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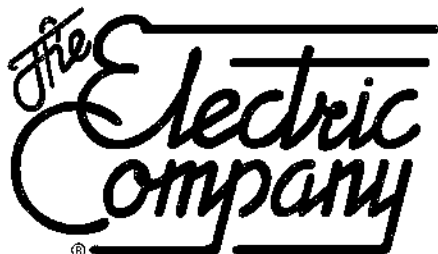
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El Paso Electric Company
2026 Energy Efficiency Plan and Report
16 Texas Administrative Codes § 25.181
and § 25.183

April 1, 2026

Project No. 59166



El Paso Electric

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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 must administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:

- (A) Until the trigger described in subparagraph (B) of this paragraph is reached, the utility must 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 must 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 must 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 must 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 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 2025 and its projections for 2026 and 2027 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 2025 and EPE's plans for achieving its 2026 and 2027 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 2026 and 2027 by program for each customer class.

Energy Efficiency Report

- Section V documents EPE's demand reduction goals for each of the previous five years (2021-2025) 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 2024 and 2025.
- Section VII details EPE's incentive and administration expenditures for the previous five years (2021-2025) detailed by program for each customer class.
- Section VIII compares EPE's actual and budgeted program costs for 2025 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 2025 EECRF.
- Section XII details the over/under recovery of EPE's energy efficiency program costs for 2025.
- 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.

Appendix B – New Manufactured Home Pilot

EXECUTIVE SUMMARY

The Energy Efficiency Plan portion of this EEPR details EPE's plan to meet the energy efficiency demand reduction goal for 2026 and 2027, as established pursuant to 16 TAC § 25.181(e)(3). The Final Order of Docket No. 58052¹ issued on January 15, 2026, established the EECRF rates applicable to EPE for 2026. 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 2027 demand reduction goal should remain at 11.16 MW.

The Final Order of Docket No. 58052 also established an energy efficiency program budget for 2026 of \$3,878,608.² 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 2026 & 2027 Projected Goals, Savings and Budgets³

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)***
2026	26.7	8.00	5.91	11.16	19,552	26.920	25,005	\$5,399
2027	19.5	5.84	5.99	11.16	19,552	26.050	25,563	\$5,508

* The 2027 Demand Goal of 0.4% of peak demand (5.99 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; $(1,600 \text{ MW Average Peak Demand at Source Net Opt-Outs} \times 0.004) \times (1 - 0.0758 \text{ system demand line loss factor})$. However, under the EE Rule, a utility's demand reduction goal shall not be less than the prior year's goal, thus, the 2027 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 2025, EPE achieved a demand reduction of 21,397 kW, which was 192% 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 2026 and 2027, EPE proposes offering the following programs:

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

¹ *Application of El Paso Electric Company to Adjust Its Energy Efficiency Cost Recovery Factor and Establish Revised Cost Cap*, Docket No. 58052, Order (Jan. 15, 2026).

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

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 two "Solutions" MTPs and two "Residential" SOPs.

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

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

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

ENERGY EFFICIENCY PLAN

I. 2026 PROGRAMS

A. 2026 Program Portfolio

EPE plans to continue the implementation of three SOPs and six MTPs in 2026. 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: 2026 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 SOP	Residential	Retrofit; New Construction
LivingWise® MTP	Residential	Educational; Retrofit
FutureWise Pilot ¹ MTP	Residential	Educational; Retrofit
Residential Marketplace MTP	Residential	Rebate
Residential Load Management MTP	Residential	Load Management
Hard-to-Reach Solutions SOP	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 and manuals can be found at the following website: <https://www.epelectric.com/company/regulatory/energy-efficiency-filings>

¹ EPE is proposing changing the FutureWise Pilot MTP to a non-Pilot MTP in 2027.

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 2026 and 2027.

Large Commercial Plus Solutions MTP

The Large Commercial Plus 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 Commercial Plus 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 continue this program in 2026 and add a Strategic Energy Management (SEM) measure in 2027.

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 2026 Commercial Load Management SOP via direct mail and electronic email in March and 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 plans to continue this program in 2026 and 2027.

Residential Solutions MTP

The Residential Solutions Program offers incentives and rebates to residential customers for installing eligible energy efficiency measures. Residential rebates are offered for building envelope and weatherization measures to include air infiltration, cool roofs, duct sealing, ceiling and wall insulation, solar screens, evaporative coolers, refrigerated air conditioners, heat pump water heaters, room air conditioners, as well as ENERGY STAR® windows, smart thermostats, pool pumps, LED light bulbs, faucet aerators, low-flow showerheads, and water heater pipe insulation. 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 2026 and 2027.

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 including LED light bulbs, a Low-Flow Showerhead and a Bathroom Faucet Aerator. The students install the devices in their homes and, with the help of their parents or guardians, complete a home energy audit report. EPE plans on continuing this program in 2026 and 2027.

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 including LED light bulbs, a Low-Flow Showerhead and a Bathroom Faucet Aerator. The students install the devices in their homes and complete a home energy audit report. EPE plans on continuing this pilot program in 2026 and under a non-pilot program for 2027.

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 2026 and 2027.

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. There are no more than 14 events per season, and the season will commence June 1st through September 30th of each calendar year. A typical summer event may occur anytime between 1pm and 7pm MST, only during weekdays and each event will last no longer than 4 hours. Customers

receive a \$25 standard incentive for enrolling a new or existing qualifying internet-enabled smart thermostat or for continued participation in the Program events. During limited-time promotional events prior to peak season, customers may be eligible to receive an increased incentive of \$50 to encourage participation. 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 2026 and 2027.

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. Residential rebates are offered for building envelope and weatherization measures to include air infiltration, cool roofs, duct sealing, ceiling and wall insulation, solar screens, evaporative coolers, refrigerated air conditioners, heat pump water heaters, room air conditioners, as well as ENERGY STAR® windows, smart thermostats, pool pumps, LED light bulbs, faucet aerators, low-flow showerheads, and water heater pipe insulation. This program targets residential customers that are at or below 200% of the Federal Poverty Guidelines or as defined by the Rule. 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 seeks to work with the Evaluator and Commission to make any changes necessary to be compliant with the updated 16 TAC §25.181 (c)(18) and (e)(3)(F). EPE plans to continue this program in 2026 and 2027.

C. Research and Development

EPE has allocated \$75,000 to Research and Development (R&D) for 2027. R&D funds will be utilized for studies related to transmission and distribution avoided costs, to conduct analysis of potential new cost-effective measures such as window air conditioner demand response, advanced home construction techniques, community heat pumps, behavioral messaging, and low-income opportunities for demand side resources. Funding will also cover applicable energy efficiency conferences and energy efficiency staff development as it may relate to improving program effectiveness. This funding amount is less than 10% of EPE's 2027 total program costs in accordance with 16 TAC § 25.181(g).

D. New Program(s) for 2026 and 2027

EPE plans to add a new Residential New Manufactured Homes Pilot MTP Program in 2027. A Program Template has been added as Appendix A-2.

E. Discontinued Program(s) for 2026 and 2027

EPE does not currently plan to discontinue any programs in 2026 or 2027.

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 16 TAC §25.181(o) of the Commission's Energy Efficiency rules, the PUCT implemented an EM&V process that included the selection of an EM&V contractor in 2024. The PUCT selected the current third-party EM&V contractor through the Request for Proposal 473-23-00003, Project No. 56788. The selected EM&V team is led by Tetra Tech 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 program year funding in its Commission filed annual reports.
- 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 CLEARresult to implement EPE's two Texas "Solutions" MTPs and two "Residential" SOPs.

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

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

II. CUSTOMER CLASSES

For the twelve months ending December 2025, there was an average of 320,491 residential accounts in the EPE Texas service territory. Based on the *2025 U.S. Census Bureau, Current Population Survey, 2025 Annual Social and Economic Supplement (CPS ASEC)*, 28.3%¹ of Texas families are at or below 200% of the poverty threshold. This represents approximately 90,699 of EPE's residential accounts that meet the Low-Income criteria as defined by 16 TAC § 25.181 (c) (25).

The average number of commercial accounts in 2025 was 39,265. 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 Low-Income Customers, as defined by 16 TAC § 25.181 (c) (25) and Hard-to-Reach Customers accounts as defined by 16 TAC § 25.181 (c) (18). Table 3 summarizes the number of customers in each of the customer classes for 2025.

Table 3: Summary of Texas Residential and Commercial Customer Classes (2025)

Customer Class	Number of Texas Customers
Total Residential	320,491
Total Low Income & Hard-to-Reach	90,699
Total Commercial	39,265

III. PROJECTED ENERGY EFFICIENCY SAVINGS AND GOALS

As reflected in PUCT Docket No. 58052, EPE's energy efficiency demand reduction goal for 2026 is 11.16 MW, which mirrors the 2025 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 must administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:
- (A) Until the trigger described in subparagraph (B) of this paragraph is reached, the utility must 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 must 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 must acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.

¹ <https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pov/pov-11.html#185200>

- (D) Except as adjusted in accordance with subsection (u) of this section, a utility's demand reduction goal in any year must 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 2026 (11.16 MW) is greater than four-tenths of one percent of EPE's 5-year average summer weather-adjusted peak demand for 2020 through 2024 which is 5.91 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 2027 goal should remain at 11.16 MW (0.75% of the average summer weather-adjusted peak demand for 2021 through 2025) 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 2026 and 2027.

Calendar Year	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				
	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	1,788	1,743	1,692	1,644	0	1,644	6,868,191	6,696,472	6,052,472	5,880,753	-24.0	-22.2	NA
2025	1,789	1,784	1,690	1,684	0	1,684	6,810,804	6,789,435	6,011,744	5,990,375	40.0	37.0	NA
2026	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	26.7
2027	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	19.5

The 2027 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 = 2021-2025 (1,516 + 1,593 + 1,668 + 1,664 + 1,684) / 5 = 1,621 MW. (1,621 MW Average Peak Demand at source net Opt-Outs x 0.004) x (1 - 0.0758 system demand line loss factor) = 5.99 MW.

However, under the EE Rule, a utility's demand reduction goal shall not be less than the prior year's goal, thus, the 2027 goal is 11.16 MW.

⁴ Growth at meter for calendar year 2025 to 2027 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 2026 (2020-2024) and 2027 (2021-2025).

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

2026		Projected Savings (at meter)	
Customer Class and Program	kW	kWh	
Commercial	10,378	18,470,063	
Small Commercial Solutions MTP	784	3,432,361	
Large Commercial Plus Solutions MTP	2,779	1,489,4887	
Commercial Load Management SOP	6,772	20,315	
Residential Marketplace MTP	43	122,500	
Residential	15,656	5,369,885	
Residential Solutions MTP	606	1,060,933	
LivingWise® MTP	173	630,237	
FutureWise Pilot MTP	88	411,667	
Residential Marketplace MTP	817	2,450,000	
Residential Load Management MTP	13,972	817,048	
Hard-to-Reach	887	1,165,080	
Hard-to-Reach Solutions MTP	887	1,165,080	
Total	26,920	25,005,028	
2027		Projected Savings (at meter)	
Customer Class and Program	kW	kWh	
Commercial	10,687	20,925,331	
Small Commercial Solutions MTP	784	3,432,361	
Large Commercial Plus Solutions MTP	3,129	17,394,887	
Commercial Load Management SOP	6,771	63,291	
Residential Marketplace SOP	3	34,792	
Residential	14,450	3,437,681	
Residential Solutions MTP	606	1,060,933	
LivingWise® MTP	110	399,150	
FutureWise MTP ¹	81	378,733	
Residential Marketplace MTP	62	661,051	
Residential Load Management MTP	13,506	789,813	
New Homes Pilot Program MTP	85	148,000	
Hard-to-Reach	913	1,200,120	
Hard-to-Reach Solutions SOP	913	1,200,120	
Total	26,050	25,563,132	

¹ FutureWise become a non-pilot program in 2027

IV. PROGRAM BUDGETS

Table 6 presents the total proposed budget allocations required to achieve EPE's projected 2027 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 2027 is \$5,335,000 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 (2025)*, was considered in the budget allocations. EPE first ensured that the 10% goal, as defined by 16 TAC § 25.181 (p) (2), for Low-Income 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 and Low-Income are residential customers estimated to be approximately 90,699 customers or 28.3% of EPE's total residential load in Texas.

Avoided costs for 2025, as established by the PUCT and filed in Project No. 38578, were set at \$100 per kW per year and \$0.11473 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			
2026	Incentives	Admin & R&D	Total Budget
Commercial	\$2,527,250	\$0	\$2,527,250
Small Commercial Solutions MTP	\$495,000	\$0	\$495,000
Large Commercial Plus Solutions MTP	\$1,575,000	\$0	\$1,575,000
Commercial Load Management SOP	\$445,000	\$0	\$445,000
Residential Marketplace MTP	\$12,250	\$0	\$12,250
Residential	\$1,895,000	\$0	\$1,895,000
Residential Solutions MTP	\$350,000	\$0	\$350,000
LivingWise® MTP	\$300,000	\$0	\$300,000
FutureWise Pilot MTP	\$250,000	\$0	\$250,000
Residential Marketplace MTP	\$245,000	\$0	\$245,000
Residential Load Management MTP	\$750,000	\$0	\$750,000
Hard-to-Reach	\$665,000	\$0	\$665,000
Hard-to-Reach Solutions MTP	\$665,000	\$0	\$665,000
Administration		\$88,500	\$88,500
Research and Development		\$50,000	\$50,000
Subtotal Budgets	\$5,087,250	\$138,500	\$5,225,750
EM&V		\$72,808	\$72,808
EECRF Proceeding Expenses		\$100,000	\$100,000
Total Budgets	\$5,087,250	\$311,308	\$5,398,558
2027	Incentives	Admin & R&D	Total Budget
Commercial	\$2,605,000	\$0	\$2,605,000
Small Commercial Solutions MTP	\$495,000	\$0	\$495,000
Large Commercial Plus Solutions MTP	\$1,775,000	\$0	\$1,775,000
Commercial Load Management SOP	\$325,000	\$0	\$325,000
Residential Marketplace MTP	\$10,000	\$0	\$10,000
Residential	\$1,885,000	\$0	\$1,885,000
Residential Solutions MTP	\$350,000	\$0	\$350,000
LivingWise® MTP	\$190,000	\$0	\$190,000
FutureWise Pilot MTP	\$230,000	\$0	\$230,000
Residential Marketplace MTP	\$190,000	\$0	\$190,000
Residential Load Management MTP	\$725,000	\$0	\$725,000
New Homes Pilot Program	\$200,000	\$0	\$200,000
Hard-to-Reach	\$685,000	\$0	\$685,000
Hard-to-Reach Solutions MTP	\$685,000	\$0	\$685,000
Administration		\$85,000	\$85,000
Research and Development		\$75,000	\$75,000
Subtotal Budgets	\$5,175,000	\$160,000	\$5,335,000
EM&V		\$72,808	\$72,808
EECRF Proceeding Expenses		\$100,000	\$100,000
Total Budgets	\$5,175,000	\$332,808	\$5,507,808

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 (2021-2025) calculated in accordance with 16 TAC § 25.181.

Calendar Year	Demand Goals (kW)	Energy Targets (kWh)	Actual Demand Reduction (kW)	Actual Energy Savings (kWh)
2025 ⁶	11,160	19,552,320	21,397 ⁷	20,522,922
2024 ⁶	11,160	19,552,320	18,891	16,562,147
2023 ⁸	11,160	19,552,320	20,553	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

⁶ 2025 demand goal and energy target as reported in EPE's EEPR Errata filed May 1, 2025 under Project No. 57468. 2024 actual demand reduction and energy savings reported in Project No. 56003.

⁷ 2025 actual demand reduction at the source is calculated as follows:
 $21,397 \text{ kW at meter} * (1/(1-0.0758)) \text{ line losses} = 23,152 \text{ kW at the source}$

⁶ 2024 demand goal and energy target as reported in EPE's EEPR 2nd Errata filed August 5, 2024 under Project No. 56003. 2023 actual demand reduction and energy savings reported in Project No. 54470.

⁸ 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.

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.

VI. PROJECTED, REPORTED AND VERIFIED DEMAND AND ENERGY SAVINGS

Table 8: Projected versus Reported Savings for 2024 and 2025 (at Meter)

2024 Customer Class and Program	Projected Savings		Reported and Verified Savings	
	kW	kWh	kW	kWh
Commercial	10,411	17,468,496	6,604	11,190,287
Small Comm. Solutions MTP	730	3,197,400	1,020	1,640,484
Large Comm. Plus Solutions MTP	2,631	14,100,096	2,053	9,479,010
Load Management SOP	7,000	21,000	3,528	55,620
Residential Marketplace MTP	50	150,000	3	15,173
Residential	15,773	5,843,488	11,194	3,849,834
Residential Solutions MTP	545	954,840	691	995,417
LivingWise® MTP	200	727,600	199	672,002
FutureWise Pilot MTP	106	494,000	86	607,108
Residential Marketplace MTP	950	2,850,000	47	643,830
Residential Load Management MTP	13,972	817,048	10,172	931,476
Hard-to-Reach	800	1,051,200	1,093	1,522,026
Hard-to-Reach Solutions MTP	800	1,051,200	1,093	1,522,026
Total at Meter	26,984	24,363,184	18,891	16,562,147

2025 Customer Class and Program	Projected Savings (at meter)		Reported and Verified Savings	
	kW	kWh	kW	kWh
Commercial	10,411	17,468,496	7,881	15,448,238
Small Commercial Solutions MTP	730	3,197,400	494	1,219,214
Large Commercial Solutions MTP	2,631	14,100,096	3,330	14,169,235
Load Management SOP	7,000	21,000	4,055	37,910
Residential Marketplace MTP	50	150,000	2	21,879
Residential	15,773	5,843,488	12,552	3,727,906
Residential Solutions MTP	545	954,840	633	1,089,621
LivingWise® MTP	200	727,600	119	434,816
FutureWise Pilot MTP	106	494,000	153	1,059,805
Residential Marketplace MTP	950	2,850,000	39	415,695
Residential Load Management MTP	13,972	817,048	11,608	727,969
Hard-to-Reach	800	1,051,200	965	1,346,778
Hard-to-Reach Solutions MTP	800	1,051,200	965	1,346,778
Total	26,984	24,363,184	21,397	20,522,922

VII. HISTORICAL PROGRAM EXPENDITURES

Table 9 documents EPE's incentive and administration expenditures for the previous five years (2021-2025) 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 & Administrative Expenditures for 2021 through 2025¹³

Programs	2025			2024			2023			2022			2021	
	Customer Incent.	Implementor Incent.	Admin	Customer Incent.	Implementor Incent.	Admin	Customer Incent.	Implementor Incent.	Admin	Customer Incent.	Implementor Incent.	Admin	Incent.	Admin
Commercial	\$1,159,094.99	\$1,037,478.12	\$0	\$933,608	\$963,618	\$0	\$1,122,637	\$1,054,385	\$0	\$1,269,218	\$1,035,247	\$0	\$2,465,274	\$0
Small Comm. Solutions MTP	\$153,534.86	\$164,296.27	\$0	\$270,328	\$249,490	\$0	\$218,090	\$159,853	\$0	\$277,342	\$168,134	\$0	\$460,529	\$0
Large Commercial Plus MTP	\$809,291.51	\$868,518.72		\$497,111	\$709,553									
Large C&I Solutions MTP	NA	NA	\$0	NA	NA	\$0	\$487,603	\$524,593	\$0	\$489,358	\$525,436	\$0	\$1,014,932	\$0
Texas SCORE MTP	NA	NA	\$0	NA	NA	\$0	\$214,368	\$365,364	\$0	\$180,000	\$340,177	\$0	\$528,379	\$0
Commercial Load Management	\$194,643.36	\$0.00												
Residential Marketplace MTP	\$1,625.26	\$4,663.13	\$0	\$2,350	\$4,575	\$0	\$2,447	\$4,575	\$0	\$2,169	\$1,500	\$0	\$7,682	\$0
Residential	\$1,196,459.61	\$345,776.43	\$0	\$1,006,868	\$495,314	\$0	\$1,236,423	\$592,309	\$0	\$875,660	\$641,305	\$260	\$1,691,497	\$0
Residential Solutions MTP	\$194,734.53	\$107,873.05	\$0	\$201,027	\$120,365	\$0	\$240,494	\$128,171	\$0	\$266,314	\$131,479	\$0	\$484,376	\$0
LivingWise® MTP	\$214,411.41	\$0.00	\$0	\$214,559	\$0	\$0	\$259,896	\$0	\$0	\$183,559	\$0	\$0	\$346,309	\$0
FututreWise Pilot MTP	\$343,383.80	\$0.00		\$200,752	\$0		\$330,505	\$0		\$0	\$0	\$0		
Texas Appliance Recycling MTP	NA	NA	\$0	NA	NA	\$0	\$22,550	\$51,435	\$0	\$68,660	\$150,660	\$0	\$186,240	\$0
Residential Marketplace MTP	\$30,879.99	\$88,599.38	\$0	\$44,656	\$86,925	\$0	\$46,502	\$86,925	\$0	\$88,103	\$90,000	\$0	\$124,744	\$0
Residential Load Management MTP	\$413,049.88	\$149,304.00	\$0	\$345,875	\$288,024	\$0	\$336,475	\$265,778	\$0	\$269,025	\$269,166	\$260	\$549,829	\$0
Hard-to-Reach	\$321,087.43	\$268,062.59	\$0	\$339,949	\$300,987	\$0	\$323,390	\$301,355	\$0	\$256,050	\$281,269	\$0	\$623,570	\$0
Hard-to-Reach Solutions MTP	\$321,087.43	\$268,062.59	\$0	\$339,949	\$300,987	\$0	\$323,390	\$301,355	\$0	\$256,050	\$281,269	\$0	\$623,570	\$0
Total	\$2,676,642.03	\$1,651,317.13	\$0	\$2,280,425	\$1,759,919	\$0	\$2,682,450	\$1,888,049	\$0	\$2,400,929	\$1,957,820	\$260	\$4,780,341	\$0

¹³ 2025 expenditures are from EEPR filed in Project No. 59166, 2024 expenditures are from EEPR filed in Project No. 57468, 2023 expenditures are from EEPR filed in Project No. 56003, 2022 expenditures are from EEPR filed in Project No. 54470, 2021 expenditures are from EEPR filed in Project No. 52949.

VIII. PROGRAM FUNDING AND EXPLANATION OF ADMINISTRATION COSTS FOR CALENDAR YEAR 2025

As shown in the subtotal for the "Total Funds Expended" column of Table 10, EPE spent on program expenses (excluding EM&V and EECRF Proceeding Expenses) for its PUCT-approved energy efficiency programs in 2025. These programs were funded by EPE's 2025 EECRF. These expenses account for 85% of the total forecasted 2025 program budget of \$5,334,020. 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 2025

	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	\$2,427,073	188	\$2,196,573	\$0	\$2,196,573	\$0	\$230,500
Small Commercial Solutions MTP	\$461,115	73	\$317,831	\$0	\$317,831	\$0	\$143,284
Large Commercial Plus Solutions MTP	\$1,490,958	91	\$1,677,810	\$0	\$1,677,810	\$0	\$(186,852)
Comm. Load Management SOP	\$460,000	8	\$194,643	\$0	\$194,643	\$0	\$265,357
Residential Marketplace MTP	\$15,000	16	\$6,288	\$0	\$6,288	\$0	\$8,712
Residential	\$1,996,346	25,843	\$1,542,236	\$0	\$1,542,236	\$0	\$454,110
Residential Solutions MTP	\$315,000	582	\$302,608	\$0	\$302,608	\$0	\$12,392
LivingWise® MTP	\$346,346	5,395	\$214,411	\$0	\$214,411	\$0	\$131,935
FutureWise Pilot MTP	\$300,000	6,610	\$343,384	\$0	\$343,384	\$0	\$(43,384)
Residential Marketplace MTP	\$285,000	445	\$119,479	\$0	\$119,479	\$0	\$165,521
Residential Load Management MTP	\$750,000	12,811	\$562,354	\$0	\$562,354	\$0	\$187,646
Hard-to-Reach	\$600,000	439	\$589,150	\$0	\$589,150	\$0	\$10,850
Hard-to-Reach Solutions MTP	\$600,000	439	\$589,150	\$0	\$589,150	\$0	\$10,850
Administration	\$87,793	NA	NA	\$73,687	\$73,687	\$0	\$14,106
Research and Development	\$50,000	NA	NA	\$948	\$948	\$0	\$49,052
Subtotal	\$5,161,212	26,470	\$4,327,959	\$74,635	\$4,402,594	\$0	\$758,618
EM&V	\$72,808	NA	NA	\$72,808	\$72,808	\$0	\$0
EECRF Proceeding Expenses (EPE & Municipal expenses) *	\$100,000	NA	NA	\$53,580	\$53,580	\$0	\$46,420
Total	\$5,334,020	26,470	\$4,327,959	\$201,023	\$4,528,982	\$0	\$805,038

*** Actual EECRF proceeding expenses of \$53,080 consisting of \$32,910 in EPE proceeding expenses and \$20,670 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	2025 Budget	2025 Expenditures	Percent	>10% Variance Explanation
Commercial	\$2,427,073	\$2,196,573	90.5%	
Small Commercial Solutions MTP	\$461,115	\$317,831	68.9%	Program participation was less than anticipated.
Large Commercial Plus Solutions MTP	\$1,490,958	\$1,677,810	112.5%	Program participation was higher. This also contributed to additional savings.
Comm. Load Management SOP	\$460,000	\$194,643	42.3%	Program participation was less than anticipated.
Residential Marketplace MTP	\$15,000	\$6,288	41.9%	Poor market conditions and continued low program awareness and sales.
Residential	\$1,996,346	\$1,542,236	77.3%	
Residential Solutions MTP	\$315,000	\$302,608	96.1%	
LivingWise® MTP	\$346,346	\$214,411	61.9%	Program had less participation than was anticipated due to teacher attrition.
FutureWise Pilot MTP	\$300,000	\$343,384	114.5%	Additional kits were requested and funds were shifted to accommodate.
Residential Marketplace MTP	\$285,000	\$119,479	41.9%	Poor market conditions and continued low program awareness and sales.
Residential Load Management MTP	\$750,000	\$562,354	75.0%	Program had slightly less participation than anticipated.
Hard-to-Reach	\$600,000	\$589,150	98.2%	
Hard-to-Reach Solutions MTP	\$600,000	\$589,150	98.2%	
Administration	\$87,793	\$73,687		
Research and Development	\$50,000	\$948		
Total	\$5,161,212	\$4,402,594	85.3%	

IX. PROGRAM RESULTS FOR MARKET TRANSFORMATION PROGRAMS (MTPs)

Small Commercial Solutions MTP

The 2025 projected savings for the Small Commercial Solutions MTP were 730 kW. There were 73 participants during 2025 that reduced demand by 494 kW and saved 1,219,214 kWh in energy.

Large Commercial Plus Solutions MTP

The 2025 projected savings for the Large Commercial Plus Solutions MTP were 2,631 kW. There were 91 participants during 2024 that reduced demand by 3,330 kW and saved 14,169,235 kWh in energy.

Residential Solutions MTP

The 2025 projected savings for the Residential Solutions MTP were 545 kW. There were 582 participants in this program that reduced demand by 633 kW and saved 1,089,621 kWh in energy.

LivingWise® MTP

The 2025 projected savings for the LivingWise® MTP were 200 kW. There were 5,395 kits provided in this program that reduced demand by 119 kW and saved 434,816 kWh in energy.

FutureWise Pilot MTP

The 2025 projected savings for the FutureWise Pilot MTP were 106 kW. There were 6,610 kits provided in this program that reduced demand by 153 kW and saved 1,059,805 kWh in energy.

Residential Marketplace MTP

The 2025 projected savings for the Residential Marketplace MTP were 1,000 kW. There were 461 participants in this program that reduced demand by 41 kW and saved 437,573 kWh in energy.

Residential Load Management MTP

The 2025 projected savings for the Residential Load Management MTP were 13,972 kW. There were 12,811 participants in this program that reduced demand by 11,608 kW and saved 727,969 kWh in energy.

Hard-to-Reach Solutions MTP

The 2025 projected savings for the Hard-to-Reach Solutions MTP were 800 kW. There were 439 participants in this program that reduced demand by 965 kW and saved 1,346,778 kWh in energy.

X. Research and Development

EPE allocated \$50,000 to Research and Development (R&D) for 2025. R&D activities included analyzing the technology, cost effectiveness, and potential incentive level for an add on chiller device for evaporative coolers, updates to the residential marketplace and load management calculators, and an analysis of marketplace eligibility for non-Energy Star products. Additionally, initial discussions began with Resource Innovations Inc. on carrying out an Avoided transmission and distribution (“T&D”) cost study for inclusion in energy efficiency cost effectiveness analysis. The Avoided T&D study was targeted to begin in 2025 and would have contributed to a significant portion of R&D spend, but the master service agreement was not executed until early 2026. The Avoided T&D study will be the focus of R&D in 2026.

XI. CURRENT ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF) Report for 2025

In Docket No. 56572, EPE was granted approval for recovery through its 2025 EECRF of (a) forecasted energy efficiency program costs of \$5,161,212 for program year 2025; (b) cost of evaluation, measurement, and verification (EM&V) of \$67,486 for evaluation of program year 2024; (c) a downward adjustment of \$1,059,992 plus interest in the amount of \$65,172 for the net over-recovery of program year 2023 energy efficiency costs; (d) an agreed reduction to El Paso Electric’s 2023 expenses in the amount of \$72,417; (e) rate-case expense of \$33,488 incurred by El Paso Electric and \$11,388 incurred by the City of El Paso, for Docket No. 54950, which was El Paso Electric’s 2023 EECRF proceeding; and (f) a performance bonus of \$1,555,954. The Final Order in Docket No. 56572 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 12, 2024, and became effective with the first billing cycle in January 2025. The recovery of the agreed-upon EECRF amount of \$5,631,647 is based on a dollar per kWh rate. The 2025 cost recovery factors by rate are listed in Table 12.

Table 12: 2025 EECRF Monthly Rates

Rate No.	Description	Energy Efficiency Cost Recovery Factor (\$/kWh)
01	Residential Service Rate	\$ 0.001062
EVC	Electric Vehicle Charging Rate	\$ 0.000000
02	Small Commercial Service Rate	\$ 0.001609
07	Outdoor Recreational Lighting Service Rate	-\$ 0.001917
08	Governmental Street Lighting Service Rate	\$ 0.000000
09	Governmental Traffic Signal Service	\$ 0.000001
11-TOU	Time-Of-Use Municipal Pumping Service Rate	\$ 0.000000
WH	Water Heating	-\$ 0.000025
22	Irrigation Service Rate	-\$ 0.000350
24	General Service Rate	\$ 0.000586
25	Large Power Service Rate (excludes transmission)	\$ 0.000134
34	Cotton Gin Service Rate	\$ 0.000273
41	City and County Service Rate	\$ 0.004249
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	\$ 0.000273
47	Backup Power Service For Cogeneration And Small Power Production Facilities	\$ 0.000273

XII. REVENUE COLLECTED THROUGH EECRF

In 2025, EPE collected a total of \$5,441,736 under Rate Schedule No. 97 – Energy Efficiency Cost Recovery Factor.

XIII. OVER/UNDER RECOVERY OF ENERGY EFFICIENCY PROGRAM COSTS

In 2025, EPE over-recovered an amount of \$436,697 as shown in Table 13. Docket No. 56572 ordered the recovery of EM&V costs of \$67,486 for the evaluation of program year 2024, and an adjustment of \$1,125,164 for EPE's net over-recovery, including interest, of program year 2023 energy-efficiency costs.

Table 13: Authorized and Actual Recovery Amounts

Description	Authorized in Docket No. 56572	Actual
January 1 – December 31, 2025 Energy Efficiency Costs	\$5,161,212	\$4,528,982
Program Year 2025 EM&V Costs	\$67,486	\$72,808
2023 Agreed Reduction Costs	\$(72,417)	\$(72,417)
2023 (Over)/Under Recovery Plus Interest	\$(1,125,164)	\$(1,125,164)
2023 Performance Bonus	\$1,555,954	\$1,555,954
2023 EECRF Proceeding Costs	\$44,876	\$44,876
2025 Total Costs	\$5,631,947	\$5,005,039
2025 EECRF Revenues		\$5,441,736
2025 (Over)/Under Recovery		\$(436,697)

XIV. UNDERSERVED COUNTIES

EPE serves customers in three Texas counties: Culberson, Hudspeth, and El Paso. During 2025, 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 2025 EPE energy efficiency programs. Based on this definition, EPE had no underserved counties in 2025.

Table 14: 2025 Energy Efficiency Activities by County

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	26,372	21,395.18	20,504,038
Culberson	98	2.17	18,884
Hudspeth	0	0	0
Total	26,470	21,397.35	20,522,922

GLOSSARY

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

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

APPENDIX A: 2025 REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY

Program Savings by County *

All programs are funded through EPE's Energy Efficiency Cost Recovery Factor. Participants are counted as a distinct number in premise id or address.

Small Commercial Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	73	493.79	1,219,214
Culberson	0	0	0
Hudspeth	0	0	0
Total	73	493.79	1,219,214

Large Commercial Plus Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	91	3,329.94	14,169,235
Culberson	0	0	0
Hudspeth	0	0	0
Total	91	3,329.94	14,169,235

Commercial Load Management SOP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	8	4,055.07	37,910
Culberson	0	0	0
Hudspeth	0	0	0
Total	8	4,055.07	37,910

Residential Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	582	633.05	1,089,621
Culberson	0	0	0
Hudspeth	0	0	0
Total	582	633	1,089,621

LivingWise® MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	5,395	118.84	434,816
Culberson	0	0	0
Hudspeth	0	0	0
Total	5,395	118.84	434,816

FutureWise Pilot MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	6,516	150.40	1,044,734
Culberson	94	2.17	15,071
Hudspeth	0	0	0
Total	6,610	152.57	1,059,805

Hard-to-Reach Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	439	964.68	1,346,778
Culberson	0	0	0
Hudspeth	0	0	0
Total	439	964.68	1,346,778

Residential Marketplace MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	459	41.13	435,031
Culberson	2	0	2,542
Hudspeth	0	0	0
Total	461	41.13	437,573

Residential Load Management MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso	12,809	11608.28	726,698
Culberson	2	0	1,271
Hudspeth	0	0	0
Total	12,811	11608.28	727,969

**Totals may not tie due to rounding*

APPENDIX B: NEW MANUFACTURED HOME PILOT

PROGRAM OVERVIEW

Description

The New Manufactured Home Pilot will incentivize retailers and community management companies (Pilot Participants) to promote homes that exceed the Federal Manufactured Home Construction and Safety Standards, commonly referred to as the HUD Code. In collaboration with key manufacturers and distribution partners, EPE will expand the availability of home packages that meet above-code standards, such as ENERGY STAR[®] and DOE Efficient New Homes (ENH), to generate energy savings for customers and EPE.

EPE proposes to build off the success of the Manufactured Home Program offered to our New Mexico Customers. EPE has built relationships with retailers in El Paso and Las Cruces and will continue to leverage these relationships to implement this Pilot.

Rationale

EPE will implement a midstream program design, shown to have the greatest impact on purchasing decisions needed to advance the mission of the energy efficiency pilot while reaching cost-effectiveness goals. This approach engages all levels of the supply chain, including the manufacturer, and retail and community distribution partners to reach the end-use customer. Retail and community distribution partners may work with multiple manufacturers or exclusively with one to elevate their brand by providing newer, more efficient homes to their clientele within the EPE Texas service territory.

Program Objectives

Manufactured homes have long addressed an affordable housing need. The pilot aims to increase the availability of new energy-efficient homes to Hard to Reach customer segments. The primary objectives of the pilot are the following:

- Work with manufacturers to identify new home packages that meet program requirements and determine savings for each package based on the HUD Code baseline.
- Quantify the influence of a midstream pilot program targeting retailers and community owners, who have a strong influence on customer purchasing decisions.

PROGRAM PRICING

Program Goals and Budgets

The Pilot seeks to increase the sales of certified energy-efficient manufactured homes across EPE's service territory during the Pilot period. For the 2027 New Manufactured Home Pilot, EPE anticipates achieving 148 MWh and 85 kW savings by providing incentives for approximately 60 manufactured homes.

Pricing Structure

EPE will establish incentive budgets commensurate with portfolio needs and at a level which encourages participation. Incentives are distributed to participants for eligible projects that

exceed the HUD Code, specifically meeting ENERGY STAR and DOE ENH home packages. Although weather-sensitive energy saving may vary slightly across the service territory, the pilot proposes uniform incentives to simplify participant experience.

ELIGIBILITY

Participant

All manufactured home retailers and community owners who purchase or sell qualifying ENERGY STAR or DOE Efficient New Homes placed in EPE Texas service territory are eligible to participate. Homes submitted to the pilot will be verified by the order invoice, manufacturer data sheets, and certification standard. Participants shall receive a pre-established incentive as shown in Exhibit 1 from EPE for the installation of the eligible home within the EPE service territory. As a Pilot, EPE may elect to adjust the number of participating retailers, community owners, or manufactured homes.

Measures

Proposed measures are based on energy modeling for the El Paso and Van Horn HUD climate zones and market experience in the adjacent EPE New Mexico territory. Eligible smart thermostat brands will be incentivized as a bonus measure and claim deemed savings in accordance with the Texas Technical Reference Manual.

Exhibit 1. Eligible home packages

Unit Types	Efficiency Level	Efficiency Package	HVAC Type	DHW Fuel Type	
Single-Section	ES MII v2	Envelope Upgrade	Gas Furnace	Gas Storage WH	
		High Efficiency Furnace	Gas Furnace	Gas Storage WH	
		Envelope Upgrade	Elec Resistance	Elec Storage WH	
		ASIP	Elec Heat Pump	Elec Storage WH	
	DOE ENH MII v1	High Efficiency Furnace	IIPWH	Gas Furnace	IIPWH
		IIPWH		Elec Resistance	IIPWH
ASIP + IIPWH			Elec Heat Pump	IIPWH	
Multi-Section	ES MII v2	Envelope Upgrade	Gas Furnace	Gas Storage WH	
		High Efficiency Furnace	Gas Furnace	Gas Storage WH	
		Envelope Upgrade	Elec Resistance	Elec Storage WH	
		ASHP	Elec Heat Pump	Elec Storage WH	
	DOE ENH MII v1	High Efficiency Furnace	IIPWH	Gas Furnace	IIPWH
		IIPWH		Elec Resistance	IIPWH
		ASIP + IIPWH		Elec Heat Pump	IIPWH
Bonus		Smart Thermostat			

MEASUREMENT AND VERIFICATION

Purpose

The purpose of Measurement and Verification (M&V) for the New Manufactured Home Pilot is to confirm that reported participation, installed measures, and associated energy savings are accurate and consistent with the Pilot's savings methodology, and to document progress toward the Pilot's objectives.

Responsibilities

EPE will work with Pilot Participants to verify that the data submitted is accurate and that the home has electrical service provided by EPE as evidenced by a customer account number. The processing of incentive payments will include reviewing home invoices detailing the efficiency of installed equipment and supporting documentation, such as manufacturer data plates.

Pilot Participants are required to work with EPE for field verification on 5% of all installations, utilizing established documentation and field quality assurance (QA) and quality control (QC) protocols.

Approach

M&V activities will include review of program tracking and incentive documentation, a sample of field verification, and targeted participant/end-use customer research (e.g., surveys) to assess savings realization and utility attribution, including among Hard to Reach customers.

Throughout the Pilot, EPE will coordinate with the EM&V contractor to align planned evaluation activities, timing, and reporting needs to support decisions regarding continuation, modification, or scale-up of the Pilot.

Inspection Process

EPE will utilize both desktop review and field inspections.

- **Desktop Review:** For every manufactured home submitted to the Pilot, the incentive processing will include 100% desktop review to verify the home eligibility based on a valid account number and supporting documentation detailing the installed measures.
- **Pre- and Post-Installation Inspections:** EPE will evaluate a minimum of 5% of the homes participating in the field. Field inspections will occur during the final set up.

PROGRAM PROCESS

Application

EPE has identified six retailers and two community management companies serving El Paso County. Most of the identified organizations participate in EPE's New Mexico program and have expressed interest in a program supporting EPE's customers. EPE will focus its recruitment on these organizations.

Participation

Pilot Participants accepted into the Pilot may submit home applications on a rolling basis until Pilot funds are exhausted. EPE will review participation quarterly and will reallocate program funding as needed among Pilot Participants.

Payment

Pilot Participants will submit applications which will be processed as received. Upon verification of home and customer eligibility, applications will be processed using EPE's normal incentive payment procedures.

PROGRAM PROMOTION

Marketing efforts for this Pilot will target manufactured home retailers, community owners/managers, and potential buyers of new manufactured homes. Engagement will be focused on the end goal for customers and community owners to purchase high-quality, energy-efficient homes for their customers. EPE will promote the availability of these homes to customers, emphasizing the benefits of owning such homes.

This strategy will continue to be implemented through a combination of outreach events, direct account manager interactions with retailers and community managers, and customer-facing collateral, including:

- Manufactured home retailer and community recruitment flyer which outlines the benefits of the program, participation requirements, and incentives on eligible home packages.
- Manufactured homes customer-facing flyer highlighting the benefits of energy-efficient manufactured homes. This flyer will be available in both English and Spanish.

Program Savings Determination

National certification programs provide electric and natural gas energy savings that exceed the HUD Code energy standards for manufactured homes. Each certification pathway has its own set of qualifying requirements. EPE proposes an analysis approach from EPA's ENERGY STAR program and DOE's rulemaking process to determine energy savings for each permutation of qualifying whole homes measures. Because manufactured homes are defined by square footage constraints related to transportable section dimensions, this typically streamlines the selection of appropriate equipment specifications. This methodology was used to model the savings for El Paso and Van Horn, which lie in HUD Climate Zone 1. The Pilot recommends a first-year participation target of 60 homes based on shipment trends to the state.

Pilot Program

Pilot results will be used to demonstrate progress against each objective: confirming viable above-code home packages and associated savings relative to the HUD Code baseline, quantifying the degree to which midstream incentives influence retailer and community owner purchasing decisions, and documenting utility attribution with Hard to Reach customers. EPE will compile these findings through routine tracking, incentive processing documentation, and coordinated evaluation activities (e.g., surveys and field verification) to provide a transparent basis for determining whether the pilot should be extended, modified, or transitioned to an at-scale program offering.