
El Paso Electric Company
2016 Energy Efficiency Plan and Report
16 Texas Administrative Code §25.181 and §25.183

April 1, 2016
(Revised June 30, 2016)

Project No. 45675



TABLE OF CONTENTS

INTRODUCTION.....	1
ENERGY EFFICIENCY PLAN AND REPORT ORGANIZATION	2
EXECUTIVE SUMMARY	4
ENERGY EFFICIENCY PLAN	6
I. 2016 PROGRAMS	6
A. 2016 PROGRAM PORTFOLIO	6
B. EXISTING PROGRAMS	7
C. NEW PROGRAMS FOR 2016 AND 2017	9
D. DISCONTINUED PROGRAMS	9
E. GENERAL IMPLEMENTATION PROCESS.....	9
F. OUTREACH AND RESEARCH ACTIVITIES.....	11
G. EXISTING DEMAND SIDE MANAGEMENT (DSM) CONTRACTS OR OBLIGATIONS	11
II. CUSTOMER CLASSES.....	12
III. PROJECTED ENERGY EFFICIENCY SAVINGS AND GOALS	12
IV. PROGRAM BUDGETS.....	16
ENERGY EFFICIENCY REPORT	18
V. HISTORICAL DEMAND GOALS AND ENERGY TARGETS FOR PREVIOUS FIVE YEARS.....	18
VI. PROJECTED, REPORTED AND VERIFIED DEMAND AND ENERGY SAVINGS..	19
VII. HISTORICAL PROGRAM EXPENDITURES.....	20
VIII. PROGRAM FUNDING AND EXPLANATION OF ADMINISTRATION COSTS FOR CALENDAR YEAR 2015	21
IX. PROGRAM RESULTS FOR MTPS AND SELF-DELIVERED PROGRAM	24
A. MARKET TRANSFORMATION PROGRAMS.....	24
B. SELF-DELIVERED PROGRAM	26
X. CURRENT ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF).....	26
XI. REVENUE COLLECTED THROUGH EECRF.....	27
XII. OVER/UNDER RECOVERY OF ENERGY EFFICIENCY PROGRAM COSTS.....	27
XIII. UNDERSERVED COUNTIES	27
XIV. PERFORMANCE INCENTIVE CALCULATION	28
ACRONYMS	A-1
GLOSSARY	A-1
APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY.....	A-2

INTRODUCTION

El Paso Electric Company (EPE or Company) presents this Energy Efficiency Plan and Report (EEPR) to comply with 16 Texas Administrative Code (TAC) §25.181 and §25.183, which are the 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) The utility shall acquire no less than a 25% reduction of the electric utility's annual growth in demand of residential and commercial customers for the 2012 program year.
- (B) Beginning with the 2013 program year, until the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire a 30% reduction of its annual growth in demand of residential and commercial customers.
- (C) If the demand reduction goal to be acquired by a utility under subparagraph (B) of this paragraph is equivalent to at least four-tenths of 1% 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 (D) of this paragraph for each subsequent program year.
- (D) Once the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.
- (E) Except as adjusted in accordance with subsection (w) of this section, a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility pursuant to paragraph (2) of this subsection.

The EE Rule includes specific requirements related to the implementation of SOPs, MTPs and utility self-delivered programs that control the manner in which utilities must administer their portfolio of energy efficiency programs in order to achieve their mandated annual demand reduction goals. EPE's plan enables 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 2015 and its projections for 2016 and 2017 as required by the EE Rule. The following section describes the information that is contained in each of the subsequent sections and appendices.

ENERGY EFFICIENCY PLAN AND REPORT ORGANIZATION

This EEPR consists of an executive summary, fourteen sections, a list of acronyms, glossary and one appendix.

- The Executive Summary highlights EPE's reported achievements for 2015 and EPE's plans for achieving its 2016 and 2017 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 discontinued programs.
- 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 2016 and 2017 by program for each customer class.

Energy Efficiency Report

- Section V documents EPE's demand reduction goals for each of the previous five years (2011-2015) 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 2014 and 2015.
- Section VII details EPE's incentive and administration expenditures for the previous five years (2011-2015) detailed by program for each customer class.
- Section VIII compares EPE's actual and budgeted program costs for 2015 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 and the self-delivered program.
- Section X documents EPE's most recent Energy Efficiency Cost Recovery Factor (EECRF).
- Section XI reflects EPE's revenue collection through the 2015 EECRF.
- Section XII details the over/under recovery of EPE's energy efficiency program costs for 2015.
- Section XIII reports the number of customers served and the savings relative to the three counties served by EPE in Texas.
- Section XIV details the performance incentive calculation.

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 plans to meet the energy efficiency demand reduction goal for 2016 as established pursuant to 16 TAC §25.181(e)(2). The final order of Docket No. 44677¹ issued on November 6, 2015, established the EECRF rates applicable to EPE for 2016. The order also left in place the same demand reduction goal as EPE had in 2015 for the 2016 energy efficiency programs. This goal was 11.16 MW, which is greater than four-tenths of one percent of EPE's average weather-adjusted peak demand at meter for 2010 through 2014. In accordance with 16 TAC §25.181(e)(1)(E), EPE's demand reduction goal in any year shall not be lower than its goal for the prior year, so EPE's 2017 demand reduction goal should also remain at 11.16 MW.

The final order of Docket No. 44677 also established an energy efficiency program budget for 2016 of \$4,384,650.² EPE made some modifications to the individual program budgets that were identified in the 2015 EEPR, but the overall program budget for 2016 remained at \$4,384,650. These modifications were made due to the fact that the third party implementer for EPE's Appliance Recycling Program was placed into receivership on November 18, 2015. EPE discontinued this program at that time and the funds for 2016 were re-distributed to the Commercial SOP and the Texas Schools and Cities Conserving Resources (Texas SCORE) MTP and the demand goals for these programs was adjusted.

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 and budgets is presented in Table 1.

The Energy Efficiency Report portion of this EEPR shows that, in 2015, EPE achieved a demand reduction in excess of its goal. This was accomplished through the implementation of SOPs, MTPs and a utility self-delivered program. In 2015, the Company achieved a demand reduction of 12.305 MW which exceeded the demand reduction goal of 11.16 MW by 10.26%.

The SOPs that EPE provided in 2015 were the Commercial SOP and the Load Management SOP. The MTPs were the Small Commercial Solutions MTP, the Large Commercial & Industrial (C&I) Solutions MTP, the Texas SCORE MTP, the Residential Solutions MTP, the LivingWise[®] MTP, the Hard-to-Reach Solutions MTP, the Appliance Recycling MTP, and the Solar Photovoltaic (PV) Pilot MTP. The self-delivered program for 2015 was the Commercial Rebate Pilot Program.

Table 1: Summary of 2016 & 2017 Projected Goals, Savings and Budgets³

Calendar Year	Average Growth in Demand (MW at Meter)	Goal Metric: 30% of 5-year Average Growth of Demand (MW at Meter)	Goal Metric: .4% of 5-year Average Peak Demand (MW at Meter)	Statutory Peak Demand Goal (MW)*	Energy Goal (MWh)**	Projected MW Savings (at Meter)	Projected MWh Savings (at Meter)	Proposed Budget (000's)
2016	36.1	10.84	4.415	11.16	19,552	12.565	21,230	\$4,521
2017	23.9	7.17	4.511	11.16	19,552	12.623	20,920	\$4,480

* Demand goal is never lower than the prior year's goal

** Calculated using a 20% conservation load factor

¹Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Cost Cap, Docket No.44677.

² Id. at Finding of Fact No. 29

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

In order to reach the above-projected savings for 2016 and 2017, EPE proposes to offer the following programs:

- **Standard Offer Programs**
 - Commercial SOP
 - Load Management SOP

- **Market Transformation Programs**
 - Small Commercial Solutions MTP
 - Large C&I Solutions MTP
 - Texas SCORE MTP
 - Residential Solutions MTP
 - LivingWise® MTP
 - Hard-to-Reach Solutions MTP

- **Self-Delivered Program**
 - Commercial Rebate Pilot Program

EPE will continue its agreement with Frontier Associates LLC (Frontier) to assist with EPE's Commercial SOP and the Commercial Rebate Pilot Program.

EPE will continue its agreement with CLEAResult Consulting Inc. (CLEAResult) to implement EPE's Texas SCORE MTP and the four "Solutions" MTPs.

EPE will continue its agreement with Resource Action Programs to offer EPE's LivingWise® MTP.

ENERGY EFFICIENCY PLAN

I. 2016 Programs

A. 2016 Program Portfolio

El Paso Electric Company (EPE or Company) plans to continue the implementation of two SOPs, six MTPs and one self-delivered program in 2016. These programs have been structured to comply with 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 will be necessary in order to meet the demand reduction goals established by the PUCT for EPE. Table 2 below summarizes the programs and target markets:

Table 2: 2016 Energy Efficiency Program Portfolios

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

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. Program manuals can be found at the following website: www.epelectric.com/tx/business/program-manuals-and-guidelines.

B. Existing Programs

Commercial SOP

The Commercial SOP targets small and large commercial and industrial customers. The program pays incentives to qualified project sponsors or to commercial customers who act as their own project sponsor. Incentives of \$194 per kW and \$0.05 per kWh are paid for qualified measures installed in new or retrofit applications that provide verifiable demand and energy savings. Commercial and industrial customers with a demand of 50 kW or greater may act as their own project sponsor. EPE plans to continue this program in 2016 and 2017.

Small Commercial Solutions MTP

The Small Commercial Solutions MTP offers customers with a peak demand of less than 100 kW both cash and non-cash incentives. The program pays a cash incentive of \$400 per reduced kW to customers, through participating contractors, for eligible energy efficiency measures that are installed in new or retrofit applications. This program also provides non-cash incentives which include technical assistance, education on energy efficiency projects, and communications services to customers and participating contractors. In addition to capturing demand and energy savings, the implementer helps small commercial contractors improve their ability to identify, evaluate, and sell energy efficiency improvements to small business owners. Also, this program assists customers in evaluating energy efficiency proposals from contractors. EPE plans to continue this program in 2016 and 2017. The Small Commercial Solutions Program will continue working with contractors and business owners to improve energy efficiency in the targeted market. This program will continue to expand outreach to active contractors and other building industry players to raise overall energy efficiency practices across the marketplace.

Large Commercial & Industrial Solutions MTP

The Large C&I Solutions MTP offers customers with a peak demand of equal to or greater than 100 kW both cash and non-cash incentives. The program pays a cash incentive of \$240 per reduced kW is paid to customers for eligible energy efficiency measures that are installed in new or retrofit applications. This program helps companies to (1) identify, evaluate, and undertake energy efficiency improvements; (2) properly evaluate energy efficiency proposals from vendors; and/or (3) understand how to leverage their energy savings to finance projects. The Large C&I Solutions Program also provides measurement and verification for projects, as necessary. EPE plans to continue this program in 2016 and 2017. The Large C&I Solutions MTP will continue its outreach to active contractors, architectural firms, engineering firms, and other building industry players to raise overall energy efficiency practices across the marketplace.

Texas SCORE MTP

The Texas SCORE MTP promotes a structured process for school districts, higher education and local governments to identify opportunities and implement energy efficiency measures. This program pays a cash incentive of \$240 per reduced kW to schools and local governmental entities for the installation of energy efficiency measures, as well as non-cash incentive tools used to identify their critical needs and promote best business practices. This program is designed to assist and educate these customers in improving their facilities' energy performance and reducing their operating costs by integrating energy efficiency into their short- and long-term planning. This program also helps these customers identify, prioritize, budget, and complete energy efficiency projects. A benchmarking analysis may be conducted depending upon the individual customer

needs. The benchmarking data compares energy performance within the school campuses and government facilities against national and state averages. This data also serves as the program baseline data. EPE will continue to offer its Texas SCORE MTP in 2016 and 2017. EPE will continue working with schools and governmental entities to expand the scope of energy efficiency opportunity areas to include measurement and verification measures, as appropriate. The Texas SCORE Program will also continue to provide outreach to active contractors, architectural firms, engineering firms, and other building industry players to raise overall energy efficiency practices across the marketplace.

Load Management SOP

The Load Management SOP allows participating customers or third-party sponsors to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. Any commercial customer, governmental entity, or educational customer that takes service at the distribution level is eligible to participate in the program. Incentives are based on verified demand savings that customers are able to achieve in response to notifications of voluntary curtailment events by EPE. Demand savings and incentive payment amounts are based on the actual, verified load curtailments. EPE plans to continue this program in 2016 with a slight change to the incentive level from a maximum of \$50 per kW of reduction to a maximum of \$48 per kW of reduction up to their contracted amount. EPE also plans to continue this program in 2017.

Commercial Rebate Pilot Program

The Commercial Rebate Pilot Program (Commercial Rebate Program) is a self-delivered program that is designed to provide demand and energy savings by subsidizing part of the high up-front cost for installing specific energy efficiency measures to certain market segments. Currently EPE offers two measures under this program, the room HVAC control measure and the vending machine control measure. The room HVAC control measure is designed primarily to address energy management solutions for hotel rooms, university dormitories and school classrooms. The vending machine control measure is designed to provide energy and demand savings by controlling the operation of vending machines in commercial customer facilities. Eventually, EPE anticipates adding additional measures or products to this program. EPE plans to continue to offer this program in 2016 and 2017.

Residential Solutions MTP

The Residential Solutions MTP offers both cash and non-cash incentives. The program pays a cash incentive of \$319 per reduced kW to customers, through participating contractors, for eligible energy efficiency measures that are installed in residences. This program also provides non-cash incentives which include technical assistance and education on energy efficiency projects to participating contractors. In addition to capturing demand and energy savings, this program helps residential contractors improve their ability to identify, evaluate, and sell energy efficiency improvements to home owners. EPE plans to continue this program in 2016 and 2017.

LivingWise® MTP

The LivingWise® MTP is implemented by Resource Action Programs. This program serves as an effective community outreach program to improve customer awareness of energy efficiency programs and measures. The LivingWise® program is designed to generate immediate and long-term energy savings for participants.

Through this program, EPE identifies and enrolls teachers and sixth-grade students, providing them with a LivingWise® kit that contains energy saving devices and energy efficiency educational materials. All of the materials provided meet state and national educational standards, which allow the program to easily fit into the teachers' existing schedules and requirements. The students take the LivingWise® kit home and, with the help of their parents, install the devices in their homes and complete a home energy audit report. The LivingWise® staff tabulates all responses including home audits, teacher responses, student input and parent responses. EPE plans on continuing this program in 2016 and 2017 with a modified kit that includes two LED light bulbs replacing the three CFLs that were in the 2015 LivingWise® kit.

Hard-to-Reach Solutions MTP

The Hard-to-Reach Solutions MTP offers both cash and non-cash incentives. This program targets residential customers that are at or below 200% of the Federal Poverty Guidelines. The cash incentives of \$411 per reduced kW are paid to customers, through participating contractors, for eligible energy efficiency measures that are installed in residences. This program also provides non-cash incentives which include technical assistance and education on energy efficiency projects to participating contractors. In addition to capturing demand and energy savings, this program helps residential contractors improve their ability to identify, evaluate, and sell energy efficiency improvements to home owners. EPE plans to continue this program in 2016 and 2017.

C. New Programs for 2016 and 2017

EPE will not be implementing any new programs in 2016. However, EPE anticipates that, in 2017, the energy efficiency department will perform a study to evaluate the possibility of providing a residential and small commercial demand response program based on meter data that EPE expects will be available during the summer of 2017. If the program is determined to be cost effective, EPE will file a deemed or stipulated savings petition with the PUCT for the Company's climate zone to allow this type of a program to be offered in the future through the energy efficiency department.

D. Discontinued Programs

As discussed in EPE's 2015 EEPR, the Solar PV Pilot Program was discontinued beginning with 2016. Also in 2016, EPE will discontinue its Appliance Recycling Program due to issues that were encountered during Program Year 2015 with JACO Environmental, Inc. (JACO), EPE's third party implementer for this program. On November 18, 2015, JACO was placed into receivership and ceased its operation of recycling appliances. EPE will continue to research the viability of providing this type of program in the future. However, EPE will discontinue its current program in 2016.

E. General Implementation Process

Program Implementation

In 2016, EPE will continue to conduct activities to implement energy efficiency programs in a non-discriminatory and cost-effective manner. EPE will provide program announcements to the Energy Efficiency Service Provider (EESP) community in the form of pertinent news and updates, as necessary.

EPE announced the 2016 Commercial SOP on the EPE website and held a webinar. At that point, EPE opened its on-line application pages to provide EESPs with the program manuals and applicable forms. These application pages also provide program information and assist EESPs in preparing project applications. EPE began to accept applications in February for the Commercial SOP.

In April 2016, EPE will announce its 2016 Load Management SOP through the EPE website. EESPs who participated in the 2015 Load Management SOP will also be sent e-mails to inform them of the opening of this program. The program manual and initial application will be made available to EESPs on the website. All applications are considered on a first-come, first-served basis and reviewed for eligibility. Once approved, EESPs will be informed of their acceptance into the program.

All of the remaining MTPs and the Commercial Rebate Pilot Program were opened for new projects in January 2016. Depending upon the program, the MTPs were announced through kick-off meetings, informative e-mails to EESPs, direct communication, or the EPE website. The Commercial Rebate Pilot Program was announced through on-going direct communication with targeted customers.

Program Tracking

EPE uses online databases to track program activity for the various SOPs, MTPs and the self-delivered program. 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

The majority of projects implemented through EPE's energy efficiency programs report demand and energy reductions utilizing deemed savings 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 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.

The IPMVP is voluminous and is not included with this plan.

In the EE Rule, the PUCT implemented an evaluation, measurement, and verification (EM&V) process that included the selection of an EM&V contractor in 2013. The PUCT selected a third-party EM&V contractor led by Tetra Tech and includes Texas Energy Engineering Services, The Cadmus Group, Itron and Johnson Consulting Group. EPE will continue to provide all of the necessary information and data to the EM&V team.

F. Outreach and Research Activities

EPE anticipates that outreach to a broad range of EESPs and market segments will be necessary in order 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 websites www.epelectric.com and www.epelectricefficiency.com. The use of the websites is one of the primary methods of communication to provide potential project sponsors and customers with program information. The websites may contain 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, either physically or through webinars, for SOPs and 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 gauges EESP interest in its workshops by participation levels. If warranted, EPE will offer workshops dedicated to specific measures.
- EPE includes information on the availability of energy efficiency programs several times a year through the monthly newsletter that is included in customers' bills.
- 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.
- EPE utilizes mass electronic mail (e-mail and webinar) notifications to keep potential project sponsors interested and informed.

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

EPE will continue its agreement with Frontier to assist with EPE's Commercial SOP, and the Commercial Rebate Pilot Program.

EPE will continue its agreement with CLEAResult to implement EPE's Texas SCORE MTP and the four "Solutions" MTPs.

EPE will continue its agreement with Resource Action Programs to offer EPE's LivingWise® MTP.

II. Customer Classes

For the twelve months ending December 2015, there was an average of 272,986 residential accounts in the EPE Texas service territory. Based on the 2015 Annual Social and Economic Supplement of the U.S. Census Bureau's Current Population Survey, 37.2% of Texas families are at or below 200% of the poverty threshold. Applying this standard pursuant to 16 TAC §25.181(c)(27), approximately 101,551 of EPE's residential accounts that fall into the Hard-to-Reach Customer Class. The average number of commercial accounts for this same time period was 33,469.

Customer classes targeted by EPE's energy efficiency programs are residential and commercial customer classes that take service at the distribution level. Transmission level customers are not eligible to participate. The total residential class includes the Hard-to-Reach (HTR) accounts. Table 3 summarizes the number of customers in each of the customer classes for 2015.

Table 3: Summary of Texas Residential and Commercial Customer Classes (2015)

Customer Class	Number of Texas Customers
Total Residential	272,986
Hard-to-Reach⁴	101,551
Total Commercial	33,469

III. Projected Energy Efficiency Savings and Goals

As reflected in PUCT Docket No. 44677, EPE's energy efficiency demand reduction goal for 2016 is 11.16 MW, which mirrored the 2015 goal. 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) The utility shall acquire no less than a 25% reduction of the electric utility's annual growth in demand of residential and commercial customers for the 2012 program year.
- (B) Beginning with the 2013 program year, until the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire a 30% reduction of its annual growth in demand of residential and commercial customers.
- (C) If the demand reduction goal to be acquired by a utility under subparagraph (B) of this paragraph is equivalent to at least four-tenths of 1% 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

⁴ According to the 2015 Annual Social and Economic Supplement of the U.S. Census Bureau's Current Population Survey, 37.2% of Texas families fall below 200% of the Federal Poverty Guidelines. Applying that percentage to EPE's residential customer base of 272,986, the number of HTR customers is estimated at 101,551.

efficiency goal described in subparagraph (D) of this paragraph for each subsequent program year.

- (D) Once the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.
- (E) Except as adjusted in accordance with subsection (w) of this section, a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility pursuant to paragraph (2) of this subsection.

The demand reduction goal to be acquired in 2016 (11.16 MW) is greater than four-tenths of one percent of EPE's average weather-adjusted peak demand at meter for 2010 through 2014, which is 4.415 MW as shown in Table 1. In accordance with Section (e)(1)(E) of the EE Rule, EPE's demand reduction goal in any year shall not be lower than its goal for the prior year. In light of the parameters established by the EE Rule, EPE's goal should remain at 11.16 MW (0.99% of the average weather-adjusted peak demand at meter for 2011 through 2015) for 2017 as shown in Table 1. The corresponding energy savings goals for all years are determined by applying a 20% capacity factor to the demand reduction goals.

Table 4 presents historical annual growth in demand for the previous six years. Projected demand reduction and energy savings by program by customer class for 2016 and 2017 are presented in Table 5.

Table 4: Annual Growth in Demand and Energy Consumption

Calendar Year	Peak Demand (MW at Source)				Energy Consumption (MWh at Meter)				Growth (MW at Source)	Growth (MW at Meter) ⁵	Average Growth (MW at Meter) ⁶
	Total System		Residential & Commercial		Total System		Residential & Commercial				
	Actual	Weather Adjusted	Actual	Weather Adjusted ⁷	Actual	Weather Adjusted	Actual	Weather Adjusted	Weather Adjusted	Weather Adjusted	Weather Adjusted
2010	1,252	1,242	1,146	1,135	5,787,922	5,742,663	4,952,221	4,906,962	42	38	NA
2011	1,314	1,290	1,213	1,188	5,954,789	5,847,816	5,190,202	5,083,229	53	48	NA
2012	1,294	1,287	1,191	1,184	6,035,970	6,003,736	5,279,626	5,247,392	-4	-4	NA
2013	1,357	1,352	1,252	1,248	6,028,388	6,008,772	5,276,023	5,256,408	64	58	NA
2014	1,385	1,387	1,289	1,291	5,973,273	5,981,108	5,211,869	5,219,704	43	39	NA
2015	1,398	1,386	1,279	1,266	6,141,917	6,086,745	5,318,795	5,263,622	-25	-23	NA
2016	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	36.1
2017	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	23.9

⁵ Growth at meter includes an 8.72% line loss factor based on EPE's 2010 Analysis of System Losses completed on December 20, 2011.

⁶ Average five-year historical growth in demand for residential and commercial customers for 2016 (2010 – 2014) and 2017 (2011 – 2015).

⁷ No Industrial Opt-Outs calculated in Weather Adjusted Peak Demand.

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

2016	Projected Savings (at meter)	
Customer Class and Program	kW	kWh
Commercial	11,207	18,105,152
Commercial SOP	700	3,066,000
Small Commercial Solutions MTP	730	3,197,400
Large C&I Solutions MTP	2,011	8,808,180
Texas SCORE MTP	700	2,759,400
Load Management SOP	7,000	14,000
Commercial Rebate Pilot Program	66	260,172
Residential	558	2,074,019
Residential Solutions MTP	418	732,336
LivingWise® MTP	140	1,341,683
Hard-to-Reach	800	1,051,200
Hard-to-Reach Solutions MTP	800	1,051,200
Total	12,565	21,230,371
2017	Projected Savings (at meter)	
Customer Class and Program	kW	kWh
Commercial	11,205	18,090,260
Commercial SOP	684	2,995,920
Small Commercial Solutions MTP	730	3,197,400
Large C&I Solutions MTP	2,011	8,808,180
Texas SCORE MTP	750	2,956,500
Load Management SOP	7,000	14,000
Commercial Rebate Pilot Program	30	118,260
Residential	618	1,778,077
Residential Solutions MTP	418	732,336
LivingWise® MTP	200	1,045,741
Hard-to-Reach	800	1,051,200
Hard-to-Reach Solutions MTP	800	1,051,200
Total	12,623	20,919,537

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 different budget categories: incentive payments, administration and research and development (R&D) expenses. Table 6 also includes the estimated annual expenses for the statewide EM&V contractor and the EECRF proceeding expenses. EPE has made some modifications to the individual program budgets that were identified in the 2015 EEPR, but, as shown in Table 6, the overall program budget for 2016 remains at \$4,384,650. These modifications were made because the third party implementer of EPE's Appliance Recycling Program was placed into receivership on November 18, 2015. Accordingly, EPE discontinued the Appliance Recycling Program at that time and the funds for 2016 were re-distributed to the Commercial SOP and the Texas SCORE MTP and the demand goals for these programs were adjusted.

The number of customers in each of the customer classes shown in Table 3 was considered in budget allocations for those classes. 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. A variety of additional factors and assumptions also went into the decision process.

Hard-to-Reach customers are residential customers at or below 200% of the Federal Poverty Guidelines. This is estimated to be approximately 101,551 customers, or 37.2% of EPE's total residential load in Texas (see Footnote 4).

Avoided costs for 2016, as established by the PUCT, were set at \$80 per kW per year and \$0.05088 per kWh.

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

EPE used a 6.613% post-tax discount rate to calculate the present value of the avoided cost associated with a project and assumed a 2% escalation rate.

For simplicity, it is assumed that an EESP that completes an energy efficiency project in a given year receives all the incentives associated with that project in that year. Administration costs, however, may be committed in one year and expended in another.

EPE will offer a portfolio of SOPs, MTPs and one self-delivered program that will be available to all eligible customer classes. It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the marketplace, the potential interest of customer classes towards specific programs, and the overriding objective of meeting the legislative goal. Should funds not be reserved and used as prescribed by program milestones, EPE reserves the right to reallocate those unused funds to other programs in order to maximize contributions towards EPE's energy efficiency goal.

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

2016	Incentives	Admin & R&D	Total Budget
Commercial	\$3,068,075	\$50,555	\$3,118,630
Commercial SOP	\$431,000	\$40,000	\$471,000
Small Commercial Solutions MTP	\$461,115	\$0	\$461,115
Large C&I Solutions MTP	\$1,005,396	\$0	\$1,005,396
Texas SCORE MTP	\$615,569	\$0	\$615,569
Load Management SOP	\$460,000	\$0	\$460,000
Commercial Rebate Pilot Program	\$94,995	\$10,555	\$105,550
Residential	\$576,346	\$0	\$576,346
Residential Solutions MTP	\$230,000	\$0	\$230,000
LivingWise® MTP	\$346,346	\$0	\$346,346
Hard-to-Reach	\$600,000	\$0	\$600,000
Hard-to-Reach Solutions MTP	\$600,000	\$0	\$600,000
Administration		\$89,674	\$89,674
Subtotal Budgets	\$4,244,421	\$140,229	\$4,384,650
EM&V (Est. PY2015 Review Only)		\$51,290	\$51,290
EECRF Proceeding Expenses		\$85,000	\$85,000
Total Budgets	\$4,244,421	\$276,519	\$4,520,940
2017	Incentives	Admin & R&D	Total Budget
Commercial	\$3,068,075	\$46,000	\$3,114,075
Commercial SOP	\$391,995	\$40,000	\$431,995
Small Commercial Solutions MTP	\$461,115	\$0	\$461,115
Large C&I Solutions MTP	\$1,005,396	\$0	\$1,005,396
Texas SCORE MTP	\$704,569	\$0	\$704,569
Load Management SOP	\$460,000	\$0	\$460,000
Commercial Rebate Pilot Program	\$45,000	\$6,000	\$51,000
Residential	\$576,346	\$0	\$576,346
Residential Solutions MTP	\$230,000	\$0	\$230,000
LivingWise® MTP	\$346,346	\$0	\$346,346
Hard-to-Reach	\$600,000	\$0	\$600,000
Hard-to-Reach Solutions MTP	\$600,000	\$0	\$600,000
Administration		\$94,229	\$94,229
Research and Development		\$10,000	\$10,000
Subtotal Budgets	\$4,244,421	\$150,229	\$4,394,650
EM&V (PUCT - no contract for EM&V)		\$0	\$0
EECRF Proceeding Expenses		\$85,000	\$85,000
Total Budgets	\$4,244,421	\$235,229	\$4,479,650

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 (2011-2015) calculated in accordance with 16 TAC §25.181.

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

Calendar Year	Demand Goals (MW)	Energy Targets (MWh)	Actual Demand Reduction (MW)	Actual Energy Savings (MWh)
2015⁸	11.16	19,552	12.305	22,283
2014⁹	11.16	19,552	13.389	22,118
2013¹⁰	11.16	19,552	14.188	23,394
2012¹¹	11.16	19,552	11.886	20,168
2011¹²	11.16	19,552	12.331	20,182

⁸ 2015 MW goal and MWh target as reported in EPE's EEPR filed April 1, 2015 under Project No. 44480. 2015 demand reduction and actual energy savings reported in this document, Project No.45675.

⁹ 2014 MW goal and MWh target as reported in EPE's EEPR filed April 1, 2014 under Project No. 42264. 2014 demand reduction and actual energy savings reported in this document, Project No.44480.

¹⁰ 2013 MW goal and MWh target as reported in EPE's EEPR filed March 29, 2013 under Project No. 41196. 2013 demand reduction and actual energy savings reported in Project No. 42264

¹¹ 2012 MW goal and MWh target as reported in EPE's EEPR filed March 30, 2012 under Project No. 40194. 2012 demand reduction and energy savings modified pursuant to settlement of Docket No. 41403.

¹² 2011 MW goal and MWh target as reported in EPE's EEPR filed April 1, 2011 under Project No. 39105. 2011 demand reduction and energy savings modified pursuant to settlement of Docket No. 41403.

VI. Projected, Reported and Verified Demand and Energy Savings

Revised Table 8: Projected versus Reported Savings for 2014 and 2015 (at Meter)				
2014	Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	10.696	15,983	11.752	17,977
Commercial SOP	0.600	2,628	0.398	2,197
Small Comm. Solutions MTP	0.730	3,197	0.740	3,124
Large C&I Solutions MTP	1.800	7,884	1.563	8,633
Texas SCORE MTP	0.500	1,971	0.754	3,948
Load Management SOP	7.000	14	8.281	12
Commercial Rebate Pilot Program	0.066	289	0.016	63
Residential	0.460	2,236	0.411	975
Residential Solutions MTP	0.400	701	0.322	525
LivingWise [®] MTP	0.060	1,535	0.089	450
Hard-to-Reach	0.800	1,051	0.723	1,075
Hard-to-Reach Solutions MTP	0.800	1,051	0.723	1,075
Residential / Commercial	0.443	1,828	0.503	2,091
Appliance Recycling MTP	0.202	1,416	0.244	1,591
Solar PV Pilot MTP	0.241	412	0.259	500
Total	12.399	21,098	13.389	22,118
2015	Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	10.696	15,954	10.250	17,263
Commercial SOP	0.600	2,628	0.329	1,897
Small Comm. Solutions MTP	0.730	3,197	0.672	3,007
Large C&I Solutions MTP	1.800	7,884	1.945	9,504
Texas SCORE MTP	0.500	1,971	0.577	2,775
Load Management SOP	7.000	14	6.711	34
Commercial Rebate Pilot Program	0.066	260	0.016	46
Residential	0.540	2,043	0.623	1,767
Residential Solutions MTP	0.400	701	0.400	601
LivingWise [®] MTP	0.140	1,342	0.223	1,166
Hard-to-Reach	0.800	1,051	0.964	1,480
Hard-to-Reach Solutions MTP	0.800	1,051	0.964	1,480
Residential / Commercial	0.443	1,828	0.468	1,773
Appliance Recycling MTP	0.202	1,416	0.189	1,235
Solar PV Pilot MTP	0.241	412	0.279	538
Total	12.479	20,876	12.305	22,283

VII. Historical Program Expenditures

Table 9 documents EPE's incentive and administration expenditures for the previous five years (2011-2015) by program for each customer class. Note that this table does not include R&D expenditures, EM&V expenditures and administration costs not allocated to particular programs. R&D expenditures, EM&V expenditures and administration costs not associated with particular programs for 2015 can be found in Table 10.

Table 9: Historical Program Incentive and Administrative Expenditures for 2011 through 2015¹³

Programs	2015		2014		2013		2012		2011	
	Incent.	Admin								
Commercial	\$2,308,969	\$739	\$2,414,919	\$1,450	\$2,646,031	\$21,614	\$2,173,205	\$18,614	\$2,370,937	\$6,831
Commercial SOP	\$160,945	\$739	\$180,951	\$1,450	\$204,235	\$21,091	\$83,753	\$18,614	\$182,926	\$6,213
Small Comm. Solutions	\$426,637	\$0	\$458,717	\$0	\$461,625	\$0	\$543,770	\$0	\$482,834	0
Large C&I Solutions	\$932,618	\$0	\$820,871	\$0	\$872,385	\$0	\$617,972	\$0	\$718,490	0
Texas SCORE MTP	\$447,792	\$0	\$468,130	\$0	\$440,716	\$0	\$482,327	\$0	\$620,637	0
Load Management SOP	\$318,627	\$0	\$462,300	\$0	\$464,700	\$0	\$380,430	\$0	\$366,050	618
Rebate Pilot Program	\$22,350	\$0	\$23,950	\$0	\$202,370	\$523	\$64,953	\$0	NA	NA
Residential	\$548,496	\$0	\$560,482	\$0	\$536,266	\$0	\$590,827	\$0	\$545,298	\$0
Residential Solutions	\$202,144	\$0	\$214,136	\$0	\$190,006	\$0	\$245,257	\$0	\$198,952	0
LivingWise® MTP	\$346,352	\$0	\$346,346	\$0	\$346,260	\$0	\$345,570	\$0	\$346,346	0
Hard-to-Reach	\$651,474	\$0	\$576,214	\$0	\$600,238	\$0	\$602,842	\$0	\$361,914	\$0
Hard-to-Reach Solutions	\$651,474	\$0	\$576,214	\$0	\$600,238	\$0	\$602,842	\$0	\$361,914	0
Residential / Comm.	\$334,648	\$30,178	\$405,380	\$33,941	\$454,833	\$42,735	\$437,640	\$11,030	\$658,138	\$14,316
Appliance Recycling MTP	\$140,418	\$0	\$181,185	\$0	\$241,747	\$7,145	\$201,428	\$6,144	\$206,801	0
Solar PV Pilot MTP	\$194,230	\$30,178	\$224,195	\$33,941	\$213,086	\$35,590	\$236,212	\$4,886	\$451,337	\$14,316
Subtotal	\$3,843,587	\$30,917	\$3,956,995	\$35,391	\$4,237,368	\$64,349	\$3,804,514	\$29,644	\$3,936,287	\$21,147
Energy Saver Program	NA	NA	NA	NA	NA	NA	NA	NA	\$169,284	\$15,176
Total	\$3,843,587	\$30,917	\$3,956,995	\$35,391	\$4,237,368	\$64,349	\$3,804,514	\$29,644	\$4,105,571	\$36,323

¹³ 2014 expenditures are from EEPR filed in Project No. 44480; 2013 expenditures are from EEPR filed in Project No. 42264; 2012 expenditures are from EEPR filed in Project No. 41196; and 2011 expenditures are from EEPR filed in Project No.40194.

VIII. Program Funding and Explanation of Administration Costs for Calendar Year 2015

As shown in the subtotal of Table 10, EPE spent \$3,955,988 on program expenses (excluding EM&V and EECRF Proceeding Expenses) for its PUCT-approved energy efficiency programs in 2015. These programs were funded by EPE's 2015 EECRF. These expenses account for 90.2% of the total forecasted program budget for 2015 of \$4,384,650. The difference between the forecasted program budget and the actual program expenditures is attributed to the Commercial SOP, Load Management, Commercial Rebate Pilot Program, and the Appliance Recycling Program not reaching the participation levels anticipated by EPE. Actual program funding levels are shown in Table 10 and Table 11.

Administration expenses benefited the entire portfolio. These expenses include, but were not limited to, outsourced program administration, marketing (i.e. website maintenance and promotional items), Electric Utility Marketing Managers of Texas (EUMMOT) expenses, costs associated with regulatory filings, and EM&V administration expenses outside of the actual cost associated with the PUCT appointed EM&V contractor.

Table 10: Program Funding for Calendar Year 2015

	Total Projected Budget	Number of Customer Projects	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin & R&D)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining
Commercial	\$ 2,617,630	529	\$ 2,308,969	\$ 739	\$ 2,309,708	\$ -	\$ 307,922
Commercial SOP	280,000	21	160,945	739	161,684	-	118,316
Small Comm. Solutions MTP	461,115	194	426,637	-	426,637	-	34,478
Large C&I Solutions MTP	895,396	259	932,618	-	932,618	-	(37,222)
Texas SCORE MTP	415,569	44	447,792	-	447,792	-	(32,223)
Load Management	460,000	10	318,627	-	318,627	-	141,373
Comm. Rebate Pilot Program	105,550	1	22,350	-	22,350	-	83,200
Residential	\$ 536,346	10,309	\$ 548,496	\$ -	\$ 548,496	\$ -	\$ (12,150)
Residential Solutions MTP	190,000	938	202,144	-	202,144	-	(12,144)
LivingWise MTP	346,346	9,371	346,352	-	346,352	-	(6)
Hard-to-Reach	\$ 600,000	1,157	\$ 651,474	-	\$ 651,474	\$ -	\$ (51,474)
Hard-to-Reach Solutions MTP	600,000	1,157	651,474	-	651,474	-	(51,474)
Residential / Commercial	\$ 539,125	1,134	\$ 334,648	\$ 30,178	\$ 364,826	\$ -	\$ 174,299
Appliance Recycling MTP	289,125	1,095	140,418	-	140,418	-	148,707
Solar PV Pilot MTP	250,000	39	194,230	30,178	224,408	-	25,592
Admin. Expenses	\$ 91,549		\$ -	\$ 81,484	\$ 81,484	\$ -	\$ 10,065
Subtotal	\$ 4,384,650	13,129	\$ 3,843,587	\$ 112,401	\$ 3,955,988	\$ -	\$ 428,662
EM&V Expenses	\$ 82,203		-	\$ 78,105	\$ 78,105	\$ -	\$ 4,098
EECRF Proceeding Expenses	\$ 85,000		-	\$ 83,290	\$ 83,290		\$ 1,710
Total	\$ 4,551,853	13,129	\$ 3,843,587	\$ 273,796	\$ 4,117,383	\$ -	\$ 434,470

*EM&V costs shown are actual booked costs for 2015. For purposes of cost-effectiveness and performance incentive calculations, \$58,210 is used, as per TetraTech.

Table 11: Program Comparison – Budget to Actual Expenditures

Programs	2015 Budget	2015 Expenditures	Percent	>10% Variance Explanation
Commercial	\$ 2,617,630	\$ 2,309,708	88.2%	
Commercial SOP	280,000	161,684	57.7%	Program did not draw the number of participants anticipated, reallocated funds to performing programs
Small Comm. Solutions MTP	461,115	426,637	92.5%	
Large C&I Solutions MTP	895,396	932,618	104.2%	
Texas SCORE MTP	415,569	447,792	107.8%	
Load Management	460,000	318,627	69.3%	Program did not achieve anticipated savings for 2015.
Commercial Rebate Pilot MTP	105,550	22,350	21.2%	Program did not draw the number of participants anticipated, reallocated funds to performing programs
Residential	\$ 536,346	\$ 548,496	102.3%	
Res. Solutions MTP	190,000	202,144	106.4%	
LivingWise MTP	346,346	346,352	100.0%	
Hard-to-Reach	\$ 600,000	\$ 651,474	108.6%	
Hard-to-Reach Solutions MTP	600,000	651,474	108.6%	
Residential / Commercial	\$ 539,125	\$ 364,826	67.7%	
Appliance Recycling MTP	289,125	140,418	48.6%	Program did not draw the number of participants anticipated, reallocated funds to performing programs
PV/Solar Pilot MTP	250,000	224,408	90.0%	
Admin. Expenses	\$ 91,549	\$ 81,484		Not allocated to specific programs
Total	\$ 4,384,650	\$ 3,955,988	90.2%	

IX. Program Results for MTPs and Self-Delivered Program

A. Market Transformation Programs

Small Commercial Solutions MTP

In 2015, the Small Commercial Solutions MTP provided customers and participating contractors with cash and non-cash incentives. This program targeted commercial customers with a demand of less than 100 kW. This program focused on improving the energy efficiency of small commercial facilities, as well as improving the installation practices of participating contractors. EPE contracted with a third-party program implementer to provide the non-cash incentives such as technical assistance, education on energy efficiency projects, and communications services to participating customers and contractors.

The 2015 goal for this program was 730 kW. There were 194 projects completed in the Small Commercial Solutions MTP during 2015. These projects reduced demand by 672 kW and saved 3,007,513 kWh in energy.

Large C&I Solutions MTP

The Large C&I Solutions MTP was established to test a solutions-based approach toward garnering peak kW savings among large commercial customers. Key components of the “solutions” approach included: EPE acting as a third-party unbiased player to assist business customers in identifying energy efficiency opportunities, realizing the financial benefits associated with such opportunities, evaluating contractor bids, and conveying the social and financial benefits by way of internal and community-wide communications efforts. Besides peak demand reduction, this program has also realized success in reaching out to the contracting community, including affiliated architectural and engineering firms.

In 2015, the Large C&I Solutions MTP provided customers with cash and non-cash incentives. This program targeted commercial customers with a demand of equal to or greater than 100 kW. As with the Small Commercial Solutions MTP, EPE contracted with a third-party program implementer to provide non-cash incentives such as technical assistance, education on energy efficiency projects, measurement and verification, and communications services to participating customers.

The 2015 goal for this program was 1,800 kW. There were 259 projects completed in the Large C&I Solutions MTP during 2015 that reduced demand by 1,945 kW and saved 9,503,826 kWh in energy.

Texas SCORE MTP

As with the previous programs, the 2015 Texas SCORE MTP provided customers with cash and non-cash incentives. This program targeted schools districts, higher educational facilities and local governmental entities. EPE recognized that many school districts and local governments lack the technical knowledge, first-hand experience, and management decision-making processes that are necessary for identifying, prioritizing and completing projects that improve their facilities’ energy performance and reduce operating costs. This program helped these customers identify, prioritize, budget, and complete energy efficiency projects. EPE contracted with a third-party program implementer to provide non-cash incentives such as benchmarking, technical assistance, education on energy efficiency projects, and communications services to participating customers.

The 2015 goal for this program was 500 kW. This program had 44 projects from participating schools and local government entities in the EPE service territory. These projects reduced demand by 577 kW and saved 2,774,905 kWh in energy.

Residential Solutions MTP

In 2015, the Residential Solutions MTP offered residential customers, through the use of participating contractors, incentives for making energy efficient improvements to their homes. This program focused on improving the energy efficiency of residential buildings, as well as improving the installation practices of the participating contractors. EPE contracted with a third-party implementer to administer the Residential Solutions MTP.

The 2015 goal for this program was 400 kW. There were 938 participants that reduced demand by approximately 400 kW and saved 600,956 kWh in energy.

LivingWise® MTP

The LivingWise® MTP is an educational program that uses a school-based method that builds student knowledge, provides high energy efficiency devices to families and serves as an effective community outreach program. In 2015, each participant received a kit that contained energy saving devices to be installed in their homes, as well as energy efficiency educational materials.

The 2015 goal for this program was 140 kW. In 2015, the LivingWise® MTP provided 9,371 LivingWise® kits. The savings from this program were 223 kW in demand savings and 1,165,897 kWh in energy savings.

Hard-to-Reach Solutions MTP

In 2015, the Hard-to-Reach Solutions MTP offered residential customers who were at or below 200% of the Federal Poverty Guidelines, through the use of participating contractors, incentives for making energy efficient improvements to their homes. This program focused on improving the energy efficiency of low income residential buildings, as well as improving the installation practices of the participating contractors. EPE contracted with a third-party implementer to administer the Hard-to-Reach Solutions MTP.

The 2015 goal for this program was 800 kW. There were 1,157 projects in this program that reduced demand by 964 kW and saved 1,479,742 kWh in energy.

Appliance Recycling MTP

In 2015, the Appliance Recycling MTP provided incentives to encourage EPE customers to recycle their older, less efficient refrigerators and freezers. This program removed these appliances from the electric grid, thus reducing system-wide load and peak demand.

The 2015 goal for this program was 202 kW. EPE removed and recycled 1,095 units through the Appliance Recycling MTP. This program reduced demand by 189 kW and saved 1,235,160 kWh of energy savings.

Solar PV Pilot MTP

In 2015, the Solar PV Pilot MTP provided EPE customers with incentives, through participating contractors, for installing solar PV distributed generation systems. This program encouraged customers to install solar PV systems on their homes and businesses by reducing the up-front cost of these systems.

The 2015 goal for this program was 241 kW. There were 39 projects that reduced demand by 279 kW and saved 537,642 kWh.

B. Self-Delivered Program

Commercial Rebate Pilot Program

In 2015, the Commercial Rebate Pilot Program provided commercial customers with rebates for two measures, the room HVAC controls measure and the vending machine controls measure. This program encouraged customers to install these energy saving devices by subsidizing part of the up-front cost of these measures.

The 2015 goal for this program was 66 kW. There was one participant that reduced 16 kW of demand savings and 46,488 kWh in energy savings. The acceptance of this program by customers has been very slow; however, EPE anticipates higher participation in 2016.

X. Current Energy Efficiency Cost Recovery Factor (EECRF)

Report for 2015

In Docket No. 42449, EPE was granted approval for recovery through its 2015 EECRF of (a) \$4,384,650 in energy efficiency program costs projected to be incurred from January 1 through December 31, 2015, (b) The Company's share of the costs of the PUCT EM&V contractor's 2014 and 2015 budgeted expenses in the amount of \$99,722, (c) the 2013 under-recovery revenue amount of \$82,871, (d) a performance incentive for 2013 of \$2,035,783 and (e) EPE's 2013 EECRF proceeding expenses of \$85,100. EPE requested that the EECRF be applicable beginning January 1, 2015. The Final Order in Docket No. 42449 concluded that the filing conformed to the requirements of the EE Rule.¹⁴ The order also found the allocation of the energy efficiency costs and performance incentive in accordance with the EE Rule.¹⁵ The recovery of the agreed-upon EECRF amount of \$6,688,126 is based on a dollar per kWh rate. The cost recovery factors by rate are listed in Table 12.

Table 12: 2015 EECRF Monthly Rates

Rate No.	Description	Energy Efficiency Cost Recovery Factor (\$/kWh)
01	Residential Service Rate	\$ 0.001185
02	Small Commercial Service Rate	\$ 0.002823
07	Outdoor Recreational Lighting Service Rate	\$ 0.000313
08	Governmental Street Lighting and Signal Service Rate	\$ (0.000046)
11	Municipal Pumping Service Rate	\$ 0.000653
11-TOU	Time-Of-Use Municipal Pumping Service Rate	\$ 0.000653
WH	Water Heating	\$ (0.000454)
22	Irrigation Service Rate	\$ 0.000839
24	General Service Rate	\$ 0.000757
25	Large Power Service Rate (excludes transmission)	\$ 0.001887
34	Cotton Gin Service Rate	\$ (0.000494)

¹⁴ Docket No. 42449, Final Order at Findings of Fact No. 10 (November 24, 2014)

¹⁵ *Id.* at Conclusion of Law No. 7 and Findings of Fact No. 19

41	City and County Service Rate	\$ 0.003576
43	University Service Rate	\$ (0.000149)
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	\$ (0.000494)
47	Backup Power Service For Cogeneration And Small Power Production Facilities	\$ (0.000494)

XI. Revenue Collected through EECRF

In 2015, EPE collected a total of \$6,634,670 under Rate Schedule No. 97 – Energy Efficiency Cost Recovery Factor.

XII. Over/Under Recovery of Energy Efficiency Program Costs

In 2015, EPE over-recovered an amount of \$380,039 as shown in Table 13.

Table 13: Authorized and Actual Recovery Amounts

Description	Authorized in Docket No. 42449	Actual
January 1 – December 31, 2015 Energy Efficiency Costs	\$ 4,384,650	\$ 3,955,988
2014 and 2015 EM&V Costs (PY2014 Review)	\$ 99,722	\$ 94,889
2013 (Over)/Under Recovery	\$ 82,871	\$ 82,871
2013 Performance Bonus	\$ 2,035,783	\$ 2,035,783
2013 EECRF Proceeding Costs	\$ 85,100	\$ 85,100
2015 Total Costs and Bonus	\$ 6,688,126	\$ 6,254,631
2015 EECRF Revenues		\$ 6,634,670
2015 (Over)/Under Recovery		\$ (380,039)

XIII. Underserved Counties

EPE serves customers in three Texas counties: Culberson, Hudspeth, and El Paso. During 2015, the majority of energy efficiency projects were in El Paso County. EPE has defined Underserved Counties as any county in the Texas EPE service territory that EPE reported no demand or energy savings through any of its 2015 energy efficiency programs. Based on this definition, only Culberson County had no demand or energy savings in 2015.

Table 14: 2015 Energy Efficiency Activities by County

County	Participants	Reported Savings	
		kW	kWh
El Paso County	13,094	12,304	22,275,162
Culberson County	0	0	0
Hudspeth County	35	1.28	7,365
Total	13,129	12,305	22,282,527

XIV. Performance Incentive Calculation

EPE achieved a 12.305 MW reduction in demand from its energy efficiency programs offered in 2015. EPE's demand reduction goal for 2015 was 11.16 MW. EPE's achievement represents 110.26% of its demand reduction goal, qualifying it for a performance incentive. Per 16 TAC §25.181, EPE is eligible for a performance incentive of \$667,545 which it plans to request in its 2016 EECRF filing.

Per the PUCT, the total program costs to be used in the performance incentive calculation below include the 2015 EM&V cost allocation of \$58,210 as provided by the statewide EM&V evaluator, rather than EPE's actual booked EM&V costs of \$78,105 as shown in Table 10. The performance incentive calculation below also includes the 2015 municipal EECRF proceeding costs of \$26,904. As a result, the total program costs for the performance incentive calculation will not match the actual total program costs exhibited in Table 10.

Table 15: 2015 Performance Incentive Calculations

	kW	kWh
Demand and Energy Goals	11,160	19,552,320
Demand and Energy Savings		
<i>Actual Demand and Energy Savings (including Hard-to-Reach)</i>	12,305	22,282,527
<i>Reported/Verified Hard-to-Reach</i>	964	
PUCT-Approved Avoided Costs		
<i>per kW</i>	\$80.00	
<i>per kWh</i>	\$0.05321	
<i>Inflation Rate</i>	2.00%	
<i>Discount Rate</i>	6.613%	
Total Avoided Costs	\$17,112,057	
2015 Program Costs (includes allocated EM&V and municipal EECRF proceeding costs)	\$4,097,490	
Net Benefits	\$13,014,567	
Performance Incentive	\$667,545	

ACRONYMS

C&I	Commercial and Industrial
CFL	Compact Fluorescent Lamp
DR	Demand Response
DSM	Demand Side Management
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
ERCOT	Electric Reliability Council of Texas
EM&V	Evaluation, Measurement & Verification
HTR	Hard-To-Reach
M&V	Measurement and Verification
MTP	Market Transformation Program
PUCT	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act
PV	Photovoltaic
R&D	Research and Development
REP	Retail Electrical Provider
RES	Residential
SCORE	Schools and Cities Conserving Resources
SOP	Standard Offer Program
TAC	Texas Administrative Code

GLOSSARY

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

APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY

Table 16: Program Savings by County

Commercial SOP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	21	328.65	1,896,843
Total	21	328.65	1,896,843

Small Commercial Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	194	672	3,007,513
Total	194	672	3,007,513

Large C&I Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	259	1,945	9,503,826
Total	259	1,945	9,503,826

Texas SCORE MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	44	577	2,744,905
Total	44	577	2,744,905

Load Management SOP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	10	6,711	33,555
Total	10	6,711	33,555

Commercial Rebate Pilot Program

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	1	16	46,488
Total	1	16	46,488

Residential Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	938	400	600,956
Total	938	400	600,956

LivingWise® MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	9,339	222.22	1,161,916
Hudspeth County	32	.76	3,981
Total	9,371	222.98	1,165,897

Hard-to-Reach Solutions MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	1,157	964	1,479,742
Total	1,157	964	1,479,742

Appliance Recycling MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	1,092	188.92	1,231,776
Hudspeth County	3	0.52	3,384
Total	1,095	189.44	1,235,160

Solar PV Pilot MTP

County	# of Participants	Reported Savings	
		kW	kWh
El Paso County	39	279	537,642
Total	39	279	537,642