 184 % of EPE's 2023 demand reduction goal.

Q14. DID EPE'S 2023 ENERGY EFFICIENCY PROGRAMS MEET THE COST-EFFECTIVENESS STANDARD OF 16 TAC §25.181?

A. Yes. All but one of EPE's programs met the cost-effectiveness standard of 16 TAC § 25.181(d). The one program that did not meet the cost-effectiveness standard was the FutureWise MTP program, which had a cost-effectiveness score of 0.73. However, EPE's overall portfolio of 2023 programs exceeded the cost-effectiveness standard of 1.0 with a Utility Cost Test ("UCT") of 3.48, as shown in Exhibit AR-02E.

Q15. WHAT STEPS IS EPE TAKING TO MAKE THE NEW FUTUREWISE MTP COST-EFFECTIVE IN THE FUTURE?

A. EPE expects the cost-effectiveness of the FutureWise MTP to increase, as this is the first year for a new program. EPE is exploring options, reviewing the measure mix, and considering merging the LivingWise MTP and the FutureWise MTP into a single offering, as EPE does in New Mexico with the Smart Students Program, to possibly decrease overhead costs and increase cost-effectiveness.

Q16. WHAT EFFECT DID THE REDUCED 2023 COMMERCIAL INCENTIVE EXPENDITURES HAVE ON EPE'S OVERAGE OF THE COMMERCIAL COST CAP?

A. EPE's efforts to control commercial incentive expenditures did reduce the overage of the commercial cost cap.

Q17. WHAT FACTORS IMPACT THE COMMERCIAL AND RESIDENTIAL COST CAPS?

A. The projected meter consumption (kWh), energy efficiency costs and performance bonus to be recovered, and the U.S. Bureau of Labor Statistics South Urban CPI affect the commercial and residential cost caps, presented by EPE witness Silva, Exhibit VHS-04E2.

Q18. DID SUPPLY CHAIN OR INFLATION RELATED ISSUES HAVE AN EFFECT ON EPE'S ENERGY EFFICIENCY PROGRAMS IN 2023?

A. Yes. The Commercial Load Management Program saw a decrease in performance brought on by supply chain issues. With one participant, Providence Memorial Hospital, unable to participate due to its inability to acquire replacement parts to repair a backup generator. The Residential Marketplace Program saw supply chain issues that limited the availability of air purifiers, window air conditioners, and various lighting products at different points in the program year.

Q19. WHAT UNANTICIPATED MARKET CONDITIONS AFFECTED EPE'S ABILITY TO EFFECTIVELY IMPLEMENT ANY OF ITS ENERGY EFFICIENCY PROGRAMS IN 2023?

A. The LivingWise® Program witnessed a reduction in the number of participating Teachers from 113 in 2021 to 65 in 2022. The unanticipated teacher attrition spurred by the pandemic resulted in reduced participation that has not yet fully recovered, with 6,707 kits distributed in 2023, up from the 4,737 distributed in 2022 but still short of the 8,937 distributed in 2021.

Q20. DID EPE CONTINUE TO LIMIT THE DEMAND RESPONSE PRE-ENROLLMENT "DRPE" OPTION TO CONTROL RLMP EXPENDITURES IN 2023?

A. Yes. EPE limited the DRPE option available through the Marketplace to January 1, 2023, through July 31, 2023. While turning off the DRPE option did not prevent a customer from enrolling a thermostat through the Bring Your Own Device "BYOD" channel, it did eliminate the additional $50 thermostat rebate expenditure through the RLMP.

Q21. DID EPE BELIEVE IT WAS NECESSARY TO CONTROL RLMP EXPENDITURES?

A. Yes. Due to the popularity of the program, EPE believed that the RLMP program would substantially exceed its budget. To avoid that, EPE believed it should continue to limit the DRPE option available through the Marketplace.

Q22. DID EPE'S DECISION TO LIMIT THE DRPE OPTION TO CONTROL RLMP EXPENDITURES IN 2023 HAVE OTHER IMPACTS ON THE RLMP?

A. Yes. EPE's limited duration of the DRPE option limits the number of enrollments and thereby limits the energy savings claimed for thermostats, which elect enrollment, through the RLMP. As such, EPE observed lower than anticipated energy savings claimed for thermostats in 2023.

Q23. DID EPE'S DECISION TO LIMIT THE DRPE OPTION IN THE RLMP HAVE IMPACTS ON OTHER PROGRAMS?

A. Yes. The limited duration of the DRPE option shifted the thermostat expenditures from the RLMP to the Marketplace. As such, the proportion of RLMP versus Marketplace savings and expenditures in 2023 can be attributed to a shift from RLMP to Marketplace driven purchases. However, the shift in thermostat expenditures did not result in an overage of the combined projected Marketplace and RLMP budgets.

Q24. ARE EPE'S PROGRAMS IMPLEMENTED IN ACCORDANCE WITH RECOMMENDATIONS MADE BY THE COMMISSION'S EM&V CONTRACTOR?

A. Yes. EPE's programs are implemented in accordance with the recommendations of the Commission's EM&V contractor.

Q25. HAVE YOU PROVIDED A RECONCILIATION OF THE PREVIOUS YEAR'S ENERGY EFFICIENCY COSTS?

A. Yes. Table 10 of Exhibit AR-01E presents the reconciliation based on 2023 budget and expenditures for each energy efficiency program, as well as the administrative, research and development ("R&D"), EM&V, and EECRF proceeding expenses.

Q26. WERE ALL THE COSTS SHOWN IN TABLE 10 OF EXHIBIT AR-01E INCURRED IN SUPPORT OF ENERGY EFFICIENCY PROGRAMS?

A. Yes, all the costs shown in Table 10 of Exhibit AR-01E were incurred for the purpose of reducing demand and energy growth. The energy efficiency program costs are presented in EPE's 2024 EEPR, Project No. 56003, which was originally filed on April 1, 2024, with

an errata filing made on April 30, 2024 and a second errata filed concurrently with this errata testimony.[1]

Q27. DO THE COSTS SHOWN IN TABLE 10 OF EXHIBIT AR-01E INCLUDE ANY COSTS THAT ARE NOT ALLOWED AS AN EXPENSE UNDER 16 TAC §25.231(B)(2)?

A. No.

Q28. HOW DO EPE'S ENERGY EFFICIENCY COSTS COMPARE TO WHAT OTHER TEXAS UTILITIES HAVE EXPERIENCED?

A. While each utility faces different circumstances, EPE's 2023 energy efficiency costs are comparable to other electric investor-owned utilities ("IOU") in Texas. Exhibit AR-03 compares the program expenditures for demand or kW savings ("$/kW") and energy or kilowatt-hour ("kWh") savings ("$/kWh") for Texas IOUs as originally reported in their 2024 EEPRs. In addition, Exhibit AR-04 compares the incentive expenditures for demand and energy savings for Texas IOUs. In 2023, EPE's program and incentive expenditures on a $/kW and $/kWh basis were less than or equal to the average program and incentive expenditures for Texas IOUs on a $/kW and $/kWh basis.

IV. Implementers' Incentives

Q29. WHAT ARE IMPLEMENTER INCENTIVES SHOWN IN EXHIBIT AR-01E, TABLE 9 FOR PROGRAM YEAR 2023?

A. Implementer Incentives as shown in Exhibit AR-01E, Table 9 for 2023 are "Incentive Payments" made to a third-party contractor to implement and/or attract customers to the energy efficiency program listed, as defined under 16 TAC 25.181 (c)(29).

Q30. PLEASE DESCRIBE THE INCENTIVE PAYMENTS MADE BY EPE?

[1] *2024 Energy Efficiency Plans and Reports Under 16 TAC 25.181*; Project No. 56003, El Paso Electric Company 2024 Energy Efficiency Plan and Report (April 1, 2024); *2024 Energy Efficiency Plans and Reports Under 16 TAC 25.181*, Project No. 56003, Errata to El Paso Electric Company 2024 Energy Efficiency Plan and Report (April 30, 2024) and Second Errata to El Paso Electric Company 2024 Energy Efficiency Plan and Report (being filed concurrently with this testimony).

A. As shown in Exhibit AR-01E, Table 9 Program Incentive Expenditures for 2023, EPE made Incentive Payments of $2,682,450 in Customer Incentives (end-use customers and energy efficiency service providers) and $1,888,049 in Implementer Incentives made to third-party contractors to implement energy efficiency programs.

V. 2024 Energy Efficiency Program Known Adjustments

Q31. DO EPE'S CURRENT PROJECTED COSTS FOR PROGRAM YEAR 2024 DIFFER FROM WHAT WAS FILED IN DOCKET NO. 54950 EXHIBIT CAE-01?

A. Yes. Docket No. 54950 showed projected costs separately for the Large C&I Solutions MTP and the Texas SCORE MTP. These two programs have been combined into one program, the Large Commercial Plus Solutions MTP, and current projected costs are shown as the sum of the two program budgets previously filed in Docket No. 54950. Additionally, the Texas Appliance Recycling MTP filed in Docket No. 54950 has been discontinued for program year 2024, and the budgeted amount of $255,000 has been subtracted from the current projected costs. Current projected EM&V costs are $214 higher than what was filed in Docket No. 54950. These two differences in current projected costs result in a reduction of $254,786 compared to the total budget filed in Docket No. 54950 with the understanding that EPE's estimated incentives, research and development, and administrative costs will be subject to reconciliation in EPE' s 2025 EECRF proceeding.

Q32. DO EPE'S CURRENT PROJECTED SAVINGS FOR PROGRAM YEAR 2024 DIFFER FROM WHAT WAS FILED IN DOCKET NO. 54950 EXHIBIT CAE-01?

A. Yes. The Texas Appliance Recycling MTP filed in Docket No. 54950 has been discontinued for program year 2024 and as a result current projected demand savings have been reduced by 195 kW and projected energy savings have been reduced by 1,579,200 kWh as noted in Exhibit AR-01E, Section I.E. in this Docket.

VI. EPE's 2025 Energy Efficiency Goal

Q33. HOW ARE EPE'S ENERGY EFFICIENCY GOALS ESTABLISHED?

A. EPE's energy efficiency goals are established in compliance with the Commission's requirements found in 16 TAC § 25.181(e), which requires that an electric utility administer a portfolio of energy efficiency programs to achieve a 30% reduction of its summer weather-adjusted peak demand for the combined residential and commercial customers at the meter. This goal is limited by a trigger based on 0.4% of the utility's summer weather-adjusted peak demand for the combined residential and commercial customers at the meter. Once a utility's portfolio produces demand reductions equivalent to the trigger, the annual goal is established at that level. With limited exceptions, the demand reduction goal in any year shall not be lower than its goal established for the prior year.

Q34. WHAT IS EPE'S REQUESTED DEMAND REDUCTION GOAL FOR 2025?

A. EPE's requested demand reduction goal for 2025 is 11.16 MW.

Q35. HAS EPE REACHED THE 0.4% TRIGGER AS PROVIDED FOR IN 16 TAC § 25.181(E)(1)(B)?

A. Yes. Since 2013, EPE's demand reduction goal has been greater than the 0.4% trigger. EPE's proposed 2025 demand reduction goal of 11.16 MW exceeds the trigger as well. As shown in Table 1 of Exhibit AR-01E, the 2024 trigger is equal to 5.63 MW.

Q36. HAS EPE RECEIVED ANY NOTIFICATIONS FROM INDUSTRIAL CUSTOMERS UNDER 16 TAC § 25.181(U) THAT THEY ARE AN INDUSTRIAL CUSTOMER TAKING SERVICE AT DISTRIBUTION LEVEL AND WISH TO BE EXCLUDED FROM EPE'S ENERGY EFFICIENCY PROGRAMS?

A. No.

Q37. WHAT IS THE IMPACT OF SUCH NOTIFICATIONS ON EPE'S DEMAND REDUCTION GOAL?

A. EPE did not receive any notifications for industrial opt outs for 2024 or 2025, as such there are no impacts.

VII. 2025 Energy Efficiency Programs and Projected Expenses per EPE'S Proposal

Q38. CAN YOU LIST THE ENERGY EFFICIENCY PROGRAMS THAT EPE EXPECTS TO OFFER DURING THE 2025 PROGRAM YEAR?

A. Yes. In 2025, EPE plans to offer the following programs:

- Small Commercial Solutions MTP
- Large Commercial Plus Solutions MTP
- Commercial Load Management SOP
- Residential Solutions MTP
- LivingWise® MTP
- FutureWise Pilot MTP
- Residential Marketplace MTP
- Residential Load Management MTP
- Hard-to-Reach Solutions MTP

Q39. ARE THERE ANY SIGNIFICANT CHANGES IN EPE'S ENERGY EFFICIENCY PROGRAM PORTFOLIO FROM 2024 TO 2025?

A. Yes. EPE is proposing a budget increase for Research and Development from $25,000 in 2024 to $50,000 in 2025.

Q40. IS EPE ANTICIPATING ANY R&D ACTIVITIES FOR 2025?

A. Yes. EPE anticipates needing R&D to conduct an in-depth review of potential measures to determine which measures produce cost-effective savings opportunities, such as window air conditioner demand response, advanced framing, community heat pumps, insulated concrete forms, mobile home re-orientation, behavioral messaging, and low-income opportunities, such as solar and storage.

Q41. WHAT IS THE PROPOSED 2025 ENERGY EFFICIENCY PROGRAM BUDGET?

A. The proposed 2025 program budget, excluding EM&V and EECRF proceeding expenses, is $5,161,212. Exhibit AR-01E, Table 6, shows the forecasted energy efficiency program

budget including incentive payments along with administrative, R&D, EM&V, and EECRF proceeding expenses for a total of $5,328,698.

Q42. CAN YOU PROVIDE THE PROJECTED DEMAND AND ENERGY SAVINGS FOR EACH 2025 PROGRAM?

A. Yes. The projected demand and energy savings for each 2025 energy efficiency program are shown in Table 5 of Exhibit AR-01E.

Q43. DOES EPE OFFER PROGRAMS FOR ALL ELIGIBLE CUSTOMER CLASSES?

A. Yes. EPE offers programs for all eligible customer classes.

Q44. HOW WERE THE 2025 ENERGY EFFICIENCY PROGRAM COSTS AND ADMINISTRATIVE COSTS ALLOCATED TO EACH RATE CLASS?

A. The proposed 2025 incentive costs were allocated by program to each rate class based on EPE's actual 2023 energy efficiency incentive costs. The 2025 proposed administrative costs not directly assigned to specific programs were first allocated among each program in proportion to the budgeted 2025 program incentive costs and then the same methodology described above was used to allocate these expenses to each rate class within the programs. The administrative costs that were directly assigned to a specific program were distributed across rate classes based on the allocation of costs applicable to that program. Please see Exhibit AR-05 for these proposed 2025 rate class allocations.

Q45. HOW WERE THE 2025 R&D COSTS DIRECTLY ASSIGNED TO EACH RATE CLASS?

A. The same methodology described in the previous question was used to allocate the proposed 2025 R&D costs to each rate class within the programs.

Q46. IS THIS THE SAME APPROACH THAT EPE HAS UTILIZED IN ITS PREVIOUS ENERGY EFFICIENCY PROGRAM FILINGS?

A. Yes, this is the same approach that EPE utilized in its previous energy efficiency program filings.

Q47. DOES THIS APPROACH REDUCE THE OVER- OR UNDER-RECOVERY OF PROGRAM COSTS BY RATE CLASSES?

A. Yes, this approach should reduce the over- or under-recovery of program costs by rate classes in future EECRF filings. The methodology aligns the program budgets and projected costs that are used to set the EECRF rate with actual occurrences in prior program years. A combination of historical participation rates and other known factors concerning types of customers is a good indicator of how rate classes will participate in energy efficiency programs going forward.

Q48. IS THE PROPOSED PROGRAM BUDGET REASONABLE?

A. Yes. EPE is proposing a budget of $5,161,212, excluding EM&V and EECRF proceeding expenses. With exceptions to the budget for adjustments resulting from the discontinuation of the Texas Appliance Recycling Program, a small increase for EM&V costs and an increase in the R&D budget, the budget consists of the same program costs approved for EPE's 2024 programs.

Q49. ARE EPE'S PROPOSED INCENTIVE COSTS REASONABLE?

A. Yes, the Company's proposed incentive costs are reasonable. As stated earlier, Exhibit AR-04 shows a comparison of the 2023 incentive expenditures per kW and kWh for each Texas IOU as originally reported in the utilities' 2024 EEPRs. This comparison shows that EPE's incentive expenditures are comparable to other Texas IOUs on a per kW and per kWh basis for 2023.

Q50. WHAT ARE THE COMPANY'S PROJECTED ADMINISTRATIVE COSTS FOR 2025?

A. The projected administrative costs for 2025 are $305,279 as shown in Exhibit AR-01E, Table 6. Besides program administration, these administrative costs include R&D, EM&V, and EECRF proceeding expenses.

Q51. WHAT ARE THE PROJECTED EXPENSES FOR R&D AND EECRF PROCEEDING COSTS FOR 2025?

A. The projected expenses for R&D are $50,000. EPE's projected EECRF proceeding costs are $100,000.

Q52. WHAT ARE THE COMPANY'S 2025 PROJECTED EM&V EXPENSES?

A. The 2025 projected recoverable EM&V expenses for the PUCT's EM&V contractor, pursuant to 16 TAC § 25.181(o)(10), are $67,486, as shown in Exhibit AR-01E, Table 6.

Q53. ARE THE PROPOSED 2025 ADMINISTRATIVE EXPENSES, INCLUDING R&D, REASONABLE?

A. Yes, the Company's proposed administrative expenses, including R&D, are reasonable. Pursuant to 16 TAC § 25.181(g), a utility's cost of administering its energy efficiency programs shall not exceed 15% of the utility's total program costs, and the cost of R&D shall not exceed 10% of the utility's total program costs for the previous program year. The cumulative cost of administration and R&D shall not exceed 20% of a utility's total program costs unless a good cause exception is filed. EPE's total proposed program costs for 2025 are $5,328,698 which includes administrative, R&D, EM&V, and EECRF proceeding expenses and are shown in Exhibit AR-01E, Table 6. The Company's projected administrative, R&D, EM&V, and EECRF proceeding costs of $305,279 represent approximately 5.73% of its projected total program costs and, when taken individually, the administrative and R&D costs are well below the thresholds stated above. As such, EPE's proposed 2025 administrative costs are well within the PUCT's limits and are reasonable.

Q54. DOES THIS AMOUNT INCLUDE COSTS FOR THE DISSEMINATION OF INFORMATION AND OUTREACH?

A. Yes.

Q55. ARE THERE ANY EXISTING MARKET CONDITIONS THAT AFFECT EPE'S ABILITY TO IMPLEMENT ONE OR MORE OF ITS PROPOSED ENERGY EFFICIENCY PROGRAMS?

A. Yes. Supply chain delays, inflationary costs, adoption of new federal codes and standards may have an unknown effect on EESPs to obtain materials to complete energy efficiency upgrades.

Q56. HAVE ANY CIRCUMSTANCES IN EPE'S SERVICE AREA CHANGED SINCE THE PUCT APPROVED EPE'S BUDGET FOR THE IMPLEMENTATION YEAR THAT MAY AFFECT EPE'S ABILITY TO IMPLEMENT ANY OF ITS ENERGY EFFICIENCY PROGRAMS?

A. No. However, ongoing supply chain issues, rising costs of consumer goods due to inflation, and other market conditions, such as labor shortages, may have a continued effect on EPE's ability to implement its energy efficiency programs.

Q57. ARE THERE ANY OTHER CIRCUMSTANCES THAT MAY AFFECT EPE'S ABILITY TO ACHIEVE ITS PROPOSED 2025 GOALS?

A. Yes. The continued projected high federal interest rates, rate of inflation and the effect on costs of various construction materials and the labor needed to install may have an impact on EPE's ability to achieve its energy efficiency goals.

Q58. DOES THE NUMBER OF ENERGY EFFICIENCY SERVICE PROVIDERS OPERATING IN EPE'S SERVICE TERRITORY AFFECT EPE'S ABILITY TO IMPLEMENT ANY OF ITS ENERGY EFFICIENCY PROGRAMS?

A. No. EPE anticipates that the local contractors will continue to participate in EPE's 2025 programs. EPE observed an increase in the number of EESPs in each of the Small Commercial, Residential and Hard-to-Reach Solutions MTPs, which are primarily contractor based from PY2022 to PY2023[2].

Q59. WHAT BARRIERS ARE THE ENERGY EFFICIENCY SERVICE PROVIDERS, OPERATING IN EPE'S SERVICE TERRITORY, ENCOUNTERING IN THEIR ABILITY TO PARTICIPATE IN EPE'S ENERGY EFFICIENCY PROGRAMS?

[2] Compare Exhibit CAE-07 from Docket No. 54950, *Application of El Paso Electric Company to Revise Its Energy Efficiency Cost Recovery Factor and Establish a Revised Cost Cap*, to Exhibit AR-07 attached to this testimony.

A. Local contractors have expressed internal staffing shortages and turnover, which result in repetitive training on the documentation requirements and added administrative burden. Implementers have expressed a lack of continuity, with program participant staffing turnover leading to a breakdown in communication channels and delays in documentation acquisition, pre and post inspections, and repetitive training of program participants resulting in increased costs, and reduced profits.

Q60. WHAT INTERVENTION STRATEGIES HAS EPE IMPLEMENTED TO OVERCOME BARRIERS?

A. Energy Efficiency Program Managers work closely with EPE Commercial Services, Government Affairs, and Public Relations Departments to facilitate communication channels with stakeholders and to promote available energy efficiency opportunities. EPE and Implementers hold annual kickoff meetings and meet periodically throughout the year with participants, while building relationships with local associations such as the Chamber of Commerce and El Paso Apartment Association to facilitate participation in energy efficiency programs. EPE has started offering a Self-Sponsor or Rebate option to customers to shift the administrative burden from local contractors to customers willing to complete the administrative documentation necessary to receive monetary incentives for the selection and installation of high efficient equipment. In 2023, a Trade Ally Event was held which allowed OEMs and distributors the opportunity to showcase and present on the benefits of their high efficiency products. Program implementers also provide training on project submission and required documentation to expedite incentive payment processing. Implementers are also providing more visual aids and simplifying guidelines to assist with project submission processes.

Q61. DOES PAST CUSTOMER PARTICIPATION IN EPE'S ENERGY EFFICIENCY PROGRAMS AFFECT ANTICIPATED CUSTOMER PARTICIPATION IN THE PROPOSED ENERGY EFFICIENCY PROGRAMS?

A. No, past participation is not an indicator of future participation.

VIII. EPE's 2023 Performance Bonus

Q62. IS EPE REQUESTING A PERFORMANCE BONUS FOR 2023?

A. Yes.

Q63. CAN YOU DESCRIBE THE CALCULATION OF EPE'S ENERGY EFFICIENCY PERFORMANCE BONUS OF $1,731,256 FOR THE 2023 PROGRAM YEAR?

A. Yes. In 2023, EPE's energy efficiency programs achieved a 20,553 kW reduction in demand. EPE's demand reduction goal for 2023 was 11,160 kW. EPE's achievement represents 184% of its goal, qualifying it for a performance bonus. 16 TAC § 25.182(e)(3) states that "a utility that exceeds 100% of its demand and energy reduction goals shall receive a bonus equal to 1% of the net benefits for every 2% that the demand reduction goal has been exceeded with a maximum of 10% of the utility's total net benefits." The performance bonus calculation is as follows:

(((Achieved Demand Reduction/Demand Goal – 100%)/2) * Net Benefits)

Because this calculation results in a performance bonus of $7,285,410, which exceeds the maximum of 10% of EPE's total net benefits of $17,312,562, EPE's performance bonus is capped at $1,731,256 as shown in Exhibit AR-06E.

Q64. WAS THE PERFORMANCE BONUS REDUCED AND ALLOCATED TO EACH CLASS?

A. Yes. As ordered in Docket No. 48332, EPE calculated a bonus reduction to account for the increase in the commercial customer cap. EPE applied the same bonus reduction methodology to account for the increase in the residential customer cap. This resulted in a reduction in the performance bonus from $1,731,256 to $1,555,954, as addressed by EPE witness Silva and shown in Exhibit VHS-05E2. 16 TAC § 25.182(e)(6) provides that any performance bonus be allocated in proportion to the program costs associated with meeting the demand and energy goals and allocated to eligible customers on a rate class basis. This allocation is addressed by EPE witness Silva and shown in Exhibit VHS-01E2.

IX. EPE's Bidding and Engagement Process

Q65. CAN YOU DESCRIBE THE BIDDING PROCESS BY WHICH EPE SELECTED THE PROGRAM ADMINISTRATORS AND IMPLEMENTERS FOR EACH OF ITS EXISTING AND PROPOSED ENERGY EFFICIENCY PROGRAMS?

A. Yes. EPE has used a request for proposals ("RFP") process to select its program administrators for its energy efficiency programs. In general, this process involves issuing an RFP and distributing it to potential administrators and implementers, reviewing the proposals based on predetermined criteria, and selecting an administrator based on the merits of its proposal. This same general process was used to select the current program administrators.

In 2009, EPE initiated an RFP for the implementation of the Texas SCORE MTP. The RFP was distributed to the members of the Association of Energy Service Professionals as well as to other entities that expressed an interest in participating in EPE's programs. The proposals were scored on a scale of one to ten in four evaluation criteria categories - Innovative Approach, Bidder Qualifications and Experience, Quality and Completeness of Proposal, and Price. EPE selected CLEAResult to administer this program.

The administrator of EPE's LivingWise® educational program, AM Conservation (formerly Resource Action Programs), was selected through a solicited proposal. AM Conservation administers its proprietary LivingWise® program nationally and had previously administered this program in EPE's New Mexico service territory. Based on the success of the New Mexico program, EPE selected AM Conservation to administer this educational program in EPE's Texas service territory.

In 2011, EPE initiated RFPs for the Small Commercial Solutions MTP, the Large C&I Solutions MTP, the Residential Solutions MTP, and the Hard-to-Reach Solutions MTP. As was the case with the Texas SCORE MTP, the RFPs were distributed, and two companies responded with proposals. The proposals were scored on a scale of one to ten in the four evaluation criteria categories mentioned above. EPE selected CLEAResult to administer these programs.

EPE's Commercial Load Management SOP is internally implemented, therefore no RFP was required.

EPE solicited a sole source procurement from ARCA Recycling, Inc., ("ARCA"), for the Texas Appliance Recycling MTP in 2017 as they were the only vendor capable of providing a utility scale recycling program in the region. EPE's Texas Appliance Recycling MTP was similar in nature to the Appliance Recycling Program that EPE administered previously and that was discontinued in 2015. EPE's Texas Appliance Recycling MTP has been discontinued since August 2023 as ARCA is no longer in business.

In 2019, through a public RFP open to third-party vendors, EPE selected Simple Energy, Inc. as the new program administrator, for its Marketplace Program. EPE received three proposals. EPE took into consideration the proposed program design, the bidders' technical and functional capabilities, overall project cost, and ability to meet EPE's proposed project schedule Completeness.

In 2019, through a public RFP open to third-party vendors, EPE selected Uplight, Inc. as the new administrator for its Residential Load Management MTP, formerly known as the DRPP, to launch in 2020. EPE received six proposals. EPE took into consideration the proposed program design, the bidders' technical and functional capabilities, overall project cost, program scalability, and ability to meet EPE's proposed project schedule.

AM Conservation, as the implementer for its proprietary LivingWise® education program, was selected to expand EPE's educational program to high school students with the proprietary FutureWise program. As such, EPE solicited a sole source procurement from AM Conservation in 2022.

Q66. CAN YOU EXPLAIN THE ENGAGEMENT PROCESS WITH EESPS AND CONTRACTORS WHO ARE PAID WITH FUNDS COLLECTED THROUGH THE EECRF?

A. Yes. The EESPs, based on the definition found in 16 TAC § 25.181(c)(17) as "a person or other entity that installs energy efficiency measures," are recruited in different manners depending upon the associated program, as explained below:

- The Large C&I Solutions MTP and Texas SCORE MTP are primarily customer-driven programs. These two programs were combined into the Large Commercial Plus Solutions MTP for the 2024 and 2025 program years. CLEAResult and EPE personnel work through various venues, such as direct contact and the use of EPE's website, to

inform eligible customers of EPE's Large Commercial Plus Solutions MTP .

- The Small Commercial Solutions, Residential Solutions and Hard-to-Reach Solutions MTPs are primarily contractor driven. CLEAResult and EPE personnel provide outreach and training throughout the year to participating contractors and EESPs. EPE's website also contains information on how to participate in these programs and provides direct contact information for potential EESPs, contractors and interested customers.
- LivingWise, implemented by AM Conservation, identifies and enrolls sixth grade teachers and students into the program, providing them with a LivingWise® kit that contains energy savings devices and materials educating on ways to use energy more efficiently.
- FutureWise, implemented by AM Conservation, identifies and enrolls high school teachers and students into the program, providing them with a FutureWise kit, that contains educational materials on career development in the green energy sector, how to pay and read utility bills, energy conservation behaviors, as well as energy saving devices.
- EPE's Marketplace Program, implemented by Simple Energy Inc., provides an online marketplace where residential customers can receive an instant rebate for the purchase of energy efficient products. Residential customers are informed of products and promotions through social media, direct email marketing, and the monthly El Paso Electric Customer Newsletter.
- The Residential Load Management MTP, implemented by Uplight Inc., targets residential customers for reductions in central refrigerated air conditioning load through Wi-fi enabled smart thermostats during load management events. Customers receive an incentive for enrolling an existing qualifying internet enabled smart thermostat, for the purchase and enrollment of a new qualifying device, or for continued participation in the program. The program is promoted through social media, direct email marketing, and the monthly El Paso Electric Customer Newsletter.
- EPE's internally implemented Commercial Load Management SOP, identifies commercial customers, who are not deemed critical load without back up generation, who take service at the distribution level equipped with an EPE interval demand meter

and are capable of curtailing a minimum of 100 kW. Customers are engaged directly by EPE employees. Applications are considered on a first-come, first-served basis, and reviewed for eligibility.

X. Incentive Payments and Energy Efficiency Service Providers and Administrators

Q67. HAVE YOU PROVIDED A LIST OF INCENTIVE PAYMENTS BY PROGRAM, INCLUDING A LIST OF EACH ENERGY EFFICIENCY ADMINISTRATOR AND EESP RECEIVING MORE THAN 5% OF THE UTILITY'S OVERALL INCENTIVE PAYMENTS AND THE PERCENTAGE OF THE UTILITY'S INCENTIVES RECEIVED BY THOSE PROVIDERS?

A. Yes, I have. CONFIDENTIAL Exhibit AR-07 provides that information.

XI. Estimated Useful Life

Q68. WHAT IS THE DEFINITION OF ESTIMATED USEFUL LIFE?

A. 16 TAC § 25.181(c)(19) states that the definition of Estimated Useful Life ("EUL") is "[t]he number of years until 50% of installed measures are still operable and providing savings, and is used interchangeably with the term "measure life." The EUL determines the period of time over which the benefits of the energy efficiency measure are expected to accrue."

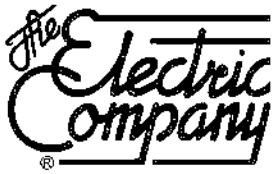
Q69. HAVE YOU PROVIDED AN ESTIMATED USEFUL LIFE TABLE AND LINK FOR EPE'S PROGRAM MANUALS?

A. Yes. The 2023 EUL Table used by EPE is provided in Exhibit AR-09 and the link for EPE's Energy Efficiency programs with manuals can be found at www.epelectric.com/tx/business/program-manuals-and-guidelines.

XII. Conclusion

Q70. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.



El Paso Electric

P.O. Box 982
El Paso, Texas
79960-0982
(915) 543-4378

August 5, 2024

Commission Filing Clerk
Public Utility Commission of Texas
1701 N. Congress Ave
P.O. Box 13326
Austin, TX 78711

Re: Project No. 56003 – El Paso Electric Company 2024 Energy Efficiency Plan and Report Pursuant to 16 TAC § 25.181 and 25.183
Second Errata

To Whom It May Concern:

On April 1, 2024, El Paso Electric Company ("EPE") filed its 2024 Energy Efficiency Plan and Report ("EEPR"). On April 30, 2024, EPE filed its first errata to the report. It has been brought to EPE's attention that the amount EPE included for municipal rate case expenses for last year's proceeding was in error. Therefore, EPE is hereby filing a second errata to this report that corrects the error.

This change is also reflected in the text of the document as applicable. At the end of this EEPR Second Errata are the redlined pages indicating the specific changes made to the EEPR filed April 1, 2024.

If there are any questions regarding this filing, please contact me at 915-543-4378.

Sincerely,

MPedroza

Michelle Pedroza
Regulatory Case Management

El Paso Electric Company

2024 Energy Efficiency Plan and Report

16 Texas Administrative Codes § 25.181

and § 25.183

August 5, 2024 – Second Errata

Project No. 56003

El Paso Electric

TABLE OF CONTENTS

INTRODUCTION

El Paso Electric Company (EPE) presents this Energy Efficiency Plan and Report (EEPR) to comply with 16 Tex. Admin. Code (TAC) § 25.181 and § 25.183, which are sections of the Energy Efficiency Rule (EE Rule) implementing the Public Utility Regulatory Act (PURA) § 39.905. As mandated by this section of PURA, 16 TAC § 25.181(e)(1) states that each investor-owned electric utility must achieve the following minimum demand reduction goals through market-based Standard Offer Programs (SOPs), targeted Market Transformation Programs (MTPs), or utility self-delivered programs:

> § 25.181(e)(1) An electric utility shall administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:
>
> (A) Beginning with the 2013 program year, until the trigger described in subparagraph (B) of this paragraph is reached, the utility shall acquire a 30% reduction of its annual growth in demand of residential and commercial customers.
>
> (B) If the demand reduction goal to be acquired by a utility under subparagraph (A) of this paragraph is equivalent to at least four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year, the utility shall meet the energy efficiency goal described in subparagraph (C) of this paragraph for each subsequent program year.
>
> (C) Once the trigger described in subparagraph (B) of this paragraph is reached, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.
>
> (D) Except as adjusted in accordance with subsection (u) of this section, a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility under paragraph (2) of this subsection.

The EE Rule includes specific requirements related to the implementation of SOPs, MTPs, and utility self-delivered programs that control the manner that utilities must administer their portfolio of energy efficiency programs in order to achieve their mandated annual demand reduction goals. EPE's plan is intended to enable it to meet its statutory goals through implementation of energy efficiency programs in a manner that complies with PURA § 39.905 and the EE Rule. This EEPR reports EPE's achievements for 2023 and its projections for 2024 and 2025 as required by the EE Rule. The following section describes the information that is contained in each of the subsequent sections and appendix.

ENERGY EFFICIENCY PLAN AND REPORT ORGANIZATION

This EEPR consists of the following information:

Executive Summary

- The Executive Summary highlights EPE's reported achievements for 2023 and EPE's plans for achieving its 2024 and 2025 projected energy efficiency savings.

Energy Efficiency Plan

- Section I describes EPE's program portfolio. It details how each program will be implemented, discusses related informational and outreach activities, and provides an explanation of any new or discontinued program(s).

- Section II explains EPE's targeted customer classes, specifying the size of each class and the method for determining those class sizes.

- Section III presents EPE's goal calculation and projected energy efficiency savings for the prescribed planning period by program for each customer class.

- Section IV describes EPE's proposed energy efficiency budgets for 2024 and 2025 by program for each customer class.

Energy Efficiency Report

- Section V documents EPE's demand reduction goals for each of the previous five years (2019-2023) and the actual savings achieved for those years.

- Section VI compares EPE's projected energy and demand savings to its reported savings by program for calendar years 2022 and 2023.

- Section VII details EPE's incentive and administration expenditures for the previous five years (2019-2023) detailed by program for each customer class.

- Section VIII compares EPE's actual and budgeted program costs for 2023 detailed by program for each customer class. It also provides an explanation of EPE's administrative costs and any expenditure deviation of more than 10% from the anticipated program budget.

- Section IX describes the results from EPE's MTPs.

- Section X documents EPE's most recent Energy Efficiency Cost Recovery Factor (EECRF).

- Section XI reflects EPE's revenue collection through the 2023 EECRF.

- Section XII details the over/under recovery of EPE's energy efficiency program costs for 2023.

- Section XIII reports the number of customers served and the savings relative to the three counties served by EPE in Texas.

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

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

EXECUTIVE SUMMARY

The Energy Efficiency Plan portion of this EEPR details EPE's plan to meet the energy efficiency demand reduction goal for 2024, as established pursuant to 16 TAC § 25.181(e)(3). The Final Order of Docket No. 54950[1] issued on December 1, 2023, established the EECRF rates applicable to EPE for 2024. The order left in place the same demand reduction goal of 11.16 MW, which is what it has been since 2011 and is greater than four-tenths of one percent of EPE's average weather-adjusted peak demand at meter. Since EPE has reached a demand reduction goal of greater than four-tenths of one percent of its summer weather-adjusted peak demand in accordance with 16 TAC § 25.181(e)(1)(C), EPE's 2025 demand reduction goal should remain at 11.16 MW.

The Final Order of Docket No. 54950 also established an energy efficiency program budget for 2024 of $5,337,006.[2] The goals, budgets, and implementation plans that are included in this EEPR are influenced substantially by the requirements of the EE Rule and lessons learned regarding energy efficiency service providers and customer participation in the various energy efficiency programs. A summary of projected goals, savings and budgets is presented in Table 1.

Table 1: Summary of 2024 & 2025 Projected Goals, Savings and Budgets[3]

Calendar Year	Average Growth in Demand (MW at Meter)	Goal Metric: 30% of 5-year Average Growth in Demand (MW at Meter)	Goal Metric: .4% of 5-year Average Peak Demand (MW at Meter)*	Demand Goal (MW)	Energy Goal (MWh)**	Projected MW Savings (at Meter)	Projected MWh Savings (at Meter)	Proposed Budget (000's)***
2024	24.2	7.26	5.63	11.16	19,552	26.984	24,363	$5,288
2025	44.3	13.29	5.81	11.16	19,552	26.984	24,363	$5,329

* The 2025 Demand Goal of 0.4% of peak demand (5.81 MW) is calculated according to 16 TAC § 25.181(e)(3)(B) and is based on a 7.58% system demand line loss factor approved in Docket No. 54142; (1,571 MW Average Peak Demand at Source Net Opt-Outs x 0.004) x (1-0.0758 system demand line loss factor). However, under the EE Rule, a utility's demand reduction goal shall not be less than the prior year's goal, thus, the 2025 goal is 11.16 MW.

** Calculated using a 20% conservation load factor.

*** Proposed budget includes the overall program budget, EM&V expenses, and EECRF proceeding expenses.

In 2023, EPE achieved a demand reduction of 20,553 kW, which was 184% of the 11,160 kW demand reduction goal. This was accomplished through the implementation of one SOP and several MTPs. To reach the projected savings for 2024 and 2025, EPE proposes to offer the following programs:

- **Standard Offer Program**
  - Commercial Load Management SOP
- **Market Transformation Programs**
  - Small Commercial Solutions MTP
  - Large Commercial Plus Solutions MTP
  - Residential Solutions MTP

[1] *Application of El Paso Electric Company to Adjust Its Energy Efficiency Cost Recovery Factor and Establish Revised Cost Cap*, Docket No. 54950, Order (Dec. 1, 2023).

[2] *Id.* at Ordering Paragraph No. 2.

[3] Average Growth in Demand and Weather Adjusted Peak Demand are found in Table 4, Projected Demand and Energy Savings are found in Table 5, and Proposed Budgets are found in Table 6.

- LivingWise® MTP
- FutureWise Pilot MTP
- Residential Marketplace MTP
- Residential Load Management MTP
- Hard-to-Reach Solutions MTP

MTPs are implemented by third-party implementers that design, market, and execute the programs. Depending on the program, the implementer may inspect and validate proposed projects, perform quality assurance and quality control, and verify savings.

EPE contracts with CLEAResult Consulting, Inc. (CLEAResult) to implement EPE's four "Solutions" MTPs.

EPE contracts with AM Conservation Group (previously Franklin Energy Services) to implement EPE's LivingWise® MTP and FutureWise Pilot MTP.

EPE contracts with Uplight, Inc. (Uplight) to implement the Residential Load Management MTP.

EPE contracts with Simple Energy to implement the Residential Marketplace MTP.

Note – Totals in tables may not tie due to rounding.

ENERGY EFFICIENCY PLAN

I. 2024 PROGRAMS

A. 2024 Program Portfolio

EPE plans to continue the implementation of one SOP and eight MTPs in 2024. These programs have been structured to comply with the rules of the Public Utility Commission of Texas (PUCT) governing program design and evaluation. These programs target both broad market segments and specific market segments that offer significant opportunities for cost-effective savings. EPE anticipates that targeted outreach to a broad range of service providers and customers will be necessary to meet the demand reduction goals established by the PUCT. Table 2 below summarizes the programs and target markets:

Table 2: 2024 Energy Efficiency Program Portfolios

Program	Target Market	Application
Small Commercial Solutions MTP	Small Commercial (<100kW)	Retrofit; New Construction
Large Commercial Plus Solutions MTP	Large Commercial and Industrial (≥100kW) City, County Governments and Schools	Retrofit; New Construction
Commercial Load Management SOP	Commercial, Government and Schools	Load Management
Residential Solutions MTP	Residential	Retrofit; New Construction
LivingWise® MTP	Residential	Educational; Retrofit
FutureWise Pilot MTP	Residential	Educational; Retrofit
Residential Marketplace MTP	Residential	Rebate
Residential Load Management MTP	Residential	Load Management
Hard-to-Reach Solutions MTP	Residential Hard-to-Reach	Retrofit; New Construction

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

B. Existing Programs

Small Commercial Solutions MTP

The Small Commercial Solutions Program offers incentives to commercial customers with an annual peak demand of less than 100 kW at one facility or a total annual peak demand of less than 250 kW at multiple facilities operated by the same customer. The program pays a cash incentive to customers of up to $400 per kW reduced, generally through participating contractors, for eligible measures that are installed in new or retrofit applications. Additionally, the program pays a $500 cash incentive per unit for the installation of eligible high-efficient evaporative air conditioning units. This program also provides non-cash incentives that include technical assistance, education, and marketing materials. The program helps small business owners and contractors improve their ability to identify and evaluate energy efficiency improvements. The Small Commercial Solutions Program conducts community outreach activities and provides for collaboration with contractors, business owners, and other building professionals to promote energy efficiency awareness. EPE plans to continue this program in 2024 and 2025.

Large Commercial & Industrial Solutions MTP

The Large C&I Solutions Program offers incentives to large commercial and industrial customers, schools, higher education, and government customers with an annual average peak demand of 100 kW or greater at one facility or an aggregate annual peak demand of 250 kW or greater at multiple facilities operated by the same customer. The program pays a cash incentive of up to $240 per kW reduced to customers for eligible measures that are installed in new or retrofit applications. This program also provides non-cash incentives that include technical assistance, education, and marketing materials. In addition to capturing demand and energy savings, the program's implementer helps participating customers improve their ability to identify and evaluate energy efficiency improvements and to understand how to leverage their energy savings to finance projects. The implementer also provides measurement and verification for projects, as necessary. The Large C&I Solutions Program conducts community outreach activities and provides for collaboration with contractors, architectural and engineering firms, and other building professionals to promote energy efficiency awareness. EPE plans to merge the Large C&I Solutions Program and the Texas SCORE Program in 2024 and 2025.

Texas SCORE MTP

The Texas SCORE Program offers incentives to public schools, higher education, and local government customers to identify and implement energy efficiency measures. The program pays a cash incentive of up to $240 per kW reduced to customers for eligible measures that are installed in new or retrofit applications. This program also provides non-cash incentives that include technical assistance, education, and marketing materials. In addition to capturing demand and energy savings, the program's implementer helps participating customers improve their ability to identify and evaluate energy efficiency improvements. Facility Energy Benchmarking and Energy Master Planning Workshops are provided annually to selected customers. The implementer also provides measurement and verification for projects, as necessary. The Texas SCORE Program conducts community outreach activities and provides for collaboration with public schools, higher education, and local government customers to promote energy efficiency awareness. EPE plans to merge the Large C&I Solutions Program and the Texas SCORE Program in 2024 and 2025.

Commercial Load Management SOP

The Commercial Load Management SOP allows participating customers to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. A commercial customer equipped with an EPE demand interval meter capable of curtailing a minimum of 100 kW, and not deemed critical load, that takes service at the distribution level is eligible to participate. Critical load customers with back up generation are eligible to participate. EPE will notify its current participants of the 2024 Commercial Load Management SOP via email in April to inform them of the opening of the program. All applications are considered on a first-come, first-served basis and reviewed for eligibility. Demand savings and incentives are based on verified average demand savings that customers achieve due to EPE's voluntary curtailment events. EPE was not able to obtain metered interval data for one participant, AT&T, but rather utilized AT&T's 2022 Load Management events data, 2022 non-interval metered data for the months of the events, 2023 non-interval metered data for the months of the events, and AT&T's logged 15-minute interval generator data for 2023. EPE demonstrated that the demand reduction was consistent with previous years of participation and Commission Staff allowed the alternate means for EPE to claim savings for AT&T's participation. EPE plans to continue this program in 2024 and 2025.

Residential Solutions MTP

The Residential Solutions Program offers incentives and rebates to residential customers for installing eligible energy efficiency measures. This program also provides participants with non-cash incentives, which include technical assistance, education, and marketing materials. In addition to capturing demand and energy savings, the program's implementer helps participating customers improve their ability to identify and evaluate energy efficiency improvements. EPE plans to continue this program in 2024 and 2025.

LivingWise® MTP

The LivingWise® MTP teaches sixth-grade students to use energy more efficiently in their homes. The program is available at no cost to the teacher, school district, and students and serves as an effective community outreach program to improve energy efficiency awareness. The program enrolls students and teachers and provides them with educational materials and a LivingWise® kit that contains energy saving devices. The students install the devices in their homes and, with the help of their parents, complete a home energy audit report. EPE plans on continuing this program in 2024 and 2025.

FutureWise Pilot MTP

The FutureWise Pilot MTP teaches high-school students about the importance of saving energy, understanding an energy bill, and careers in the field of energy. The program is available at no cost to the teacher, school district, and students and serves as an effective community outreach program to improve energy efficiency awareness. The program enrolls high school students and teachers and provides them with educational materials and a FutureWise kit that contains energy saving devices. The students install the devices in their homes and complete a home energy audit report. EPE plans on continuing this program in 2024 and 2025.

Texas Appliance Recycling MTP

The Texas Appliance Recycling Program provided incentives to encourage residential customers to recycle their older, less efficient refrigerators, freezers, and window air conditioning units rather than use them as secondary or backup units. The Texas Appliance Recycling MTP offered eligible customers a cash incentive for EPE to remove and recycle their old refrigeration appliances. EPE discontinued this program in August 2023 and does not expect to reinstate this program in 2024 or 2025.

Residential Marketplace MTP

The Residential Marketplace Program provides eligible residential customers instant rebates through an online marketplace for installing energy efficiency measures. The EPE Marketplace will offer customers a variety of energy-efficient products including smart thermostats, lighting products, window air conditioners, air purifiers, energy saving kits, and advanced power strips. EPE plans to continue implementation of this program in 2024 and 2025.

Residential Load Management MTP

The Residential Load Management Program targets reduction in central refrigerated air conditioning load for residential customers. EPE has the capability of remotely adjusting participating customers' internet-enabled smart thermostats during load management events to relieve peak load. Customers receive a $25 incentive for enrolling a new or existing qualifying internet enabled smart thermostat or for continued participation in the Program. Customers may also receive an additional $50 rebate for the purchase of a new internet enabled smart thermostat through EPE's online marketplace. EPE plans to continue this program in 2024 and 2025.

Hard-to-Reach Solutions MTP

The Hard-to-Reach Solutions MTP offers incentives and rebates to low-income residential customers for installing eligible energy efficiency measures. This program targets residential customers that are at or below 200% of the Federal Poverty Guidelines. This program also provides participants with non-cash incentives which include technical assistance, education, and marketing materials. In addition to capturing demand and energy savings, the program's implementer helps participating customers develop their ability to identify and evaluate energy efficiency improvements. EPE plans to continue this program in 2024 and 2025.

C. Research and Development

EPE has allocated $25,000 to Research and Development (R&D) for 2024. R&D funds will be utilized to research Advanced Construction Techniques (Department of Energy Advanced Framing, Insulated Concrete Forms, passive solar, 3D Printing) Bring Your Own Battery Demand Response, Window AC Demand Response, Hot Water Heater Demand Response, Behavioral Demand Response and Virtual Audits. This funding amount is less than 10% of EPE's 2024 total program costs in accordance with 16 TAC § 25.181(g).

D. New Program(s) for 2024 and 2025

EPE does not currently plan to add any new programs in 2024 or 2025. EPE did merge the Large C&I Solutions MTP and the Texas SCORE MTP into one program called Large Commercial Plus Solutions MTP in January 2024. The merged program serves large commercial and industrial

customers, schools, higher education, and government customers with an annual average peak demand of 100 kW or greater at one facility or an aggregate annual peak demand of 250 kW or greater at multiple facilities operated by the same customer.

E. Discontinued Program(s) for 2024 and 2025

EPE discontinued the Texas Appliance Recycling Program in August 2023, due to the implementer, ARCA Recycling, going out of business.

F. General Implementation Process

Program Implementation

EPE continues to contract with third-party implementers to provide energy efficiency and demand reduction programs. Third-party implementers help EPE design, market, and execute the programs, and identify, evaluate, and undertake energy efficiency improvements. EPE will continue to conduct activities to implement energy efficiency programs in a cost-effective and non-discriminatory manner.

Based on the specific MTP, EPE and the implementer may perform outreach activities to recruit local contractors and provide education and training. We validate proposed projects, perform quality assurance/quality control, and verify and report savings associated with the programs.

Program Tracking

EPE uses online databases to track program activity for most of its MTPs. Depending upon the associated program, these databases are accessible to project sponsors, EESPs, implementers, and administrators. The on-line databases capture customer and project information such as utility meter number or account number, proposed measures and associated energy savings, and incentive amounts.

Measurement and Verification

Most of EPE's energy efficiency projects will use deemed savings for demand and energy reductions as approved by the PUCT. If the deemed savings approach is not applicable for a particular installation, savings will be reported using an approved measurement and verification approach. Guidelines within the International Performance Measurement and Verification Protocol (IPMVP) will be used in instances in which:

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

In accordance with 17.7.2.15 C of the Commission's Energy Efficiency rules, the PUCT implemented an EM&V process that included the selection of an EM&V contractor in 2013. The PUCT selected the current third-party EM&V contractor through the Request for Proposal 473-23-00002, Project No. 54307. The selected EM&V team is led by Tetra Tech. Tetra Tech's contract was extended and will continue the evaluation of programs through July 2025, and EPE will continue to provide the necessary information and data to the EM&V team.

G. Outreach Activities

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

- EPE maintains the www.epelectric.com website. The use of the website is one of the primary methods of communication to provide potential project sponsors and customers with program information. The website contains detailed information such as requirements for program participation, project eligibility, end-use measure eligibility, incentive levels, application procedures, program manuals, and available funding.

- EPE offers outreach workshops for some of the MTPs. EPE invites the appropriate EESPs to participate in the workshops. The workshops describe the requirements for program participation, project eligibility, end-use measure eligibility, incentive levels, application procedures, and available funding.

- EPE includes information on the availability of energy efficiency programs through the monthly newsletter, social media, and public outreach activities.

- EPE maintains a dedicated energy efficiency phone line to provide customers with direct access to energy efficiency personnel on program availability, participation requirements, incentive levels, application procedures, and available funding.

- EPE maintains a dedicated energy efficiency e-mail address to allow customers to contact energy efficiency personnel directly.

H. Existing Demand Side Management (DSM) Contracts or Obligations

EPE contracts with CLEAResult to implement EPE's four Texas "Solutions" MTPs.

EPE contracts with AM Conservation Group to implement EPE's LivingWise® MTP and FutureWise Pilot MTP.

EPE contracts with Uplight to implement the Residential Load Management Program MTP.

EPE contracts with Simple Energy to implement the Residential Marketplace MTP.

II. CUSTOMER CLASSES

For the twelve months ending December 2023, there was an average of 310,976 residential accounts in the EPE Texas service territory. Based on the 2023 Annual Social and Economic Supplement of the U.S. Census Bureau's Current Population Survey, 25.9% of Texas families are at or below 200% of the poverty threshold. Applying this standard pursuant to 16 TAC § 25.181(c)(27), approximately 80,543 of EPE's residential accounts fall into the Hard-to-Reach Customer Class.

The average number of commercial accounts in 2023 was 37,794. EPE includes residential and commercial customer classes that take service at the distribution level in the energy efficiency programs. Transmission level customers, other than governmental entities, are not eligible to participate. The total residential class includes the Hard-to-Reach accounts. Table 3 summarizes the number of customers in each of the customer classes for 2023.

Table 3: Summary of Texas Residential and Commercial Customer Classes (2023)

Customer Class	Number of Texas Customers
Total Residential	**310,976**
Total Hard-to-Reach	**80,543**
Total Commercial	**37,794**

III. PROJECTED ENERGY EFFICIENCY SAVINGS AND GOALS

As reflected in PUCT Docket No. 54950, EPE's energy efficiency demand reduction goal for 2024 is 11.16 MW, which mirrors the 2023 goal. The following is the section of the EE Rule that describes how utilities are to calculate their minimum demand reduction goals:

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

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

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

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

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

The demand reduction goal to be acquired in 2024 (11.16 MW) is greater than four-tenths of one percent of EPE's 5-year average summer weather-adjusted peak demand for 2018 through 2022, which is 5.63 MW as shown in Table 1. In accordance with section (e)(1)(D) of the EE Rule, EPE's demand reduction goal in any year shall not be lower than its goal for the prior year. Considering the parameters established by the EE Rule, EPE's 2025 goal should remain at 11.16 MW (0.77% of the average summer weather-adjusted peak demand for 2019 through 2023) as shown in Table 1. The corresponding energy savings goals for all years are determined by applying a 20% conservation load factor to the demand reduction goals.

Table 4 presents historical annual growth in demand. Table 5 presents projected demand reduction and energy savings by customer class and program for 2024 and 2025.

Table 4: Annual Growth in Demand and Energy Consumption

	Peak Demand (MW at Source)						Energy Consumption (MWh at Meter)				Growth (MW at Source)	Growth (MW at Meter)[4]	Average Growth (MW at Meter)[5]
	Total System		Residential & Commercial				Total System		Residential & Commercial				
Calendar Year	Actual	Weather Adjusted	Actual	Weather Adjusted	Opt-Out	Peak Demand @ Source Net Opt-Outs	Actual	Weather Adjusted	Actual	Weather Adjusted	Weather Adjusted	Weather Adjusted	Weather Adjusted
2013	1,357	1,352	1,252	1,248	0	1,248	6,028,388	6,008,772	5,276,023	5,256,408	64.0	58.4	NA
2014	1,385	1,387	1,289	1,291	0	1,291	5,973,273	5,981,108	5,211,869	5,219,704	43.0	39.3	NA
2015	1,398	1,386	1,279	1,266	0	1,266	6,141,917	6,086,745	5,318,795	5,263,622	-25.0	-22.8	NA
2016	1,509	1,509	1,397	1,397	-1.1	1,396	6,188,610	6,187,025	5,381,661	5,380,076	129.9	118.6	NA
2017	1,575	1,579	1,459	1,463	-1.1	1,462	6,205,925	6,223,229	5,387,064	5,404,368	66.0	60.5	NA
2018	1,560	1,545	1,446	1,429	-1.2	1,428	6,377,762	6,313,451	5,537,652	5,473,342	-34.1	-31.3	NA
2019	1,596	1,583	1,516	1,501	-1.2	1,500	6,322,247	6,267,981	5,528,608	5,474,342	72.0	66.0	NA
2020	1,730	1,703	1,609	1,580	-1.3	1,579	6,446,008	6,345,116	5,655,757	5,554,865	78.9	73.0	NA
2021	1,610	1,628	1,498	1,517	-1.3	1,516	6,499,885	6,571,421	5,685,095	5,756,631	-63.0	-58.2	NA
2022	1,709	1,702	1,601	1,593	0	1,593	6,676,488	6,649,552	5,847,428	5,820,492	77.3	71.5	NA
2023	1,841	1,781	1,732	1,668	0	1,668	6,908,520	6,681,310	6,120,631	5,893,421	75.0	69.3	NA
2024	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	24.2
2025	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	44.3

The 2025 Demand Goal of 0.4% of peak demand is calculated according to 16 TAC § 25.181(e)(3)(B) and is based on a 7.58% system demand line loss factor approved in Docket No. 54142 as shown below:

Average of residential and commercial peak demand at source net Opt-Outs = (1,500 + 1,579 + 1,516 + 1593 + 1,668) / 5 = 1,571 MW.
(1,571 MW Average Peak Demand at source net Opt-Outs x 0.004) x (1 - 0.0758 system demand line loss factor) = 5.81 MW.

However, under the EE Rule, a utility's demand reduction goal shall not be less than the prior year's goal, thus, the 2025 goal is 11.16 MW.

[4] Growth at meter for calendar year 2023 to 2025 includes the 7.58% system demand line loss factor as approved in Docket No. 54142.

[5] Average 5-year historical growth in demand for residential and commercial customers for 2024 (2018-2022) and 2025 (2019-2023).

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

2024	Projected Savings (at meter)	
Customer Class and Program	**kW**	**kWh**
Commercial	**10,411**	**17,468,496**
Small Commercial Solutions MTP	730	3,197,400
Large Commercial Plus Solutions MTP	2,631	14,100,096
Commercial Load Management SOP	7,000	21,000
Residential Marketplace MTP	50	150,000
Residential	**15,773**	**5,843,488**
Residential Solutions MTP	545	954,840
LivingWise® MTP	200	727,600
FutureWise Pilot MTP	106	494,000
Residential Marketplace MTP	950	2,850,000
Residential Load Management MTP	13,972	817,048
Hard-to-Reach	**800**	**1,051,200**
Hard-to-Reach Solutions MTP	800	1,051,200
Total	**26,984**	**24,363,184**

2025	Projected Savings (at meter)	
Customer Class and Program	**kW**	**kWh**
Commercial	**10,411**	**17,468,496**
Small Commercial Solutions MTP	730	3,197,400
Large Commercial Plus Solutions MTP	2,631	14,100,096
Commercial Load Management SOP	7,000	21,000
Residential Marketplace Pilot MTP	50	150,000
Residential	**15,773**	**5,843,488**
Residential Solutions MTP	545	954,840
LivingWise® MTP	200	727,600
FutureWise Pilot MTP	106	494,000
Residential Marketplace MTP	950	2,850,000
Residential Load Management MTP	13,972	817,048
Hard-to-Reach	**800**	**1,051,200**
Hard-to-Reach Solutions MTP	800	1,051,200
Total	**26,984**	**24,363,184**

IV. PROGRAM BUDGETS

Table 6 presents the total proposed budget allocations required to achieve EPE's projected demand reduction and energy savings shown in Table 5. The budget allocations are broken down by customer class, program, and the budget categories of incentive payments and administration and R&D expenses. The program budget for 2024 is $5,120,552. Table 6 also includes the estimated annual expenses for the statewide EM&V contractor and the EECRF proceeding expenses.

The number of customers in Table 3, Summary of Texas Residential and Commercial Customer Classes (2023), was considered in the budget allocations. EPE first ensured that the 5% goal for Hard-to-Reach customers was met and then allocated the remaining funding to the residential and commercial classes. The decision-making process for developing the budget included additional factors and assumptions.

Hard-to-Reach customers are residential customers at or below 200% of the Federal Poverty Guidelines. This is estimated to be approximately 80,543 customers or 25.9% of EPE's total residential load in Texas.

Avoided costs for 2023, as established by the PUCT and filed in Project No. 38578, were set at $100 per kW per year and $0.16620 per kWh.

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

EPE used a 7.025% post-tax discount rate to calculate the present value of the avoided cost associated with a project and assumed a 2% escalation rate.

It is assumed that an EESP that completes an energy efficiency project will receive the associated incentives within that program year. Administration costs, however, may be incurred in one year and expended in another.

EPE will offer its portfolio of programs to each eligible customer class. It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the marketplace, the potential interest of customer classes towards specific programs, and the overriding objective of meeting the legislative savings goal. EPE reserves the right to reallocate unused funds amongst programs as necessary.

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

2024	Incentives	Admin & R&D	Total Budget
Commercial	**$2,411,413**	**$0**	**$2,411,413**
Small Commercial Solutions MTP	$461,115	$0	$461,115
Large Commercial Plus Solutions MTP	$1,475,298	$0	$1,475,298
Commercial Load Management SOP	$460,000	$0	$460,000
Residential Marketplace MTP	$15,000	$0	$15,000
Residential	**$1,996,346**	**$0**	**$1,996,346**
Residential Solutions MTP	$315,000	$0	$315,000
LivingWise® MTP	$346,346	$0	$346,346
FutureWise Pilot MTP	$300,000	$0	$300,000
Residential Marketplace MTP	$285,000	$0	$285,000
Residential Load Management MTP	$750,000	$0	$750,000
Hard-to-Reach	**$600,000**	**$0**	**$600,000**
Hard-to-Reach Solutions MTP	$600,000	$0	$600,000
Administration		$87,793	$87,793
Research and Development		$25,000	$25,000
Subtotal Budgets	**$5,007,759**	**$112,793**	**$5,120,552**
EM&V		$67,486	$67,486
EECRF Proceeding Expenses		$100,000	$100,000
Total Budgets	**$5,007,759**	**$280,279**	**$5,288,038**
2025	**Incentives**	**Admin & R&D**	**Total Budget**
Commercial	**$2,427,073**	**$0**	**$2,427,073**
Small Commercial Solutions MTP	$461,115	$0	$461,115
Large Commercial Plus Solutions MTP	$1,490,958	$0	$1,490,958
Commercial Load Management SOP	$460,000	$0	$460,000
Residential Marketplace MTP	$15,000	$0	$15,000
Residential	**$1,996,346**	**$0**	**$1,996,346**
Residential Solutions MTP	$315,000	$0	$315,000
LivingWise® MTP	$346,346	$0	$346,346
FutureWise Pilot MTP	$300,000	$0	$300,000
Residential Marketplace MTP	$285,000	$0	$285,000
Residential Load Management MTP	$750,000	$0	$750,000
Hard-to-Reach	**$600,000**	**$0**	**$600,000**
Hard-to-Reach Solutions MTP	$600,000	$0	$600,000
Administration		$87,793	$87,793
Research and Development		$50,000	$50,000
Subtotal Budgets	**$5,023,419**	**$137,793**	**$5,161,212**
EM&V		$67,486	$67,486
EECRF Proceeding Expenses		$100,000	$100,000
Total Budgets	**$5,023,419**	**$305,279**	**$5,328,698**

ENERGY EFFICIENCY REPORT

V. HISTORICAL DEMAND GOALS AND ENERGY TARGETS FOR PREVIOUS FIVE YEARS

Table 7 documents EPE's actual demand reduction goals and energy targets for the previous five years (2019-2023) calculated in accordance with 16 TAC § 25.181.

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

Calendar Year	Demand Goals (kW)	Energy Targets (kWh)	Actual Demand Reduction (kW)	Actual Energy Savings (kWh)
2023[7]	11,160	19,552,320	20,553[8]	21,383,085
2022[9]	11,160	19,552,320	21,762	22,498,875
2021[10]	11,160	19,552,320	27,325	27,951,498
2020[11]	11,160	19,552,320	20,740	30,704,424
2019[12]	11,160	19,552,320	19,424	24,825,792

7 2023 demand goal and energy target as reported in EPE's EEPR Errata filed April 28, 2023 under Project No. 54470. 2022 actual demand reduction and energy savings reported in Project No. 56003.

8 2023 actual demand reduction at the source is calculated as follows: 20,553 kW at meter * (1/(1-0.0758)) line losses = 22,238 kW at the source.

9 2022 demand goal and energy target as reported in EPE's EEPR Errata filed April 28, 2022 under Project No. 52949. 2021 actual demand reduction and energy savings reported in Project No. 54470.

10 2021 demand goal and energy target as reported in EPE's EEPR Errata filed April 28, 2021, under Project No. 51672. 2021 actual demand reduction and energy savings reported in Project No. 52949.

11 2020 demand goal and energy target as reported in EPE's EEPR filed July 15, 2020, under Project No. 50666. 2020 actual demand reduction and energy savings reported in Project No. 51672.

12 2019 demand goal and energy target as reported in EPE's EEPR filed July 26, 2019, under Project No. 49297. 2019 actual demand reduction and energy savings reported in Project No. 50666.

VI. PROJECTED, REPORTED AND VERIFIED DEMAND AND ENERGY SAVINGS

Table 8: Projected versus Reported Savings for 2022 and 2023

2022	Projected Savings		Reported and Verified Savings	
Customer Class and Program	**kW**	**kWh**	**kW**	**kWh**
Commercial	**10,541**	**18,208,716**	**11,210**	**15,085,426**
Small Comm. Solutions MTP	730	3,197,400	710	2,551,236
Large Commercial Solutions MTP	2,011	10,569,816	1,986	8,182,897
Texas SCORE MTP	750	4,270,500	771	3,967,728
Load Management SOP	7,000	21,000	7,676	61,479
Residential Marketplace Pilot MTP	50	150,000	66	322,086
Residential	**8,486**	**7,621,590**	**9,659**	**6,163,870**
Residential Solutions MTP	545	954,840	852	1,423,945
LivingWise® MTP	200	727,600	170	574,910
FutureWise Pilot MTP	106	494,000	-	-
Texas Appliance Recycling	195	1,579,200	99	802,053
Residential Marketplace MTP	950	2,850,000	481	2,870,266
Residential Load Management MTP	6,490	1,015,950	8,056	492,696
Hard-to-Reach	**800**	**1,051,200**	**894**	**1,249,579**
Hard-to-Reach Solutions MTP	800	1,051,200	894	1,249,579
Total at Meter	**19,827**	**26,881,506**	**21,762**	**22,498,875**

2023	Projected Savings		Reported and Verified Savings	
Customer Class and Program	**kW**	**kWh**	**kW**	**kWh**
Commercial	**10,540**	**18,208,716**	**8,100**	**15,436,541**
Small Comm. Solutions MTP	730	3,197,400	593	1,952,362
Large C&I Solutions MTP	2,011	10,569,816	2,032	8,104,287
Texas SCORE MTP	750	4,270,500	895	5,296,019
Load Management SOP	7,000	21,000	4,572	44,868
Residential Marketplace MTP	49	150,000	8	39,005
Residential	**8,486**	**7,621,590**	**11,360**	**4,401,789**
Residential Solutions MTP	545	954,840	801	1,236,837
LivingWise® MTP	200	727,600	241	814,000
FutureWise Pilot MTP	106	494,000	78	493,481
Texas Appliance Recycling MTP	195	1,579,200	44	271,078
Residential Marketplace MTP	950	2,850,000	78	1,075,805
Residential Load Management MTP	6,490	1,015,950	10,118	510,588
Hard-to-Reach	**800**	**1,051,200**	**1,092**	**1,544,755**
Hard-to-Reach Solutions MTP	800	1,051,200	1,092	1,544,755
Total at Meter	**19,826**	**26,881,506**	**20,553**	**21,383,085**

VII. HISTORICAL PROGRAM EXPENDITURES

Table 9 documents EPE's incentive and administration expenditures for the previous five years (2019-2023) by program for each customer class. Note that this table does not include R&D, EM&V, or general administration expenditures. R&D, EM&V, and general administration expenditures can be found in Table 10.

Table 9: Historical Program Incentive and Administration Expenditures for 2019 through 2023[13]

	2023			2022			2021		2020		2019	
Programs	**Customer Incent.**	**Implementor Incent.**	**Admin**	**Customer Incent.**	**Implementor Incent.**	**Admin**	**Incent.**	**Admin**	**Incent.**	**Admin**	**Incent.**	**Admin**
Commercial	**$1,122,637**	**$1,054,385**	**$0**	**$1,269,218**	**$1,035,247**	**$0**	**$2,465,274**	**$0**	**$3,121,640**	**$0**	**$2,672,190**	**$0**
Commercial SOP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Small Comm. Solutions MTP	$218,090	$ 159,853	$0	$277,342	$168,134	$0	$460,529	$0	$470,425	$0	$502,403	$0
Large C&I Solutions MTP	$487,603	$ 524,593	$0	$489,358	$525,436	$0	$1,014,932	$0	$1,512,746	$0	$1,131,460	$0
Texas SCORE MTP	$214,368	$ 365,364	$0	$180,000	$340,177	$0	$528,379	$0	$704,020	$0	$597,687	$0
Comm. Load Management SOP	$200,128	$ -	$0	$320,349	$0	$0	$453,753	$0	$423,754	$0	$440,641	$0
Residential Marketplace MTP	$2,447	$ 4,575	$0	$2,169	$1,500	$0	$7,682	$0	$10,695	$0	NA	NA
Residential	**$1,236,423**	**$532,309**	**$0**	**$875,660**	**$641,305**	**$260**	**$1,691,497**	**$0**	**$1,120,183**	**$0**	**$796,927**	**$0**
Residential Solutions MTP	$240,494	$ 128,171	$0	$266,314	$131,479	$0	$484,376	$0	$354,427	$0	$312,731	$0
LivingWise® MTP	$259,896	$ -	$0	$183,559	$0	$0	$346,309	$0	$179,994	$0	$345,534	$0
FututreWise Pilot MTP	$330,505	$ -		$0	$0	$0						
Texas Appliance Recycling MTP	$22,550	$ 51,435	$0	$68,660	$150,660	$0	$186,240	$0	$99,150	$0	$138,663	NA
Residential Marketplace MTP	$46,502	$ 86,925	$0	$88,103	$90,000	$0	$124,744	$0	$203,212	$0	NA	NA
Residential Load Management MTP	$336,475	$ 265,778	$0	$269,025	$269,166	$260	$549,829	$0	$283,400	$0	NA	NA
Hard-to-Reach	**$323,390**	**$301,355**	**$0**	**$256,050**	**$281,269**	**$0**	**$623,570**	**$0**	**$664,708**	**$0**	**$571,016**	**$0**
Hard-to-Reach Solutions MTP	$323,390	$ 301,355	$0	$256,050	$281,269	$0	$623,570	$0	$664,708	$0	$571,016	$0
Residential/Commercial	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$145,658**	**$0**
Texas Appliance Recycling MTP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Demand Response Pilot MTP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	$145,658	$0
Total	**$2,682,450**	**$1,888,049**	**$0**	**$2,400,929**	**$1,957,820**	**$260**	**$4,780,341**	**$0**	**$4,906,531**	**$0**	**$4,185,791**	**$0**

[13] 2023 expenditures are from EEPR filed in Project No. 54470, 2021 expenditures are from EEPR filed in Project No. 52949, 2020 expenditures are from EEPR filed in Project No. 51672, 2019 expenditures are from EEPR Errata filed in Project No. 50666, and 2019 expenditures are from EEPR filed in Project No. 49297.

VIII. PROGRAM FUNDING AND EXPLANATION OF ADMINISTRATION COSTS FOR CALENDAR YEAR 2023

As shown in the subtotal for the "Total Funds Expended" column of Table 10, EPE spent $4,694,253 on program expenses (excluding EM&V and EECRF Proceeding Expenses) for its PUCT-approved energy efficiency programs in 2023. These programs were funded by EPE's 2023 EECRF. These expenses account for 88% of the total forecasted 2023 program budget of $5,325,552. Actual program funding levels are shown in Table 10 and Table 11.

The administration expenses shown in Table 10 benefited the entire portfolio of programs. These expenses include, but were not limited to, outsourced program administration, marketing (*e.g.*, website maintenance and promotional items), Electric Utility Marketing Managers of Texas expenses, costs associated with regulatory filings, and EM&V administration expenses outside of those associated with the PUCT-appointed EM&V contractor.

Table 10: Program Funding for Calendar Year 2023

	Total Projected Budget	Number of Participants	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin & R&D)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining
Commercial	**$2,411,413**	**269**	**$ 2,177,021**	**$ 5,465**	**$ 2,182,486**	**$ -**	**$ 228,927**
Small Commercial Solutions MTP	$461,115	79	$ 377,943	$ 904	$ 378,847		$ 82,268
Large C&I Solutions MTP	$1,005,396	100	$ 1,012,196	$ 2,890	$ 1,015,086		$ (9,690)
Texas SCORE MTP	$469,902	31	$ 579,732	$ 1,670	$ 581,403		$ (111,501)
Comm. Load Management SOP	$460,000	9	$ 200,128		$ 200,128		$ 259,872
Residential Marketplace MTP	$15,000	50	$ 7,022		$ 7,022		$ 7,978
Residential	**$2,201,346**	**26,139**	**$ 1,768,732**	**$ 5,491**	**$ 1,774,223**	**$ -**	**$ 427,123**
Residential Solutions MTP	$315,000	924	$ 368,666	831	$ 369,496		$ (54,496)
LivingWise® MTP	$346,346	6,707	$ 259,896		$ 259,896		$ 86,450
FutureWise Pilot MTP	$300,000	6,317	$ 330,505		$ 330,505		
Texas Appliance Recycling MTP	$255,000	375	$ 73,985	4,660	$ 78,645		$ 176,355
Residential Marketplace MTP	$285,000	949	$ 133,427		$ 133,427		$ 151,573
Residential Load Management MTP	$700,000	10,867	$ 602,253		$ 602,253		$ 97,747
Hard-to-Reach	**$600,000**	**546**	**$ 624,745**	**1,341**	**$ 626,086**	**$ -**	**$ (26,086)**
Hard-to-Reach Solutions MTP	$600,000	546	$ 624,745	1,341	$ 626,086		$ (26,086)
Administration	$87,793			$ 86,369	$ 86,369		$ 1,424
Research and Development	$25,000			25,089	$ 25,089		$ (89)
Subtotal	**$5,325,552**	**26,954**	**$ 4,570,499**	**$ 123,754**	**$ 4,694,253**	**$ -**	**$ 631,299**
EM&V	$67,271			$ 67,596	**$ 67,596**		**$ (325)**
EECRF Proceeding Expenses (EPE & Municipal expenses)*	$100,000			$ 44,876	**$ 44,876**		**$ 55,125**
Total	**$5,492,823**	**26,954**	**$ 4,570,499**	**$ 236,226**	**$ 4,806,725**	**$ -**	**$ 686,098**

* Actual EECRF proceeding expenses of $44,875.50, consists of $33,488 in EPE proceeding expenses and $11,387.50 in municipal proceeding expenses.

** Residential Marketplace MTP is also listed under the Commercial sector due to the Upstream/Midstream Program Cross-Sector Savings guidance memo issued by Tetra Tech to calculate and allocate savings at the sector-level for upstream and midstream programs.

Table 11: Program Comparison – Budget to Actual Expenditures

Programs	2023 Budget	2023 Expenditures	Percent	>10% Variance Explanation
Commercial	**$ 2,411,413**	**$ 2,182,486**	**90.5%**	
Small Commercial Solutions MTP	$ 461,115	$ 378,847	82.2%	Contractors in 2023 faced staffing shortages, hindering their ability to handle paperwork and manage incentive reimbursement accounting.
Large C&I Solutions MTP	$ 1,005,396	$ 1,015,086	101.0%	
Texas SCORE MTP	$ 469,902	$ 581,403	123.7%	Program had more participation than was anticipated due to a school district that was able to complete retrofits at many schools at the end of the year.
Comm. Load Management SOP	$ 460,000	$ 200,128	43.5%	Program had less participation than was anticipated. One participant had a back-up generator fail.
Residential Marketplace Pilot MTP	$ 15,000	$ 7,022	46.8%	Constraints in the supply chain led to varying out of stock inventory.
Residential	**$ 2,201,346**	**$ 1,774,223**	**80.6%**	
Residential Solutions MTP	$ 315,000	$ 369,496	117.3%	Program had more participation than was anticipated.
LivingWise® MTP	$ 346,346	$ 259,896	75.0%	Program had less participation than was anticipated due to teacher attrition.
FutureWise Pilot MTP	$ 300,000	$ 330,505	110.2%	
Texas Appliance Recycling MTP	$ 255,000	$ 78,645	30.8%	EPE discontinued the Program in August 2023, due to the implementer, ARCA Recycling, going out of business.
Residential Marketplace Pilot MTP	$ 285,000	$ 133,427	46.8%	Constraints in the supply chain led to out of stock inventory.
Residential Load Management MTP	$ 700,000	$ 602,253	86.0%	Program had slightly less participation than anticipated.
Hard-to-Reach	**$ 600,000**	**$ 626,086**	**104.3%**	
Hard-to-Reach Solutions MTP	$ 600,000	$ 626,086	104.3%	
Administration	$ 87,793	$ 86,369		
Research and Development	$ 25,000	$ 25,089		
Total	**$ 5,325,552**	**$ 4,694,253**	**88.1%**	

IX. PROGRAM RESULTS FOR MARKET TRANSFORMATION PROGRAMS (MTPs)

Small Commercial Solutions MTP

The 2023 projected savings for the Small Commercial Solutions MTP were 730 kW. There were 79 participants during 2023 that reduced demand by 593 kW and saved 1,952,362 kWh in energy.

Large C&I Solutions MTP

The 2023 projected savings for the Large C&I Solutions MTP were 2,011 kW. There were 100 participants during 2023 that reduced demand by 2,032 kW and saved 8,104,287 kWh in energy.

Texas SCORE MTP

The 2023 projected savings for the Texas SCORE MTP were 620 kW. There were 31 participants in this program that reduced demand by 895 kW and saved 5,296,019 kWh in energy.

Residential Solutions MTP

The 2023 projected savings for the Residential Solutions MTP were 545 kW. There were 924 participants in this program that reduced demand by 801 kW and saved 1,236,837 kWh in energy.

LivingWise® MTP

The 2023 projected savings for the LivingWise® MTP were 200 kW. There were 6,707 kits provided in this program that reduced demand by 241 kW and saved 814,000 kWh in energy.

FutureWise Pilot MTP

The 2023 projected savings for the FutureWise Pilot MTP were 106 kW. There were 6,317 kits provided in this program that reduced demand by 78 kW and saved 493,481 kWh in energy.

Appliance Recycling MTP

The 2023 projected savings for the Appliance Recycling MTP were 195 kW. There were 375 participants in this program that reduced demand by 44 kW and saved 271,078 kWh in energy.

Residential Marketplace MTP

The 2023 projected savings for the Residential Marketplace MTP were 950 kW. There were 999 participants in this program that reduced demand by 86 kW and saved 1,114,810 kWh in energy.

Residential Load Management MTP

The 2023 projected savings for the Residential Load Management MTP were 18,000 kW. There were 10,867 participants in this program that reduced demand by 10,118 kW and saved 510,588 kWh in energy.

Hard-to-Reach Solutions MTP

The 2023 projected savings for the Hard-to-Reach Solutions MTP were 800 kW. There were 546 participants in this program that reduced demand by 1,092 kW and saved 1,544,755 kWh in energy.

X. CURRENT ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF) Report for 2023

In Docket No. 53551, EPE was granted approval for recovery through its 2023 EECRF of (a) $5,283,153 in forecasted energy efficiency program costs projected to be incurred from January 1 through December 31, 2023; (b) projected cost of evaluation, measurement, and verification (EM&V) of $67,272 for program year 2023; (c) the 2021 net under-recovery revenue amount of $290,647, including interest; (d) performance incentive for 2021 of $2,200,669; and (e) EPE's 2021 EECRF proceeding expenses of $85,367 ($57,124 for EPE and $28,243 for the City of El Paso). The Final Order in Docket No. 53551 concluded that the filing conformed to the requirements of the EE Rule. The order also found that the allocation of the energy efficiency costs, and performance incentive were in accordance with the EE Rule. The EECRF was approved on December 15, 2022, and became effective with the first billing cycle in January 2023. The recovery of the agreed-upon EECRF amount of $7,789,507 is based on a dollar per kWh rate. The 2023 cost recovery factors by rate are listed in Table 12.

Table 12: 2023 EECRF Monthly Rates

Rate No.	Description	Energy Efficiency Cost Recovery Factor ($/kWh)
01	Residential Service Rate	$ 0.001685
EVC	Electric Vehicle Charging Rate	$ 0.000000
02	Small Commercial Service Rate	$ 0.000436
07	Outdoor Recreational Lighting Service Rate	$ 0.001883
08	Governmental Street Lighting Service Rate	$ 0.000002
09	Governmental Traffic Signal Service	$ 0.000011
11-TOU	Time-Of-Use Municipal Pumping Service Rate	$ (0.000001)
WH	Water Heating	$ (0.000020)
22	Irrigation Service Rate	$ 0.002547
24	General Service Rate	$ 0.001425
25	Large Power Service Rate (excludes transmission)	$ 0.002015
34	Cotton Gin Service Rate	$ 0.000379
41	City and County Service Rate	$ 0.000197
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	$ 0.000379
47	Backup Power Service For Cogeneration And Small Power Production Facilities	$ 0.000379

XI. REVENUE COLLECTED THROUGH EECRF

In 2023, EPE collected a total of $ 8,218,524 under Rate Schedule No. 97 – Energy Efficiency Cost Recovery Factor.

XII. OVER/UNDER RECOVERY OF ENERGY EFFICIENCY PROGRAM COSTS

In 2023, EPE over-recovered an amount of $1,059,992 as shown in Table 13. Docket No. 53551 ordered the recovery of an agreed reduction of $42,399 to EPE's estimated incentives, research and development, and administrative costs; EM&V costs of $67,272 for the evaluation of program year 2023; an adjustment of $290,647 for EPE's net under-recovery, including interest, of program year 2021 energy-efficiency costs; a voluntary refund of $137,601 for incentive costs for 2021; rate-case expenses of $85,367 (consisting of $57,124 incurred by EPE and $28,243 incurred by the City of El Paso) for Docket No. 52081; and a performance bonus of $2,200,669.

Table 13: Authorized and Actual Recovery Amounts

Description	Authorized in Docket No. 53551	Actual
January 1 – December 31, 2023 Energy Efficiency	$ 5,325,552	$ 4,694,253
2023 Agreed Reduction to Costs	$ (42,399)	$ (42,399)
Program Year 2023 EM&V Costs	$ 67,272	$ 67,596
2021 Over/(Under) Recovery	$ 290,647	$ 290,647
2021 Voluntary Refund for Incentive Costs	$ (137,601)	$ (137,601)
2021 Performance Bonus	$ 2,200,669	$ 2,200,669
2021 EECRF Proceeding Costs	$ 85,367	$ 85,367
2023 Total Costs	$ 7,789,507	$ 7,158,532
2023 EECRF Revenues		$ 8,218,524
2023 (Over)/Under Recovery		$ (1,059,992)

XIII. UNDERSERVED COUNTIES

EPE serves customers in three Texas counties: Culberson, Hudspeth, and El Paso. During 2023, the majority of energy efficiency projects were installed in El Paso County. EPE has defined Underserved Counties as any county in the Texas EPE service territory where demand or energy savings were not reported in its 2023 EPE energy efficiency programs. Based on this definition, EPE had one Underserved County in 2023.

Table 14: 2023 Energy Efficiency Activities by County

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	26,952	20,524.23	21,172,011
Culberson	0	0.00	0
Hudspeth	2	28.39	211,074
Total	**26,954**	**20,552.62**	**21,383,085**

ACRONYMS

C&I	–	Commercial and Industrial
DR	–	Demand Response
DSM	–	Demand Side Management
EECRF	–	Energy Efficiency Cost Recovery Factor
EEPR	–	Energy Efficiency Plan and Report
EE Rule	–	Energy Efficiency Rule, 16 TAC § 25.181 and § 25.183
EESP	–	Energy Efficiency Service Provider
EPE	–	El Paso Electric Company
EM&V	–	Evaluation, Measurement & Verification
HTR	–	Hard-To-Reach
LM	–	Load Management
kW	–	Kilowatt
kWh	–	Kilowatt Hour
M&V	–	Measurement and Verification
MW	–	Megawatt
MTP	–	Market Transformation Program
PUCT	–	Public Utility Commission of Texas
PURA	–	Public Utility Regulatory Act
R&D	–	Research and Development
RES	–	Residential
SCORE	–	Schools and Cities Conserving Resources
SOP	–	Standard Offer Program
TAC	–	Texas Administrative Code
TRM	–	Texas Technical Reference Manual

GLOSSARY

Glossary is the same as the definitions in 16 TAC § 25.181(c).

APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY

Program Savings by County *

All programs funded through EPE's EECRF.

Small Commercial Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	79	593.38	1,952,362
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**79**	**593.38**	**1,952,362**

Large C&I Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	98	2,003.29	7,893,213
Culberson County	0	0	0
Hudspeth County	2	28.39	211,074
Total	**100**	**2,031.68**	**8,104,287**

Texas SCORE MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	31	894.86	5,296,019
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**31**	**894.86**	**5,296,019**

Commercial Load Management SOP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	9	4,572.45	44,868
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**9**	**4,572.45**	**44,868**

Residential Solutions MTP

County	# of Participants	Reported	Savings
		kW	kWh
El Paso County	924	800.92	1,236,837
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**924**	**800.92**	**1,236,837**

LivingWise® MTP

County	# of Kits	Reported	Savings
		kW	kWh
El Paso County	6,707	241.13	814,000
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**6,707**	**241.13**	**814,000**

FutureWise Pilot MTP

County	# of Kits	Reported	Savings
		kW	kWh
El Paso County	6,317	77.59	493,481
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**6,317**	**77.59**	**493,481**

Hard-to-Reach Solutions MTP

County	# of Participants	Reported	Savings
		kW	kWh
El Paso County	546	1,092.42	1,544,755
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**546**	**1,092.42**	**1,544,755**

Appliance Recycling MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	375	44.30	271,078
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**375**	44.30	271,078

Residential Marketplace MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	999	547.31 85.91	1,114,810
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**999**	**85.91**	**1,114,810**

Residential Load Management MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	10,867	10,118.00	510,588
Culberson County	0	0	0
Hudspeth County	0	0	0
Total	**10,867**	**10,118.00**	**510,588**

* Totals may not tie due to rounding

REDLINE

El Paso Electric Company
2024 Energy Efficiency Plan and Report
16 Texas Administrative Codes § 25.181
and § 25.183

August 5, 2024 – Second Errata

Project No. 56003

El Paso Electric

VIII. PROGRAM FUNDING AND EXPLANATION OF ADMINISTRATION COSTS FOR CALENDAR YEAR 2023

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Table 10: Program Funding for Calendar Year 2023

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Texas SCORE MTP	$469,902	31	$ 579,732	$ 1,670	$ 581,403		$ (111,501)
Comm. Load Management SOP	$460,000	9	$ 200,128		$ 200,128		$ 259,872
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Residential	**$2,201,346**	**26,139**	**$ 1,768,732**	**$ 5,491**	**$ 1,774,223**	**$ -**	**$ 427,123**
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Hard-to-Reach	**$600,000**	**546**	**$ 624,745**	**1,341**	**$ 626,086**	**$ -**	**$ (26,086)**
Hard-to-Reach Solutions MTP	$600,000	546	$ 624,745	1,341	$ 626,086		$ (26,086)
Administration	$87,793			$ 86,369	$ 86,369		$ 1,424
Research and Development	$25,000			25,089	$ 25,089		$ (89)
Subtotal	**$5,325,552**	**26,954**	**$ 4,570,499**	**$ 123,754**	**$ 4,694,253**	**$ -**	**$ 631,299**
EM&V	$67,271			$ 67,596	**$ 67,596**		**$ (325)**
EECRF Proceeding Expenses (EPE & Municipal expenses)*	$100,000			~~$ 55,747~~ $ 44,876	~~$ 55,747~~ $ 44,876		~~$ 44,253~~ $ 55,125
Total	**$5,492,823**	**26,954**	**$ 4,570,499**	~~$ 247,097~~ **$ 236,226**	~~$ 4,817,596~~ **$ 4,806,725**	**$ -**	~~$ 675,227~~ **$ 686,098**

* Actual EECRF proceeding expenses of $44,875.50~~$55,747~~, consists of $33,488 in EPE proceeding expenses and $11,387.50 ~~22,259~~ in municipal proceeding expenses.

** Residential Marketplace MTP is also listed under the Commercial sector due to the Upstream/Midstream Program Cross-Sector Savings guidance memo issued by Tetra Tech to calculate and allocate savings at the sector-level for upstream and midstream programs.

Program Cost-effectiveness Summary

	Year	Savings		Costs	Benefits				Benefit-Cost
	Customer Class and Program	kW	kWh	Total Program Costs	Avoided Capacity Costs	Avoided Energy Costs	Total Avoided Cost	Net Benefits	Ben-Cost Ratio
1	Small Commercial Solutions MTP	593	1,952,362	$ 580,049	$ 454,996	$ 1,662,319	$ 2,117,315	$ 1,537,266	3.65
2	Large C&I solutions MTP	2,032	8,104,287	$ 1,550,593	$ 1,585,869	$ 7,211,284	$ 8,797,153	$ 7,246,559	5.67
3	Texas SCORE MTP	895	5,296,019	$ 885,183	$ 721,762	$ 4,865,559	$ 5,587,321	$ 4,702,138	6.31
4	Commercial Load Management SOP	4,572	44,868	$ 305,943	$ 347,077	$ 3,880	$ 350,958	$ 45,015	1.15
5	Residential Solutions MTP	801	1,236,837	$ 564,571	$ 723,655	$ 1,219,422	$ 1,943,077	$ 1,378,506	3.44
6	LivingWise MTP	241	814,000	$ 394,835	$ 139,378	$ 536,090	$ 675,468	$ 280,633	1.71
7	FutureWise MTP	78	493,481	$ 500,972	$ 44,104	$ 319,624	$ 363,728	$ (137,244)	0.73
8	Texas Appliance Recycling MTP	44	271,078	$ 115,810	$ 22,544	$ 157,190	$ 179,735	$ 63,925	1.55
9	Residential Marketplace MTP	78	1,075,856	$ 228,379	$ 65,490	$ 832,836	$ 898,326	$ 669,947	3.93
10	Residential Load Management MTP	10,118	510,588	$ 916,397	$ 768,020	$ 293,800	$ 1,061,820	$ 145,423	1.16
11	Hard-to-Reach Solutions MTP	1,092	1,544,755	$ 951,209	$ 893,735	$ 1,432,818	$ 2,326,553	$ 1,375,344	2.45
12	Residential Marketplace MTP - Commercial	8	38,954	$ 1,953	$ 4,461	$ 24,802	$ 29,263	$ 27,310	14.98
	Portfolio Total	**20,553**	**21,383,085**	**$ 6,995,896**	**$ 5,771,092**	**$ 18,559,625**	**$ 24,330,716**	**$ 17,334,821**	**3.48**

EL PASO ELECTRIC COMPANY
Comparison of Program Expenditures

Line No.	Utility	2023 Program Expenditures*	Demand Reduction (kW)	Program Expenditures per kW	Energy Savings (kWh)	Program Expenditures per kWh
1	AEP Texas	$17,183,063	64,200	$267.65	70,990,907	$0.24
2	Centerpoint Energy	$39,539,578	254,681	$155.25	185,384,937	$0.21
3	**El Paso Electric Company**	**$4,694,253**	**20,553**	**$228.40**	**21,383,085**	**$0.22**
4	Entergy Texas	$7,448,792	22,699	$328.16	42,850,452	$0.17
5	Oncor Electric Delivery Company	$52,263,772	185,948	$281.07	232,915,239	$0.22
6	Southwestern Electric Power Company	$4,069,496	8,705	$467.49	13,450,149	$0.30
7	SPS	$4,762,893	8,672	$549.23	20,722,527	$0.23
8	Texas-New Mexico Power Company	$5,016,950	16,182	$310.03	16,673,717	$0.30
9	**Average:**			**$323.41**		**$0.24**

*** Program expenditures includes Incentives, R&D, and General Administration; excluding EM&V and EECRF proceeding expenses.**

EL PASO ELECTRIC COMPANY
Comparison of Incentive Expenditures

Line No.	Utility	2023 Incentive Expenditures	2023 Demand Reduction (kW)	2023 Incentive Expenditures per kW	2023 Energy Savings (kWh)	2023 Incentive Expenditures per kWh
1	AEP Texas	$15,133,235	64,200	$235.72	70,990,907	$0.21
2	Centerpoint Energy	$36,486,499	254,681	$143.26	185,384,937	$0.20
3	**El Paso Electric Company**	**$4,570,499**	**20,553**	**$222.38**	**21,383,085**	**$0.21**
4	Entergy Texas	$6,846,112	22,699	$301.60	42,850,452	$0.16
5	Oncor Electric Delivery Company	$46,711,169	185,948	$251.21	232,915,239	$0.20
6	Southwestern Electric Power Company	$3,471,272	8,705	$398.77	13,450,149	$0.26
7	SPS	$4,399,283	8,672	$507.30	20,722,527	$0.21
8	Texas-New Mexico Power Company	$4,350,060	16,182	$268.82	16,673,717	$0.26
9	**Average:**			**$291.13**		**$0.21**

Budget for 2025 Program Expenses by Rate Class

Total Program Incentives and Administration Costs (not including EM&V and Proceeding Costs)

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	168,664	305,100	-	-	**473,764**
Large Commercial Plus Solutions MTP	-	212,933	719,452	100,579	498,891	**1,531,855**
Commercial Load Management SOP	-	-	23,112	449,506	-	**472,618**
Residential Marketplace Pilot MTP	305,351	38	2,840	-	-	**308,229**
Residential Solutions MTP	323,640	-	-	-	-	**323,640**
Living Wise® MTP	355,846	-	-	-	-	**355,846**
Future Wise® MTP	308,229	-	-	-	-	**308,229**
Residential Load Management MTP	770,573	-	-	-	-	**770,573**
Hard-to-Reach Solutions MTP	616,458	-	-	-	-	**616,458**
TOTAL	**2,680,097**	**381,635**	**1,050,504**	**550,085**	**498,891**	**5,161,212**

Budget for Incentives by Rate Class

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	164,161	296,954	-	-	**461,115**
Large Commercial Plus Solutions MTP*	-	207,248	700,244	97,894	485,572	**1,490,958**
Commercial Load Management SOP	-	-	22,495	437,505	-	**460,000**
Residential Marketplace Pilot MTP	297,199	37	2,764	-	-	**300,000**
Residential Solutions MTP	315,000	-	-	-	-	**315,000**
Living Wise® MTP	346,346	-	-	-	-	**346,346**
Future Wise® MTP	300,000	-	-	-	-	**300,000**
Residential Load Management MTP	750,000	-	-	-	-	**750,000**
Hard-to-Reach Solutions MTP	600,000	-	-	-	-	**600,000**
TOTAL	**2,608,545**	**371,446**	**1,022,457**	**535,399**	**485,572**	**5,023,419**

Budget for 2025 Program Expenses by Rate Class

Budget for Direct Administration Expenses by Rate Class

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	-	-	-	-	-
Large Commercial Plus Solutions MTP*	-	-	-	-	-	-
Commercial Load Management SOP	-	-	-	-	-	-
Residential Marketplace Pilot MTP	-	-	-	-	-	-
Residential Solutions MTP	-	-	-	-	-	-
Living Wise® MTP	-	-	-	-	-	-
Future Wise® MTP	-	-	-	-	-	-
Residential Load Management MTP	-	-	-	-	-	-
Hard-to-Reach Solutions MTP	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**

Budget for Indirect Administration Expenses by Rate Class

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	2,869	5,190	-	-	**8,059**
Large Commercial Plus Solutions MTP*	-	3,622	12,238	1,711	8,486	**26,057**
Commercial Load Management SOP	-	-	393	7,646	-	**8,039**
Residential Marketplace Pilot MTP	5,194	1	48	-	-	**5,243**
Residential Solutions MTP	5,505	-	-	-	-	**5,505**
Living Wise® MTP	6,053	-	-	-	-	**6,053**
Future Wise® MTP	5,243	-	-	-	-	**5,243**
Residential Load Management MTP	13,108	-	-	-	-	**13,108**
Hard-to-Reach Solutions MTP	10,486	-	-	-	-	**10,486**
TOTAL	**45,589**	**6,492**	**17,869**	**9,357**	**8,486**	**87,793**

Budget for 2025 Program Expenses by Rate Class

Budget for R&D Expenses by Rate Class

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	1,634	2,956	-	-	**4,590**
Large Commercial Plus Solutions MTP*	-	2,063	6,970	974	4,833	**14,840**
Commercial Load Management SOP	-	-	224	4,355	-	**4,579**
Residential Marketplace Pilot MTP	2,958	-	28	-	-	**2,986**
Residential Solutions MTP	3,135	-	-	-	-	**3,135**
Living Wise® MTP	3,447	-	-	-	-	**3,447**
Future Wise® MTP	2,986	-	-	-	-	**2,986**
Residential Load Management MTP	7,465	-	-	-	-	**7,465**
Hard-to-Reach Solutions MTP	5,972	-	-	-	-	**5,972**
TOTAL	**25,963**	**3,697**	**10,178**	**5,329**	**4,833**	**50,000**

Budget for EM&V Expenses by Rate Class

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	2,205	3,989	-	-	**6,195**
Large Commercial Plus Solutions MTP*	-	2,784	9,407	1,315	6,523	**20,030**
Commercial Load Management SOP	-	-	302	5,878	-	**6,180**
Residential Marketplace Pilot MTP	3,993	0	37	-	-	**4,030**
Residential Solutions MTP	4,232	-	-	-	-	**4,232**
Living Wise® MTP	4,653	-	-	-	-	**4,653**
Future Wise® MTP	4,030	-	-	-	-	**4,030**
Residential Load Management MTP	10,076	-	-	-	-	**10,076**
Hard-to-Reach Solutions MTP	8,061	-	-	-	-	**8,061**
TOTAL	**35,044**	**4,990**	**13,736**	**7,193**	**6,523**	**67,486**

Budget for 2025 Program Expenses by Rate Class

Budget for Proceeding Expenses by Rate Class

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	3,268	5,911	-	-	**9,179**
Large Commercial Plus Solutions MTP*	-	4,126	13,940	1,949	9,666	**29,680**
Commercial Load Management SOP	-	-	448	8,709	-	**9,157**
Residential Marketplace Pilot MTP	5,916	1	55	-	-	**5,972**
Residential Solutions MTP	6,271	-	-	-	-	**6,271**
Living Wise® MTP	6,895	-	-	-	-	**6,895**
Residential Load Management MTP	5,972	-	-	-	-	**5,972**
Residential Load Management MTP	14,930	-	-	-	-	**14,930**
Hard-to-Reach Solutions MTP	11,944	-	-	-	-	**11,944**
TOTAL	**51,928**	**7,394**	**20,354**	**10,658**	**9,666**	**100,000**

Program Year 2023

Energy Efficiency Performance Bonus Calculator

	kW	kWh
Demand and Energy Goals	11,160	19,522,320
Actual Demand and Energy Savings	20,553	21,383,085
Reported/Verified Hard-to-Reach	*1,092*	
Program Costs (*excluding* bonus)	$4,817,486	
Performance Bonus	**$1,731,256**	

10%	**Hard-to-Reach Goal Met?**
	Bonus Calculation Details
184%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
110%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
$24,330,716	Total Avoided Costs
$2,200,669	Docket No. 48297 requirement (add previous bonus to current year bonus calculation)
$7,018,155	Total Program Costs (*including* bonus)
$17,312,562	Net Benefits
$7,285,410	Calculated Bonus (((Achieved Demand Reduction/Demand Goal - 100%) / 2) * Net Benefits)
$1,731,256	Maximum Bonus Allowed (10% of Net Benefits)

PUBLIC VERSION

Provided upon issuance of Protective Order and execution of the Certification of the Protective Order

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Estimated Useful Life Values (EULs)

Sector	TRM Measure	Energy Efficiency Measure	EUL (years)	*TRM Version*
Custom	NA	Custom	NA	*NA*
Residential	2.1.1	Res Energy Star General Service LED Lamps: ≤ 17,500 hour rated life	16.0	*10.0*
Residential	2.1.1	Res Energy Star General Service LED Lamps: >17,500 hour rated life	20.0	*10.0*
Residential	2.1.2	Res Specialty LED Lamps: < 17,500 hour rated life	16.0	*10.0*
Residential	2.1.2	Res Specialty LED Lamps: > 17,500 hour rated life	20.0	*10.0*
Residential	2.1.3	Res LED Nightlights	8.0	*10.0*
Residential	2.2.1	Res Air Conditioner (AC) and Heat Pump (HP) Tune-Ups	5.0	*10.0*
Residential	2.2.2	Res Central HPs without SEER2 Ratings	15.0	*10.0*
Residential	2.2.3	Res Mini-Split HPs without SEER2 Ratings	15.0	*10.0*
Residential	2.2.4	Res Central and Mini-Split ACs and HPs with SEER2 Ratings: ACs	18.0	*10.0*
Residential	2.2.4	Res Central and Mini-Split ACs and HPs with SEER2 Ratings: HPs	15.0	*10.0*
Residential	2.2.5	Res Room Air Conditioners (RAC)	10.0	*10.0*
Residential	2.2.6	Res Packaged Terminal HPs (PTHP)	15.0	*10.0*
Residential	2.2.7	Res Ground Source Heat Pumps (GSHP)	24.0	*10.0*
Residential	2.2.8	Res Large Capacity Split System and Packaged ACs and HPs - HPs	15.0	*10.0*
Residential	2.2.8	Res Large Capacity Split System and Packaged ACs and HPs - GSHPs	20.0	*10.0*
Residential	2.2.9	Res Evaporative Cooling	15.0	*10.0*
Residential	2.2.10	Res Connected Thermostats	11.0	*10.0*
Residential	2.2.11	Res Smart Thermostat Load Management	1.0	*10.0*
Residential	2.2.12	Res Duct Sealing	18.0	*10.0*
Residential	2.3.1	Res Air Infiltration	11.0	*10.0*
Residential	2.3.2	Res Ceiling Insulation	25.0	*10.0*
Residential	2.3.3	Res Attic Encapsulation	25.0	*10.0*
Residential	2.3.4	Res Wall Insulation	25.0	*10.0*
Residential	2.3.5	Res Floor Insulation	25.0	*10.0*
Residential	2.3.6	Res Radiant Barriers	25.0	*10.0*
Residential	2.3.7	Res Cool Roofs	15.0	*10.0*
Residential	2.3.8	Res Solar Screens	10.0	*10.0*
Residential	2.3.9	Res Windows	25.0	*10.0*
Residential	2.3.10	Res Storm Windows	20.0	*10.0*
Residential	2.4.1	Res Water Heater Installations - Electric Tankless and Fuel Substitution (Gas and Electric Tankless)	20.0	*10.0*
Residential	2.4.1	Res Water Heater Installations - Electric Tankless and Fuel Substitution (Gas Storage)	11.0	*10.0*
Residential	2.4.2	Res Heat Pump Water Heaters (HPWH)	13.0	*10.0*
Residential	2.4.3	Res Solar Water Heaters	15.0	*10.0*
Residential	2.4.4	Res Water Heater Tank Insulation	7.0	*10.0*
Residential	2.4.5	Res Water Heater Pipe Insulation	13.0	*10.0*
Residential	2.4.6	Res Faucet Aerators	10.0	*10.0*
Residential	2.4.7	Res Low-Flow Showerheads (LFSH)	10.0	*10.0*
Residential	2.4.8	Res Showerhead Temperature Sensitive Restrictor Valves (TSRV)	10.0	*10.0*
Residential	2.4.9	Res Tub Spout and Showerhead TSRVs	10.0	*10.0*
Residential	2.4.10	Res Water Heater Temperature Setback	2.0	*10.0*
Residential	2.5.1	Res Ceiling Fans	10.0	*10.0*
Residential	2.5.2	Res Clothes Washers	11.0	*10.0*
Residential	2.5.3	Res Clothes Dryers	16.0	*10.0*
Residential	2.5.4	Res Dishwashers	15.0	*10.0*
Residential	2.5.5	Res Refrigerators	16.0	*10.0*
Residential	2.5.6	Res Freezers	22.0	*10.0*
Residential	2.5.7	Res Refrigerator/Freezer Recycling	8.0	*10.0*
Residential	2.5.8	Res Air Purifiers	9.0	*10.0*
Residential	2.5.9	Res Pool Pumps	10.0	*10.0*
Residential	2.5.10	Res Advanced Power Strips (APS)	10.0	*10.0*
Residential	2.5.11	Res Electric Vehicle Supply Equipment (EVSE)	10.0	*10.0*
Residential	2.5.12	Res Induction Cooking	16.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - Halogen Lamps	1.5	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - High-Intensity Disgharge (HID) Lamps	15.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - Integrated-Ballast Cold Cathode Fluorescent Lamps (CCFL)	4.5	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - Integrated-Ballast Compact Fluorescent Lamps (CFL)	2.5	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - Integral Light Emitting Diode (LED) Lamps	9.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - LED Fixtures	15.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - LED Corn Cob Lamps	15.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - LED Tubes (TLED)	15.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - Modular CFL and CCFL Fixtures	15.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - T8 and T5 Linear Fluorescent Lamps	15.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - New Construction Interior Fixtures & Controls	14.0	*10.0*
Commercial	2.1.1	Com Lamps and Fixtures - New Construction Exterior Fixtures	15.0	*10.0*
Commercial	2.1.2	Com Lighting Controls - Occupancy Sensors	10.0	*10.0*
Commercial	2.1.2	Com Lighting Controls - Daylighting Controls	10.0	*10.0*
Commercial	2.1.2	Com Lighting Controls - Time Clocks	10.0	*10.0*
Commercial	2.1.2	Com Lighting Controls - Tuning Controls	10.0	*10.0*
Commercial	2.1.2	Com Lighting Controls - New Construction Interior Fixtures & Controls	14.0	*10.0*
Commercial	2.1.3	Com Exterior Photocell and Timeclock Repair	1.0	*10.0*
Commercial	2.1.4	Com LED Traffic Signals - 8" and 12" Red, Green, and Yellow Balls	6.0	*10.0*
Commercial	2.1.4	Com LED Traffic Signals - 8" and 12" Red, Green, and Yellow Arrows	6.0	*10.0*
Commercial	2.1.4	Com LED Traffic Signals - Large (16" x 18") Pedestrian Signals	5.0	*10.0*
Commercial	2.1.4	Com LED Traffic Signals - Small (12" x 12") Pedestrian Signals	5.0	*10.0*
Commercial	2.2.1	Com Air Conditioner (AC) and Heat Pump (HP) Tune-Ups	5.0	*10.0*
Commercial	2.2.2	Com Split-System/Packaged ACs and HPs	15.0	*10.0*
Commercial	2.2.3	Com Chillers (Screw, Scroll, and Reciprocating)	20.0	*10.0*
Commercial	2.2.3	Com Chillers (Centrifugal)	25.0	*10.0*
Commercial	2.2.4	Com Packaged Terminal ACs and HPs (PTAC/PTHP)	15.0	*10.0*
Commercial	2.2.4	Com Room Air Conditioners (RAC)	10.0	*10.0*
Commercial	2.2.5	Com Computer Room Air Conditioners (CRAC)	15.0	*10.0*
Commercial	2.2.6	Com Computer Room Air Handlers (CRAH) - Premium Efficiency Motors	15.0	*10.0*
Commercial	2.2.6	Com Computer Room Air Handlers (CRAH) - HVAC VFDs	15.0	*10.0*
Commercial	2.2.7	Com HVAC Variable Frequency Drives (VFD)	15.0	*10.0*
Commercial	2.2.8	Com Condenser Air Evaporative Pre-Cooling	10.0	*10.0*
Commercial	2.2.9	Com High-Volume Low-Speed (HVLS) Fans	9.0	*10.0*
Commercial	2.2.10	Com Small Commercial Evaporative Cooling	15.0	*10.0*
Commercial	2.2.11	Com Small Commercial Smart Thermostats	11.0	*10.0*

Commercial	2.3.1	Com Cool Roofs	15.0	*10.0*
Commercial	2.3.2	Com Window Treatments	10.0	*10.0*
Commercial	2.3.3	Com Entrance and Exit Door Air Infiltration	11.0	*10.0*
Commercial	2.4.1	Com Combination Ovens	12.0	*10.0*
Commercial	2.4.2	Com Electric Convection Ovens	12.0	*10.0*
Commercial	2.4.3	Com Dishwashers - Under Counter	10.0	*10.0*
Commercial	2.4.3	Com Dishwashers - Stationary Single Tank Door	15.0	*10.0*
Commercial	2.4.3	Com Dishwashers - Single Tank Conveyor	20.0	*10.0*
Commercial	2.4.3	Com Dishwashers - Multiple Tank Conveyor	20.0	*10.0*
Commercial	2.4.3	Com Dishwashers - Pot, Pan, and Utensil	10.0	*10.0*
Commercial	2.4.4	Com Hot Food Holding Cabinets (HFHC)	12.0	*10.0*
Commercial	2.4.5	Com Electric Fryers	12.0	*10.0*
Commercial	2.4.6	Com Electric Steam Cookers	12.0	*10.0*
Commercial	2.4.7	Com Ice Makers	8.5	*10.0*
Commercial	2.4.8	Com Demand Controlled Kitchen Ventilation (DCKV)	15.0	*10.0*
Commercial	2.4.9	Com Pre-Rinse Spray Valves (PRSV)	5.0	*10.0*
Commercial	2.4.10	Com Vacuum-Sealing and Packaging Machines	10.0	*10.0*
Commercial	2.5.1	Com Door Heater Controls	12.0	*10.0*
Commercial	2.5.2	Com Electronically Commutated Motors (ECM) Evaporator Fan Motors	15.0	*10.0*
Commercial	2.5.3	Com Electronic Defrost Controls	10.0	*10.0*
Commercial	2.5.4	Com Evaporator Fan Controls	16.0	*10.0*
Commercial	2.5.5	Com Night Covers for Open Refrigerated Display Cases	5.0	*10.0*
Commercial	2.5.6	Com Solid and Glass Door Reach-Ins	12.0	*10.0*
Commercial	2.5.7	Com Strip Curtains for Walk-In Refrigerated Storage	4.0	*10.0*
Commercial	2.5.8	Com Zero-Energy Doors for Refrigerated Cases	12.0	*10.0*
Commercial	2.5.9	Com Door Gaskets for Walk-In and Reach-In Coolers and Freezers	3.0	*10.0*
Commercial	2.5.10	Com High Speed Doors for Cold Storage	5.0	*10.0*
Commercial	2.6.1	Com Central Domestic Hot Water (DHW) Controls	15.0	*10.0*
Commercial	2.6.2	Com Showerhead Temperature Sensitive Restrictor Valves (TSRV)	10.0	*10.0*
Commercial	2.6.3	Com Tub Spout and Showerhead TSRVs	10.0	*10.0*
Commercial	2.7.1	Com Vending Machine Controls	5.0	*10.0*
Commercial	2.7.2	Com Lodging Guest Room Occupancy Sensor Controls	10.0	*10.0*
Commercial	2.7.3	Com Pump-Off Controllers	15.0	*10.0*
Commercial	2.7.4	Com Pool Pumps	10.0	*10.0*
Commercial	2.7.5	Com Computer Power Management	3.0	*10.0*
Commercial	2.7.6	Com Premium Efficiency Motors	15.0	*10.0*
Commercial	2.7.7	Com Electric Vehicle Supply Equipment (EVSE)	10.0	*10.0*
Commercial	2.7.8	Com VFDs for Water Pumping	12.5	*10.0*
Commercial	2.7.9	Com Steam Trap Repair and Replacement - Standard Steam Traps	6.0	*10.0*
Commercial	2.7.9	Com Steam Trap Repair and Replacement - Venturi Steam Traps	20.0	*10.0*
Commercial	2.7.10	Com Hydraulic Gear Lubricants	10.0	*10.0*
Commercial	2.7.11	Com Hydraulic Oils	10.0	*10.0*
Commercial	2.7.12	Com Hand Dryers	10.0	*10.0*
Measurement and Verification	2.1.1	M&V Air Conditioning Tune-Ups	5.0	*10.0*
Measurement and Verification	2.1.2	M&V Ground Source Heat Pumps (GSHP)	20.0	*10.0*
Measurement and Verification	2.1.3	M&V Variable Refrigerant Flow (VRF) Systems	15.0	*10.0*
Measurement and Verification	2.2.1	M&V Residential New Construction	23.0	*10.0*
Measurement and Verification	2.2.2	M&V Smart Home Energy Management Systems (SHEMS)	10.0	*10.0*
Measurement and Verification	2.3.1	M&V Residential Energy Code Compliance	23.0	*10.0*
Measurement and Verification	2.4.1	M&V Non-Residential Solar Photovoltaics (PV)	30.0	*10.0*
Measurement and Verification	2.4.2	M&V Residential Solar Photovoltaics (PV)	30.0	*10.0*
Measurement and Verification	2.4.3	M&V Solar Shingles	20.0	*10.0*
Measurement and Verification	2.4.4	M&V Solar Attic Fans	15.0	*10.0*
Measurement and Verification	2.5.1	M&V Behavioral Measures	1.0	*10.0*
Measurement and Verification	2.5.2	M&V Air Compressors Less than 75 hp	10.0	*10.0*
Measurement and Verification	2.5.3	Nonresidential M&V: Custom	10.0	*10.0*
Measurement and Verification	2.5.3	Nonresidential M&V: Retrocomissioning (RCx)	5.0	*10.0*
Measurement and Verification	2.5.3	Nonresidential M&V: Advanced Controls and Sensors	10.0	*10.0*
Measurement and Verification	2.5.4	M&V Thermal Energy Storage (TES)	15.0	*10.0*
Measurement and Verification	2.6.1	M&V Residential Load Curtailment	1.0	*10.0*
Measurement and Verification	2.6.2	M&V Non-Residential Load Curtailment	1.0	*10.0*

Exhibit AR-05 Workpapers

2023 Actual Total Incentives Paid

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	134,551	243,392	-	-	**377,943**
Large C&I Solutions MTP	-	221,283	686,389	104,524	-	**1,012,196**
Texas SCORE MTP	-	-	61,277	-	518,455	**579,732**
Commercial Load Management SOP	-	-	9,787	190,341	-	**200,128**
Residential Marketplace Pilot MTP	139,138	17	1,294	-	-	**140,449**
Residential Solutions MTP	368,666	-	-	-	-	**368,666**
Living Wise® MTP	259,896	-	-	-	-	**259,896**
Future Wise® MTP	330,505	-	-	-	-	**330,505**
Texas Appliance Recycling MTP	73,985	-	-	-	-	**73,985**
Residential Load Management MTP	602,253	-	-	-	-	**602,253**
Hard-to-Reach Solutions MTP	624,745	-	-	-	-	**624,745**
TOTAL	**2,399,189**	**355,852**	**1,002,138**	**294,865**	**518,455**	**4,570,499**
	52%	**7.79%**	**21.93%**	**6.45%**	**11.34%**	

2023 Actual Customer Incentives Paid

Vendor	(All)

Sum of Customer Incentives (135)	**Column Labels**					
Row Labels	**T-01**	**T-02**	**T-24**	**T-25**	**T-41**	**Grand Total**
Small Commercial Solutions MTP		77,642.00	140,448.00			218,090.00
Large C&I Solutions MTP		106,598.40	330,652.62	50,352.00		487,603.02
Texas SCORE MTP			22,658.40		191,709.60	214,368.00
Commercial Load Management SOP			9,786.67	190,341.48		200,128.15
Residential Marketplace Pilot MTP	48,492.35	6.00	451.00			48,949.35
Residential Solutions MTP	240,494.26					240,494.26
Living Wise® MTP	259,896.25					259,896.25
Future Wise® MTP	330,505.44					330,505.44
Texas Appliance Recycling MTP	22,550.00					22,550.00
Residential Load Management MTP	336,475.00					336,475.00
Hard-to-Reach Solutions MTP	323,390.17					323,390.17
Grand Total	**1,561,803.47**	**184,246.40**	**503,996.69**	**240,693.48**	**191,709.60**	**2,682,449.64**

Exhibit AR-05 Workpapers

2023 Actual Implementor Incentives Paid

Sum of Implementer Incentives (135)	T-01	T-02	T-24	T-25	T-41	Grand Total
Small Commercial Solutions MTP	-	56,909.09	102,943.86	-	-	159,852.95
Large C&I Solutions MTP	-	114,684.94	355,735.88	54,171.70	-	524,592.52
Texas SCORE MTP	-	-	38,618.49	-	326,745.74	365,364.23
Commercial Load Management SOP	-	-	-	-	-	-
Residential Marketplace Pilot MTP	90,645.74	11.22	843.04	-	-	91,500.00
Residential Solutions MTP	128,171.36	-	-	-	-	128,171.36
Living Wise® MTP	-	-	-	-	-	-
Future Wise® MTP	-	-	-	-	-	-
Texas Appliance Recycling MTP	51,435.00	-	-	-	-	51,435.00
Residential Load Management MTP	265,778.00	-	-	-	-	265,778.00
Hard-to-Reach Solutions MTP	301,355.30	-	-	-	-	301,355.30
Grand Total	**837,385.40**	**171,605.24**	**498,141.28**	**54,171.70**	**326,745.74**	**1,888,049.36**

2025 Budget Adjustment #1: Elimination and Consolidation of Programs

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	-	-	-	-	-
~~Large C&I Solutions MTP~~*	-	(221,283.34)	(686,388.50)	(104,523.70)	-	**(1,012,195.54)**
~~Texas SCORE MTP~~*	-	-	(61,276.89)	-	(518,455.34)	**(579,732.23)**
Large Commercial Plus Solutions MTP*	-	207,248.20	700,243.90	97,894.17	485,571.74	**1,490,958.00**
Commercial Load Management SOP	-	-	-	-	-	-
Residential Marketplace Pilot MTP	-	-	-	-	-	-
Residential Solutions MTP	-	-	-	-	-	-
Living Wise® MTP	-	-	-	-	-	-
Future Wise® MTP	-	-	-	-	-	-
~~Texas Appliance Recycling MTP~~**	(73,985)	-	-	-	-	**(73,985)**
Residential Load Management MTP	-	-	-	-	-	-
Hard-to-Reach Solutions MTP	-	-	-	-	-	-
TOTAL	**(73,985)**	**(14,035)**	**(47,422)**	**(6,630)**	**(32,884)**	**(174,955)**
***Simplified Large Commercial Offering**	**0.00%**	**13.90%**	**46.97%**	**6.57%**	**32.57%**	

****ARCA Recycling went out of business**

Exhibit AR-05 Workpapers

2025 Budget Adjustment #2:

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP						
~~Large C&I Solutions MTP~~*						
~~Texas SCORE MTP~~*						
Large Commercial Plus Solutions MTP*						
Commercial Load Management SOP						
Residential Marketplace Pilot MTP						
Residential Solutions MTP						
Living Wise® MTP						
Future Wise® MTP						
~~Texas Appliance Recycling MTP~~**						
Residential Load Management MTP						
Hard-to-Reach Solutions MTP						
TOTAL						

***Simplified Large Commercial Offering**

****ARCA Recycling went out of business**

2023 Incentives after Adjustments Spread to Class for 2025 Allocations

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	134,551.09	243,391.86	-	-	**377,943**
~~Large C&I Solutions MTP~~*	-	-	-	-	-	**-**
~~Texas SCORE MTP~~*	-	-	-	-	-	**-**
Large Commercial Plus Solutions MTP*	-	207,248.20	700,243.90	97,894.17	485,571.74	**1,490,958**
Commercial Load Management SOP	-	-	9,786.67	190,341.48	-	**200,128**
Residential Marketplace Pilot MTP	139,138.10	17.22	1,294.04	-	-	**140,449**
Residential Solutions MTP	368,665.62	-	-	-	-	**368,666**
Living Wise® MTP	259,896.25	-	-	-	-	**259,896**
Future Wise® MTP	330,505.44	-	-	-	-	**330,505**
~~Texas Appliance Recycling MTP~~**	-	-	-	-	-	**-**
Residential Load Management MTP	602,253.00	-	-	-	-	**602,253**
Hard-to-Reach Solutions MTP	624,745.47	-	-	-	-	**624,745**
TOTAL	**2,325,204**	**341,817**	**954,716**	**288,236**	**485,572**	**4,395,544**
	52.90%	**7.78%**	**21.72%**	**6.56%**	**11.05%**	

Exhibit AR-05 Workpapers

2025 Incentive Percentages after Adjustments Spread to Class

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	0.00%	35.60%	64.40%	0.00%	0.00%	**100.00%**
Large Commercial Plus Solutions MTP*	0.00%	13.90%	46.97%	6.57%	32.57%	**100.00%**
Commercial Load Management SOP	0.00%	0.00%	4.89%	95.11%	0.00%	**100.00%**
Residential Marketplace Pilot MTP	99.07%	0.01%	0.92%	0.00%	0.00%	**100.00%**
Residential Solutions MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**
Living Wise® MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**
Future Wise® MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**
Residential Load Management MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**
Hard-to-Reach Solutions MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**

Budgeted 2025 Incentives Spread to Class (Based on 2023 Percentages with Adjustments)

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL	2023 Program Incentive Percentages
Small Commercial Solutions MTP	-	164,161	296,954	-	-	**461,115.00**	9.18%
Large Commercial Plus Solutions MTP*	-	207,248	700,244	97,894	485,572	**1,490,958.00**	29.68%
Commercial Load Management SOP	-	-	22,495	437,505	-	**460,000.00**	9.16%
Residential Marketplace Pilot MTP	297,199	37	2,764	-	-	**300,000.00**	5.97%
Residential Solutions MTP	315,000	-	-	-	-	**315,000.00**	6.27%
Living Wise® MTP	346,346	-	-	-	-	**346,346.00**	6.89%
Future Wise® MTP	300,000	-	-	-	-	**300,000.00**	5.97%
Residential Load Management MTP	750,000	-	-	-	-	**750,000.00**	14.93%
Hard-to-Reach Solutions MTP	600,000	-	-	-	-	**600,000.00**	11.94%
TOTAL	**2,608,545**	**371,446**	**1,022,457**	**535,399**	**485,572**	**5,023,419.00**	100.00%
	51.93%	**7.39%**	**20.35%**	**10.66%**	**9.67%**		

Exhibit AR-05 Workpapers

2025 Program-Direct Administration Expenses Spread to Class

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	-	-	-	-	-	-
Large Commercial Plus Solutions MTP	-	-	-	-	-	-
Commercial Load Management SOP	-	-	-	-	-	-
Residential Marketplace Pilot MTP	-	-	-	-	-	-
Residential Solutions MTP	-	-	-	-	-	-
Living Wise® MTP	-	-	-	-	-	-
Future Wise® MTP	-	-	-	-	-	-
Residential Load Management MTP	-	-	-	-	-	-
Hard-to-Reach Solutions MTP	-	-	-	-	-	-
TOTAL						

2025 Indirect Administrative Budget Spread to Program and Class

Amount To Spread:	**87,793.00**					
PROGRAMS	**T-01**	**T-02**	**T-24**	**T-25**	**T-41**	**TOTAL**
Small Commercial Solutions MTP	-	2,869	5,190	-	-	**8,059.00**
Large Commercial Plus Solutions MTP	-	3,622	12,238	1,711	8,486	**26,057.00**
Commercial Load Management SOP	-	-	393	7,646	-	**8,039.00**
Residential Marketplace Pilot MTP	5,194	1	48	-	-	**5,243.00**
Residential Solutions MTP	5,505	-	-	-	-	**5,505.00**
Living Wise® MTP	6,053	-	-	-	-	**6,053.00**
Future Wise® MTP	5,243	-	-	-	-	**5,243.00**
Residential Load Management MTP	13,108	-	-	-	-	**13,108.00**
Hard-to-Reach Solutions MTP	10,486	-	-	-	-	**10,486.00**
TOTAL	**45,589**	**6,492**	**17,869**	**9,357**	**8,486**	**87,793.00**

Exhibit AR-05 Workpapers

2025 R&D Budget Spread To Program and Class

Amount To Spread:	50,000.00					
PROGRAMS	**T-01**	**T-02**	**T-24**	**T-25**	**T-41**	**TOTAL**
Small Commercial Solutions MTP	-	1,634	2,956	-	-	**4,590**
Large Commercial Plus Solutions MTP	-	2,063	6,970	974	4,833	**14,840**
Commercial Load Management SOP	-	-	224	4,355	-	**4,579**
Residential Marketplace Pilot MTP	2,958	-	28	-	-	**2,986**
Residential Solutions MTP	3,135	-	-	-	-	**3,135**
Living Wise® MTP	3,447	-	-	-	-	**3,447**
Future Wise® MTP	2,986	-	-	-	-	**2,986**
Residential Load Management MTP	7,465	-	-	-	-	**7,465**
Hard-to-Reach Solutions MTP	5,972	-	-	-	-	**5,972**
TOTAL	**25,963**	**3,697**	**10,178**	**5,329**	**4,833**	**50,000**

2025 Program Expenses Spread to Class (Prior to EM&V and Proceeding Costs)

PROGRAMS	**T-01**	**T-02**	**T-24**	**T-25**	**T-41**	**TOTAL**
Small Commercial Solutions MTP	-	168,664	305,100	-	-	**473,764**
Large Commercial Plus Solutions MTP	-	212,933	719,452	100,579	498,891	**1,531,855**
Commercial Load Management SOP	-	-	23,112	449,506	-	**472,618**
Residential Marketplace Pilot MTP	305,351	38	2,840	-	-	**308,229**
Residential Solutions MTP	323,640	-	-	-	-	**323,640**
Living Wise® MTP	355,846	-	-	-	-	**355,846**
Future Wise® MTP	308,229	-	-	-	-	**308,229**
Residential Load Management MTP	770,573	-	-	-	-	**770,573**
Hard-to-Reach Solutions MTP	616,458	-	-	-	-	**616,458**
TOTAL	**2,680,097**	**381,635**	**1,050,504**	**550,085**	**498,891**	**5,161,212**

Exhibit AR-05 Workpapers

2025 Program Expense Percentages of Total Program Budget (Prior to EM&V and Proceeding Costs)

PROGRAMS	T-01	T-02	T-24	T-25	T-41	Total Program Expenses Percentages
Small Commercial Solutions MTP	0.00%	3.27%	5.91%	0.00%	0.00%	**9.18%**
Large Commercial Plus Solutions MTP	0.00%	4.13%	13.94%	1.95%	9.67%	**29.68%**
Commercial Load Management SOP	0.00%	0.00%	0.45%	8.71%	0.00%	**9.16%**
Residential Marketplace Pilot MTP	5.92%	0.00%	0.06%	0.00%	0.00%	**5.97%**
Residential Solutions MTP	6.27%	0.00%	0.00%	0.00%	0.00%	**6.27%**
Living Wise® MTP	6.89%	0.00%	0.00%	0.00%	0.00%	**6.89%**
Future Wise® MTP	5.97%	0.00%	0.00%	0.00%	0.00%	**5.97%**
Residential Load Management MTP	14.93%	0.00%	0.00%	0.00%	0.00%	**14.93%**
Hard-to-Reach Solutions MTP	11.94%	0.00%	0.00%	0.00%	0.00%	**11.94%**
TOTAL	**51.93%**	**7.39%**	**20.35%**	**10.66%**	**9.67%**	**100.00%**

2025 Rate Class Percentages by Program

PROGRAMS	T-01	T-02	T-24	T-25	T-41	TOTAL
Small Commercial Solutions MTP	0.00%	35.60%	64.40%	0.00%	0.00%	**100.00%**
Large Commercial Plus Solutions MTP	0.00%	13.90%	46.97%	6.57%	32.57%	**100.00%**
Commercial Load Management SOP	0.00%	0.00%	4.89%	95.11%	0.00%	**100.00%**
Residential Marketplace Pilot MTP	99.07%	0.01%	0.92%	0.00%	0.00%	**100.00%**
Residential Solutions MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**
Living Wise® MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**
Future Wise® MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**
Residential Load Management MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**
Hard-to-Reach Solutions MTP	100.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**

SOAH DOCKET NO. 473-24-17664
P.U.C. DOCKET NO. 56572

APPLICATION OF EL PASO ELECTRIC COMPANY TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	§ § § §	THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

SECOND ERRATA TO THE DIRECT TESTIMONY

OF

RENE F. GONZALEZ

ADOPTING THE PRE-FILED TESTIMONY OF

DIRECT TESTIMONY OF

VICTOR H. SILVA

FOR

EL PASO ELECTRIC COMPANY

AUGUST 5, 2024

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SUBJECT **PAGE**

EXHIBITS

I. Introduction and Qualifications

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Rene F. Gonzalez, and my business address is 100 N. Stanton Street, El Paso, Texas, 79901.

Q2. HOW ARE YOU EMPLOYED?

A. I am employed by El Paso Electric Company ("EPE" or the "Company") as a Supervisor of Rates and Regulatory Affairs.

Q3. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL QUALIFICATIONS.

A. I hold a bachelor's in business administration with a double major in Economics and Finance from The University of Texas at El Paso and a Master of Arts in Economics with a concentration in Public Utility Policy & Regulation from New Mexico State University ("NMSU"). After undergraduate studies, I joined ADP (Automatic Data Processing) as an Account Executive in the Insurance Services Division as a licensed Property and Casualty insurance agent specializing in the sale of Workers Compensation Insurance. I subsequently transferred within the same division to work as a Retention Specialist. In 2010, I obtained a position with the City of El Paso as a Procurement Analyst in the Purchasing Department.

I have worked with EPE in the Rate Research section of the Regulatory Affairs group since October 2012. I was first hired as an Associate Rate Analyst. In November 2014, I earned a progressive promotion to Staff Financial Analyst and in October of 2016, after earning a graduate certificate from New Mexico State University in Public Utility Regulation & Economics was promoted to Senior Rate Analyst. Finally, I was promoted to my current position as Supervisor of-Rates and Regulatory, in September 2020.

In addition to my education and professional experience described above, I have attended professional development seminars covering rate design, marginal cost, load research statistical applications, and transmission and distribution systems.

Q4. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.

A. As Supervisor in the Rates and Regulatory Affairs section, my responsibility is to supervise the preparation of economic, customer, statistical, and cost studies and analysis; to develop models and methodologies for cost of service, profitability, and pricing studies; and conducting annualization, jurisdictional and class cost of service studies, and revenue forecasts.

Q5. HAVE YOU PRESENTED TESTIMONY BEFORE ANY UTILITY REGULATORY BODIES?

A. Yes, I have previously filed testimony with the Public Utility Commission of Texas ("PUCT" or "Commission") and testified before the New Mexico Public Regulation Commission.

II. Adoption of Testimony

Q6. ARE YOU ADOPTING THE PRE-FILED TESTIMONY OF ANOTHER EPE WITNESS IN THIS CASE?

A. Yes, I am. On May 1, 2024, Victor Silva submitted pre-filed direct testimony on behalf of EPE. At that time, Mr. Silva was a Senior Rate Analyst in the Rates and Regulatory Affairs section and reported to me. Mr. Silva has transferred to another position at EPE. I am adopting his testimony. Specifically, I am adopting all his testimony as my testimony in this proceeding except Section I, which is titled Introduction and Qualifications. The testimony I am adopting begins on page 2, line 25 and continues thereafter, including his exhibits. For convenience, the testimony is attached as Exhibit RFG-1E2, with the passages I am not adopting stricken through.

Q7. ARE YOU MAKING ANY CHANGES TO THAT PART OF MR. SILVA'S TESTIMONY YOU ARE ADOPTING?

A. No, I am not.

Q8. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

DOCKET NO. 56572

APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL TO REVISE ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	§ § § §	PUBLIC UTILITY COMMISSION OF TEXAS

SECOND ERRATA TO THE DIRECT TESTIMONY OF

VICTOR H. SILVA

FOR

EL PASO ELECTRIC COMPANY

AUGUST 5, 2024

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EXHIBITS

I. Introduction

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Victor H. Silva. My business address is 100 North Stanton Street, El Paso, Texas 79901.

Q2. HOW ARE YOU EMPLOYED?

A. I am employed by El Paso Electric Company ("EPE" or "Company") as a Senior Rate Analyst in the Rates and Regulatory Affairs section.

Q3. PLEASE SUMMARIZE YOUR EDUCATIONAL AND BUSINESS BACKGROUND.

A. In 2008, I graduated from The University of Texas at El Paso with a Bachelor of Business Administration with a major in Marketing. After graduation, I joined ECOS Consulting (then acquired by ECOVA and currently Engie North America Inc.) as a Texas energy efficiency program field coordinator based in El Paso, in the area of lighting technologies for various Southwest electric utilities (including EPE). I subsequently transferred within the same division to work in Arizona as a field coordinator for lighting and variable speed motor technology applications where I trained contractors, on behalf of the Arizona Public Service (APS), on the benefits of energy saving swimming pool pumps. In 2011, I obtained a position with EPE as an Energy Efficiency Program Manager in the Energy Efficiency Department managing programs for residential and commercial customers on various energy efficient technologies and customer outreach. In 2014, I relocated to Albuquerque, New Mexico to accept a position as Strategic Account Manager with Public Service of New Mexico (PNM), managing large commercial customers. In 2017, I moved back to El Paso and accepted a position with EPE in the Rate Research section of the Regulatory Affairs group as a Rate Analyst. In 2022, I received a progressive promotion as a Senior Rate Analyst.

In 2013, I received a certificate as a Certified Energy Auditor (CEA) from the Association of Energy Engineers. In 2014, I obtained a graduate certificate in HVAC technologies from El Paso Community College. In 2015, I received a graduate certificate from New Mexico State University in Public Utility Regulation & Economics.

In addition to the above education and professional experience, I have attended

professional development seminars covering rate design and energy efficiency technologies.

Q4. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.

A. As a Senior Rate Analyst in the Rates and Regulatory Affairs section, I am responsible for preparing economic, customer, statistical, cost, and rate design studies and analysis. I prepare testimony and exhibits for EPE witnesses and am also responsible for preparing and auditing, monthly, quarterly, and annual reports. In addition to some of my responsibilities above, I also author new tariffs and update existing tariff language to respond to regulatory issues and coordinate the proper billing of customers electric bill, with changes in legislation and/or rates.

Q5. ARE YOU SPONSORING ANY EXHIBITS IN THIS FILING?

A. Yes, I am sponsoring the exhibits listed in the Table of Contents.

Q6. WERE THE ATTACHED EXHIBITS PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes, they were.

Q7. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE UTILITY REGULATORY BODIES?

A. Yes, in Docket Nos. 53551 & 54950 for *Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor.*

II. Purpose of Testimony

Q8. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my direct testimony is to present and support the Company's request to revise its Energy Efficiency Cost Recovery Factor ("EECRF") for 2025. In my testimony, I provide a summary of the relief sought by EPE and the costs to be included in EPE's revised EECRF pursuant to the requirements of 16 Tex. Admin. Code §§ 25.181 and 25.182 (TAC) ("EE Rule") on energy efficiency. I also support the calculation of EPE's revised

EECRF rates for the billing period January 1 through December 31, 2025, based on an allocation of energy efficiency costs among the rate classes.

I discuss the impacts on EPE's filing of the cost caps provided by the EE Rule, and I present EPE's proposal to recover costs that will enable EPE to achieve demand and energy savings for 2025. Finally, I present EPE's performance bonus as adjusted consistent with the Final Order in Docket No. 48332.[1]

III. Requirement to Adjust EECRF for 2025

Q9. WHAT IS THE PURPOSE OF THE EECRF TARIFF?

A. The purpose of the EECRF tariff is to allow EPE to recover (1) its proposed energy efficiency program costs; (2) the energy efficiency performance bonus amount earned for the most recent complete program year; (3) any adjustment for past over- or under-recovery, including interest, of authorized energy efficiency revenues; (4) the prior year's EECRF ratemaking proceeding expenses; and (5) costs associated with Evaluation, Measurement, and Verification ("EM&V") of energy efficiency programs.

EPE's total energy efficiency costs are currently recovered through an EECRF applicable to all non-transmission voltage level rate classes, except the Private Area Lighting Service rate class. In addition, for customers taking Interruptible Power Service, only that portion of their requirements designated as firm service is subject to the EECRF.

The EECRF rates are calculated for each rate class based on the aggregate amount of costs allocated to the rate class divided by the projected 2025 kilowatt-hours ("kWh") at the meter for the rate class. Public Utility Regulatory Act ("PURA") § 39.905(b)(4) provides that the EECRF should "ensur[e] that the costs associated with programs provided under this section and any shareholder bonus awarded are borne by the rate classes that receive the services under the programs."[2] EPE's rate design for the EECRF ensures that only the rate classes that are eligible to participate in the energy efficiency programs pay the EECRF. The calculation of EPE's proposed EECRF for 2025 is shown in Exhibit VHS-01E2.

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[1] *Application of El Paso Electric Company to Adjust its Cost Recovery Factor and Establish Revised Cost Cap*, Docket No. 48332, Order (Jan. 17, 2019).

[2] Customer class is synonymous to 'rate class' in this testimony.

Q10. WHY IS EPE FILING THIS REQUEST TO ADJUST ITS EECRF FOR THE 2025 PROGRAM YEAR?

A. EPE is filing to adjust the EECRF to ensure recovery of its reasonable costs of providing energy efficiency programs pursuant to 16 TAC § 25.182(d). That section of the EE Rule requires that a utility with an EECRF apply each year to adjust its EECRF in order to reflect changes in program and administrative costs, resulting from a true-up of the prior program year's over- or under-recovery of energy efficiency costs, from any performance bonus earned based on the utility's previous year's energy efficiency program performance, in administrative costs, and the cost of EM&V allocated to the utility by the Commission. The Rule also allows recovery through the EECRF of the prior year's EECRF proceeding expenses.

IV.EPE'S Proposed 2025 EECRF

Q11. WHAT ARE THE TOTAL RECOVERABLE ENERGY EFFICIENCY COSTS THAT EPE IS SEEKING TO RECOVER IN THE PROPOSED 2025 EECRF?

A. Based on the 2025 energy efficiency program costs described in the direct testimony of EPE witness Antonio Reyes, EPE is seeking to recover $5,704,364 through its 2025 EECRF. That amount includes the following:

- EPE's 2025 Total Proposed Energy Efficiency Program Budget of $5,161,212.
- EPE's 2023 Energy Efficiency Performance Bonus amount of $1,555,954.
- EPE's prior year (2023) EECRF proceeding expenses of $44,876, composed of EPE's expenses of $33,488 and City of El Paso expenses of $11,388.
- A true-up adjustment, by rate class, of EPE's net over-recovery for 2023 of $1,125,164, composed of $1,059,992 net over-recovery and $65,172 of accrued interest.
- The PUCT assigned EM&V contractor costs for 2025 of $67,486.

Q12. ARE ANY OF THOSE COSTS, OR ANY OTHER COSTS ASSOCIATED WITH EPE'S ENERGY EFFICIENCY PROGRAMS, RECOVERED IN BASE RATES?

A. No. EPE recovers all costs directly associated with its energy efficiency programs

exclusively through the EECRF.

Q13. HOW DO THOSE COSTS COMPARE TO THE COSTS THAT EPE SOUGHT TO RECOVER THROUGH THE EECRF DURING 2024?

A. Pursuant to the Commission's Final Order in Docket No. 54950,[3] EPE's 2024 EECRF was designed to recover $5,950,008. EPE's request for 2025 total recoverable energy efficiency costs of $5,704,364 is therefore $245,644 (4.13%) less than the amount included in 2024 EECRF rates.

Q14. WHAT ARE THE FACTORS THAT ACCOUNT FOR THE DECREASE IN TOTAL RECOVERABLE ENERGY EFFICIENCY COSTS FOR 2025 RELATIVE TO THOSE AUTHORIZED FOR THE 2024 EECRF?

A. Three main factors contribute to the change in total energy efficiency program costs for 2025. First, the bonus increased by $319,002 from $1,236,952 for 2022 to $1,555,954 for 2023. Second, cost recovery increased from a net over-recovery of $778,182 in 2022 to a net over-recovery of $1,125,164 in 2023 resulting in an overall net decrease in costs of $346,982. Finally, the program budget (before EM&V and proceeding expenses) decreased from the settlement amount of $5,337,006 for 2024 to $5,161,212 for 2025, primarily due to the discontinuation of the appliance recycling program.

Q15. WHAT ARE THE TOTAL PROJECTED ENERGY EFFICIENCY PROGRAM COSTS EPE IS SEEKING TO RECOVER IN THE 2025 EECRF?

A. As contained in EPE's filed 2024 Energy Efficiency Plan and Report Second Errata ("2024 EEPR"), EPE is seeking to recover total projected 2025 program costs of $5,328,698. The 2024 EEPR Second Errata is attached as Exhibit AR-01E to EPE witness Reyes' direct testimony, and the breakdown of individual program costs is summarized in Table 6 of that exhibit.

Q16. CAN YOU EXPLAIN HOW THE PROPOSED OVER-RECOVERY TRUE-UP WAS CALCULATED?

[3] *Application of El Paso Electric Company to Revise its Energy Efficiency Cost Recovery Factor and Establish a Revised Cost Cap*, Docket No. 54950, Order (Dec. 1, 2023).

A. Yes. The 2023 over-recovery amount of $1,059,992 is based on the difference between the actual total recoverable energy efficiency costs incurred from January 1 to December 31, 2023, and the actual amount of revenue recovered through the 2023 EECRF for each rate class for the same period. As reported in the 2024 EEPR Second Errata (Exhibit AR-01E, Table 13), the total actual costs for 2023 were $7,158,532. The total revenue collected under the authorized 2023 EECRF was $8,218,524, which results in a total system over-recovery of $1,059,992 for the 2023 program year. This year, in addition to the over-recovery, annual interest has been accrued in the amount of $65,172 for a total over-recovery amount of $1,125,164.

The contribution of each rate class to the total net over-collection is attributed to that rate class in the proposed 2025 EECRF.

Q17. HOW WERE THE PROPOSED EECRF RATES DETERMINED USING 2025 PROJECTED BILLING UNITS?

A. The total energy efficiency costs associated with the 2025 EECRF, consisting of the proposed 2025 energy efficiency program costs, including incentives and administration, EM&V costs, the prior year's EECRF proceeding expenses, and the 2023 performance bonus, are first allocated to each rate class. These costs are then adjusted for the 2023 over/under-recovery for each rate class. The total costs by rate class are then divided by 2025 projected kWh sales for that rate class to produce the EECRF rate.

As described in the direct testimony of EPE witness Reyes, 2025 incentive costs were allocated by program to each rate class based on EPE's actual 2023 energy efficiency incentive costs. Similarly, EM&V costs, 2025 administrative costs, the 2023 EECRF proceeding expenses, and the calculated 2023 performance bonus are allocated to rate classes based on the actual incentive costs experienced in 2023.

Q18. WHAT BILLING DETERMINANTS DID EPE USE TO CALCULATE THE PROPOSED 2025 EECRF RATES?

A. EPE utilized projected 2025 kWh sales by rate class based on EPE's 2025 Long-Term and Budget Year Sales Forecast, as shown in Exhibit VHS-01E2, per 16 TAC § 25.182(d)(10)(E).

Q19. HAVE YOU INCLUDED THE PRIOR YEAR BILLING DETERMINANTS IN THIS FILING?

A. Yes, the 2023 billing determinants are included in Workpaper VHS-01E2, per 16 TAC § 25.182(d)(10)(E).

Q20. DOES EPE CALCULATE OR ESTIMATE SYSTEM LOSSES FOR PURPOSES OF CALCULATING THE PROPOSED 2025 EECRF?

A. No. The forecasted 2025 kWh sales utilized in calculating the EECRF proposed herein are developed at the meter; therefore, no adjustment for losses is required.

Q21. IS EPE PROPOSING TO COMBINE ANY RATE CLASSES AS ALLOWED UNDER THE EE RULE?

A. Yes. Consistent with the Final Order in EPE's 2023 EECRF proceeding, Docket No. 54950 and prior orders, EPE requests a good cause exception to combine rate classes which receive similar services under the same energy efficiency programs, as provided for in 16 TAC § 25.182(d)(2). For the purposes of calculating the 2025 EECRF, EPE proposes to again combine Rate 34 - Cotton Gin Service rate class with the Rate 46/47 - Cogeneration Service rate class.

There is good cause to combine these rate classes because the conditions outlined in 16 TAC § 25.182(d)(2) are met and because the combination will ease administration of cost recovery.

Q22. HAVE YOU PROVIDED A PROPOSED EECRF TARIFF?

A. Yes. EPE's tariff showing the proposed 2025 EECRF is provided as Exhibit VHS-02E2 to this testimony, and is included with EPE's Application as Attachment A.

Q23. HOW DO THE PROPOSED EECRF RATES COMPARE TO THE CURRENT EECRF RATES?

A. A comparison of the proposed 2025 EECRF rates and authorized 2024 program year EECRF rates is included in Exhibit VHS-03E2 and summarized in Table 1 below.