
Southwestern Public Service Company
Amended
2022 Energy Efficiency Plan and Report
Substantive Rules §§ 25.181, 25.182, and 25.183

April 1, 2022

Project No. 52949



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Introduction

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

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

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

Energy Efficiency Plan and Report Organization

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

- The Executive Summary highlights SPS’s reported achievements for 2021 and SPS’s plans for achieving its 2022 and 2023 projected energy efficiency savings goals.

Energy Efficiency Plan

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

Energy Efficiency Report

- Section V documents SPS’s actual weather-adjusted demand savings goals and energy targets for the previous five years (2017-2021).
- Section VI compares SPS’s projected energy and demand savings to its reported and verified savings by program for calendar years 2020 and 2021.
- Section VII documents SPS’s incentive and administration expenditures for the previous five years (2017-2021) broken out by program for each customer class.
- Section VIII compares SPS’s actual program expenditures for 2021 to its 2021 budget categorized by program for each customer class.
- Section IX describes the results from SPS’s MTPs.
- Section X details SPS’s current Energy Efficiency Cost Recovery Factor (“EECRF”) collection.
- Section XI reflects revenue SPS collected through the 2021 EECRF.

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

Appendices

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

Executive Summary

SPS submits this Amended EEPR to comply with the EE Rules for Program Years (“PY”) 2022 and 2023. The EEP portion of this EEPR details SPS’s efforts to achieve reductions in peak demand and energy use among its residential and commercial customers. For PYs 2022 and 2023, SPS has developed energy efficiency portfolios designed to meet goals prescribed by 16 TAC § 25.181.

EEP Summary

Table 1 shows SPS’s goal(s) calculations for PYs 2022 and 2023.² SPS’s PY 2022 Demand and Energy goals were approved in Commission Docket No. 52072.

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

Calendar Year	2022	2023
5-Year Average Peak Demand (MW)	(9.722)	(25.453)
Goal Metric: 0.4% Peak Demand (MW)	5.988	5.886
Demand Goal (MW)	6.027	6.027
Goal Metric: 0.4% Peak Energy (MWh)	10,491	10,313
Energy Goal (MWh)	10,559	10,559
Budget ³	\$4,263,542	\$4,523,959

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

³ Projected Budget amounts are set forth in Table 7.

In 2019, SPS met the demand goal trigger described in 16 TAC § 25.181(e)(1)(B). Because the trigger has been met, SPS calculated its demand reduction goal for PY 2023 using four-tenths of 1% of its summer weather-adjusted five-year average (2017-2021) peak demand for the combined residential and commercial customers. This calculation yields a goal metric of 5.886 MW; lower than SPS's PY 2022 goal of 6.027 MW. Therefore, in accordance with 16 TAC § 25.181(e)(1)(D), SPS is using its previous year's goal of 6.027 MW for PY 2023.

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

SPS will implement the following SOPs, MTPs, and Low-Income Weatherization programs in 2022:

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

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

EER Summary

The EER portion of this EEPR demonstrates that in 2021, SPS achieved 10,057 kW of reduction in demand and 25,410,647 kWh of energy savings, which equals 167% and 241%, respectively, of SPS’s demand goal of 6,027 kW and energy savings goal of 10,559,329 kWh.

The expenditures for these 2021 programs were \$3,939,481,⁴ which was 88% of SPS’s budget. The COVID-19 pandemic and subsequent restrictions placed on businesses and consumers limited SPS’s ability to install or complete high-contact energy efficient measures again during the program year. As a result of these restrictions, and lack of customer participation during this time, SPS experienced lower than expected portfolio expenditures in 2021. To meet the goal of a four-tenths of 1% reduction in the summer weather-adjusted peak demand through energy efficiency, SPS implemented: the Residential SOPs for single- and multi-family residences; the Large Commercial SOP; the Load Management SOP; the Hard-to-Reach SOP for low-income, single- and multi-family residences; the Low-Income Weatherization program; the Home Lighting MTP; the Retro-Commissioning MTP; Small Commercial MTP, Smart Thermostat Program MTP; and the Refrigerator Recycling MTP. Table 2 below compares the 2021 projected savings and budget to the reported savings as well as actual expended funds for 2021.

Table 2: Summary of 2021 Projected Savings and Budget, Reported Savings, and Expended Funds

Calendar Year	2021
Demand Goal (MW)	6.027
Energy Goal (MWh)	10,559
Projected MW Savings	10.24
Projected MWh Savings	24,682
Reported/Verified MW Savings	10.06
Reported/Verified MWh Savings	25,411
Total Funds Budgeted	\$4,480,825
Total Funds Expended	\$3,939,481

⁴ This number includes costs associated with all 2020 Evaluation, Measurement, and Verification (“EM&V”) activities and SPS’s 2021 EECRF expenses.

Energy Efficiency Plan

I. 2022 and 2023 Programs

A. Program Portfolios

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

This EEP reflects SPS’s continued commitment to provide its customers with energy efficiency opportunities. For PY 2023, SPS proposes to offer multiple SOPs, multiple MTPs, and a weatherization program to its residential and commercial customer classes to meet the requirements under the EE Rules. The following EEP outlines SPS’s planned efforts to encourage its residential and commercial customers to participate in its energy efficiency programs, including a discussion of proposed programs, budgets, and program impact estimates.

Table 3 below summarizes SPS’s PY 2022 programs and targeted customer classes. SPS is also proposing two new programs for launch in PY 2023, as noted below.

Table 3: Energy Efficiency Program Portfolio

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

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

B. Administrative and Research Costs for 2022 and 2023

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

Research and Development ("R&D") costs include those costs for conducting studies and analyses to identify new programs or measures that enhance the energy efficiency or load management offerings and meet future energy and demand goals. For 2023, SPS is planning to continue research and test product strategies for a Codes & Standards program offering for potential inclusion into the portfolio. SPS will also allocate funding to research a School Education Kits program that targets fifth grade students in the SPS service territory. If successful, SPS plans to transition the School Kits offering to its own program starting in PY 2024.

C. Existing Programs for 2023

SPS will continue to offer the following pre-existing programs in 2023.

Large Commercial Standard Offer Program

The Large Commercial SOP targets commercial customers with single-meter demand of at least 100 kW or aggregate meter demand of at least 250 kW. Incentives are paid to project sponsors

based on verified deemed savings for a wide range of measures installed in new or retrofit applications. Typical eligible measures include light emitting diode (“LED”) lighting, lighting controls, commercial cooling and ventilation, commercial refrigeration enhancements, building envelope measures, and industrial process upgrades.

Small Commercial Market Transformation Program

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

Load Management Standard Offer Program

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

Retro-Commissioning Market Transformation Program

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

Residential Standard Offer Program

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

Home Lighting Market Transformation Program

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

Smart Thermostat Market Transformation Program

The Smart Thermostat MTP is designed to provide customers discounts on ENERGY STAR® Connected Thermostats through Xcel Energy's online storefront, which is owned and managed by an independent third party. An instant rebate will be applied at the point of sale to qualifying customers, which can be combined with manufacturer-sponsored discounts to lower the purchase

price further. All SPS residential customers will be eligible to participate in this upstream offering, with a limit of two thermostat discounts per customer.

Refrigerator Recycling Market Transformation Program

The Refrigerator Recycling MTP is designed to decrease the number of inefficient primary or secondary refrigerators and freezers in residential households. The program reduces energy usage by allowing customers to dispose of their operable, but inefficient appliances in an environmentally safe and convenient manner. Customers will receive a \$50 rebate check and free pick-up and recycling of their old refrigerator or freezer.

Hard-to-Reach Standard Offer Program

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

Low-Income Weatherization Market Transformation Program

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

D. New and Modified Programs for 2023

Residential HVAC Market Transformation Program

SPS is proposing a HVAC Market Transformation Program for PY 2023 that will target residential customers and participating HVAC contractors. The proposed program will be run by a third-party implementer. The customer will receive an instant rebate when they purchase the equipment, and the contractor will also receive an incentive for the installation of the equipment.

Hard-to-Reach Food Bank Market Transformation Program

The Hard-to-Reach Food Bank program is designed to help income qualified customers save money by providing free energy efficiency measures through local food bank distribution sites. SPS is working with a third-party administrator and our third-party home-lighting implementer to provide roughly 25,000 lighting kits that will be distributed through local food banks. Each kit consists of a four-pack of LEDs as well as a LED night light. Giving away free LED lighting kits provides customers an easy start into implementing energy efficiency in their home.

General Implementation Plan

Program Implementation

SPS will implement its energy efficiency programs in a non-discriminatory and cost-effective manner. For PYs 2022 and 2023, SPS intends to conduct programs using the following activity schedule:

- On December 15, 2021, SPS conducted kick-off meetings for each program, and allowed sponsors to submit applications by December 29th for the 2022 PY, which were reviewed and accepted in the order of receipt.
- Throughout 2022, SPS has and will offer approved EESPs contracts to implement projects. After contract execution, the EESP may begin implementation and reporting of measures. All projects must be completed, and results reported to SPS before November 15, 2022. SPS will continue to inform the EESP community of pertinent news and updates by posting program notices on its energy efficiency website, offering local and Internet-based workshops (if necessary), and sending email notices to various energy service company associations.

- No later than January 1, 2023, SPS will announce its 2023 energy efficiency programs and open its website application pages to assist EESPs in preparing project applications for PY 2023. The application process gives sponsors feedback on whether projects are eligible and the level of incentives for which they may qualify.
- Throughout 2023, SPS will offer contracts to approved EESPs to implement energy efficiency projects. After contract execution, the EESP may begin implementation and reporting of measures. All projects must be completed, and results reported to SPS before November 15, 2023. SPS will continue to inform the EESP community of pertinent news and updates by posting program notices on its energy efficiency website, offering local and Internet-based workshops (if necessary), and sending email notices to various energy service company associations.
- During 2022 and 2023, the Retro-Commissioning Program, Small Commercial MTP, Home Lighting MTP, Low Income MTP, Load Management MTP, and Refrigerator Recycling MTP will utilize third-party program implementers who will conduct a wide range of activities to facilitate and enable customer participation in these programs. If approved for PY 2023, SPS's new Residential HVAC MTP and Hard-to-Reach MTP will also utilize a third-party program implementer.

Program Tracking

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

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

Measurement and Verification

Many of the projects implemented under these programs will report demand and energy savings utilizing "deemed savings estimates" reviewed by the Independent Evaluator and approved by

the Commission. If deemed savings have not been approved for a particular installation, such savings will be reported using an approved measurement and verification approach as allowed under 16 TAC § 25.181(o).

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

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

Outreach and Research Activities

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

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

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

SPS uses a mix of large C&I customer account management staff and third-party implementation staff to educate customers about the Load Management SOP and Retro-Commissioning MTP. In 2023, the account management team and third-party implementation staff will continue their efforts to hold customer meetings and use marketing materials to explain the program and the requirements for participation.

II. Customer Classes

SPS targets the Commercial, Residential, and Hard-to-Reach customer classes with its energy efficiency programs. Table 4 summarizes the number of customers in each of the target customer classes. The annual budgets are allocated to customer classes by examining historical program results, evaluating economic trends, and taking into account 16 TAC § 25.181(e)(3)(F), which states that no less than 5% of the utility’s total demand goal should be achieved through programs for Hard-to-Reach customers. SPS has relied on historical achievements to determine the budget allocations for PYs 2022 and 2023. Although these guidelines have been set, the actual distribution of the budget must remain flexible based upon the response of the marketplace and the potential interest that a customer class may have in a specific program.

Table 4: Summary of Customer Classes

Customer Class	Qualifications	Number of Customers⁵
Commercial	< 69 kV service voltage	53,605
Residential	All Residential	209,604
Hard-to-Reach⁶	Hard-To-Reach Income Requirement Residential subset	65,816

⁵ Commercial and Residential number of customers reflect actual SPS customer counts as of December 2021. Hard-to-Reach customers were estimated based on the most recently available U.S. Census data. In 2020, 31.4% of Texans were below the 200% poverty threshold.

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

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

III. Projected Energy Efficiency Savings and Goals

As prescribed by 16 TAC § 25.181(e)(3), SPS's 2023 demand reduction goal is calculated by applying four-tenths of 1% (0.004) to the five-year average (2017-2021) peak demand, for residential and commercial customers combined, at the meter. Table 5 provides the peak load data used to calculate the demand reduction projection for the demand goal for PY 2023, as required by the EE Rules. To calculate this goal, SPS applied an average line loss factor of 9.70%⁷ to the weather-normalized peak demand value for residential and commercial customers. SPS then removed the peak demand of opt-out customers from the residential and commercial peak demand values. SPS calculated the average peak demand for the combined residential and commercial customers for the previous five years (2017-2021). As shown in Table 5, during the previous five-year period, SPS has experienced an average summer weather-adjusted peak demand for the combined residential and commercial customers at the meter of 1,472 MW. SPS applied four-tenths of 1% (0.004) to the five-year average (2017-2021) peak demand resulting in a goal of 5.886 MW. Since this goal is lower than PY 2022's goal of 6.027 MW, SPS is using the previous PY goal of 6.027 MW for PY 2023 in accordance with 16 TAC § 25.181(e)(1)(D).

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

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

Calendar Year	Peak Demand (MW) @ Source				Energy Consumption (MWh) @ Meter				Energy Efficiency Goal Calculation		
	Total System		Residential & Commercial		Total System		Residential & Commercial		Peak Demand @ Meter (9.7% Line Losses)	5-Year Average Peak Demand @ Meter	Goal Metric: 0.4% Peak Demand at Meter
	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted			
2013	2,468	2,425	1,656	1,633	13,994,646	13,859,306	7,764,906	7,629,565	1,402	1,516	6.06
2014	2,506	2,497	1,711	1,702	14,061,579	14,038,723	7,712,573	7,689,717	1,487	1,525	6.10
2015	2,405	2,478	1,618	1,691	14,032,058	14,004,866	7,621,821	7,594,628	1,480	1,499	6.00
2016	2,499	2,449	1,727	1,677	13,958,248	13,905,333	7,498,352	7,445,437	1,475	1,497	5.99
2017	2,464	2,434	1,675	1,645	13,844,659	13,912,071	7,358,371	7,425,783	1,442	1,491	5.96
2018	2,583	2,567	1,848	1,832	14,297,147	14,100,463	7,723,000	7,526,316	1,608	1,478	5.91
2019	2,483	2,510	1,702	1,729	14,037,836	13,944,983	7,465,519	7,372,666	1,528	1,457	5.83
2020	2,371	2,329	1,677	1,634	13,360,219	13,247,232	7,260,442	7,147,455	1,431	1,499	5.99
2021	2,271	2,196	1,580	1,504	14,145,895	14,127,188	7,632,057	7,013,178	1,349	1,507	6.03
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.99
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.89

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

For PYs 2022 and 2023, SPS developed budgets to meet the energy and demand goals in a cost-effective manner, as prescribed by 16 TAC § 25.181. Details of these budgets, including the allocation of funds to specific programs, are given in Section IV.

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

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

2022	Projected Savings	
	MW	MWh
Commercial	7.97	10,884
Commercial SOP	1.02	3,826
Retro-Commissioning MTP	0.90	3,969
Load Management SOP	5.25	21
Small Commercial MTP	0.22	1,000
Home Lighting MTP	0.59	2,069
Residential	2.72	9,970
Residential SOP	0.71	1,811
Home Lighting MTP	1.97	6,926
Smart Thermostat MTP Pilot	-	838
Refrigerator Recycling MTP	0.05	395
Hard-to-Reach	0.75	2,075
Hard-to-Reach SOP	0.50	1,310
Low-Income Weatherization	0.25	765
Total Annual Projected	11.45	22,929
2023	Projected Savings	
	MW	MWh
Commercial	7.73	10,884
Commercial SOP	1.02	3,826
Retro-Commissioning MTP	0.90	3,969
Load Management SOP	5.00	20
Small Commercial MTP	0.22	1,000
Home Lighting MTP	0.59	2,069
Residential	2.69	9,255
Residential SOP	0.4	900
Home Lighting MTP	2.00	7,000
Smart Thermostat MTP Pilot	-	600
Refrigerator Recycling MTP	0.24	360
Residential HVAC MTP	0.24	360
Hard-to-Reach	1.65	5,875
Hard-to-Reach SOP	0.50	1,310
Low-Income Weatherization	0.25	765
Hard-to-Reach Food Bank	0.25	765
Total Annual Projected	12.07	26,014

IV. Program Budgets

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

2022	Incentives	Admin	R&D	EM&V	Total Budget
Commercial	\$ 1,858,345	\$ 85,175	\$ -	\$ -	\$ 1,943,520
Commercial SOP	390,200	44,730	-	-	434,930
Retro-Commissioning MTP	800,000	-	-	-	800,000
Load Management SOP	250,500	34,250	-	-	284,750
Small Commercial MTP	400,000	5,460	-	-	405,460
Home Lighting MTP	17,645	735	-	-	18,380
Residential	1,012,691	53,890	-	-	1,066,581
Residential SOP	472,440	27,531	-	-	499,971
Home Lighting MTP	335,251	13,969	-	-	349,220
Smart Thermostat MTP	30,000	3,675	-	-	33,675
Refrigerator Recycling MTP	175,000	8,715	-	-	183,715
Hard-to-Reach	835,275	18,903	-	-	854,178
Hard-to-Reach SOP	385,275	18,903	-	-	404,178
Low-Income Weatherization	450,000	-	-	-	450,000
Research & Development	-	-	160,000	-	160,000
General Administration	-	205,100	-	-	205,100
Evaluation, Measurement, & Verification	-	-	-	34,163	34,163
Rider Expenses	-	-	-	-	-
Grand Total	\$ 3,706,311	\$ 363,068	\$ 160,000	\$ -	\$ 4,263,542
2023	Incentives	Admin	R&D	EM&V	Total Budget
Commercial	\$ 1,858,345	\$ 87,730	\$ -	\$ -	\$ 1,946,075
Commercial SOP	390,200	46,072	-	-	436,272
Retro-Commissioning MTP	800,000	-	-	-	800,000
Load Management SOP	250,500	35,278	-	-	285,778
Small Commercial MTP	400,000	5,624	-	-	405,624
Home Lighting MTP	17,645	757	-	-	18,402
Residential	1,012,651	63,747	-	-	1,076,398
Residential SOP	272,400	26,297	-	-	298,697
Home Lighting MTP	335,251	14,388	-	-	349,639
Smart Thermostat MTP	30,000	3,785	-	-	33,785
Refrigerator Recycling MTP	175,000	8,976	-	-	183,976
Residential HVAC MTP	200,000	10,300	-	-	210,300
Hard-to-Reach	1,050,275	27,710	-	-	1,077,985
Hard-to-Reach SOP	385,275	19,470	-	-	404,745
Hard-to-Reach Food Bank	200,000	8,240	-	-	208,240
Low-Income Weatherization	465,000	-	-	-	465,000
Research & Development	-	-	160,000	-	160,000
General Administration	-	211,253	-	-	211,253
Evaluation, Measurement, & Verification	-	-	-	52,248	52,248
Rider Expenses	-	-	-	-	-
Grand Total	\$ 3,921,271	\$ 390,440	\$ 160,000	\$52,248	\$ 4,523,959

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

Table 8 documents SPS’s demand and energy reduction goals for the previous five years (2017-2021) calculated in accordance with 16 TAC § 25.181 and actual demand reduction and energy savings achieved.

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

Calendar Year	Adjusted Demand Goal (MW)	Adjusted Energy Goal (MWh)	Actual Demand Reduction (MW)	Actual Energy Savings (MWh)
2021	6.03	10,559	10.06	25,411
2020	5.99	10,502	11.67	25,663
2019	5.49	9,627	9.57	23,328
2018	5.49	9,627	9.57	18,906
2017	5.49	9,627	7.75	16,871

VI. Projected Versus Reported and Verified Demand and Energy Savings

This section documents SPS’s projected savings and its reported and verified savings for PYs 2020 and 2021. Table 9 shows the savings for SOPs, MTPs, and the Low-Income Weatherization program. SPS’s 2020 programs produced 11,672 kW demand savings or 195% of the statutory goal of 5,994 kW. In 2021, SPS’s programs produced 10.06 kW of demand savings at the meter or 167% of the statutory goal of 6,027 kW. Taking into account line losses approved in Docket No. 47527, SPS’s 2021 programs produced 11.13 MW of demand savings at the source.

Table 9: Projected versus Reported/Verified Savings for 2020 and 2021 (at Meter)

2020	Projected Savings		Reported/Verified Savings	
	kW	kWh	kW	kWh
Commercial	6,063	10,694,470	7,292	12,672,406
Commercial SOP	1,015	3,825,600	566	2,917,683
Retro-Commissioning MTP	1,100	4,850,400	1,248	6,919,253
Load Management SOP	3,500	14,000	4,922	78,720
Small Commercial MTP	220	1,000,000	160	735,176
Home Lighting MTP	228	1,004,470	396	2,021,574
Residential	2,188	7,492,630	3,399	10,683,647
Residential SOP	900	2,300,000	972	2,166,145
Home Lighting MTP	1,108	3,476,030	2,413	8,159,151
Smart Thermostat MTP	-	363,000	-	250,063
Refrigerator Recycling MTP	180	1,353,600	14	108,288
Hard-to-Reach	900	2,465,000	982	2,307,220
Hard-to-Reach SOP	650	1,700,000	687	1,501,333
Low-Income Weatherization	250	765,000	295	805,886
Total Annual Savings Goals	9,151	20,652,100	11,672	25,663,272
2021	Projected Savings		Reported/Verified Savings	
	kW	kWh	kW	kWh
Commercial	6,422	11,758,660	6,237	12,490,989
Commercial SOP	1,015	3,825,600	910	4,129,671
Retro-Commissioning MTP	1,100	4,850,400	925	5,188,299
Load Management SOP	3,500	14,000	3,772	15,089
Small Commercial MTP	220	1,000,000	230	1,115,918
Home Lighting MTP	587	2,068,660	400	2,042,013
Residential	2,915	10,458,516	2,343	8,351,923
Residential SOP	900	2,300,000	324	855,191
Home Lighting MTP	1,965	6,925,516	2,008	6,789,241
Smart Thermostat MTP	-	838,200	-	616,077
Refrigerator Recycling MTP	50	394,800	12	91,414
Hard-to-Reach	900	2,465,000	1,477	4,567,735
Hard-to-Reach SOP	650	1,700,000	1,198	3,779,061
Low-Income Weatherization	250	765,000	279	788,674
Total Annual Savings Goals	10,237	24,682,176	10,057	25,410,647

VII. Historical Program Expenditures

This section documents SPS's incentive and administrative expenditures for the previous five years (2017-2021) broken out by program for each customer class. Table 10 shows expenditures for SOPs, MTPs, and the Low-Income Weatherization Program.

Table 10: Historical Program Incentive and Administrative Expenditures for 2017 through 2021⁹

Program	2021		2020		2019		2018		2017	
	Incent. (000s)	Admin (000s)	Incent. (000s)	Admin (000s)	Incent. (000s)	Admin (000s)	Incent. (000s)	Admin (000s)	Incent. (000s)	Admin (000s)
Commercial	\$ 1,795	\$ 49	\$ 1,627	\$ 61	\$ 1,684	\$ 43	\$ 1,784	\$ 43	\$ 1,615	\$ 48
Large Commercial SOP	387	36	218	35	231	27	264	30	243	41
Small Commercial SOP	-	-	-	-	-	-	-	-	-	-
Retro-Commissioning MTP	922	-	947	-	869	-	882	-	796	-
Load Management SOP	199	12	246	21	171	13	227	13	166	6
Small Commercial MTP	270	-	198	-	400	-	400	-	400	1
Home Lighting MTP	16	1	17	5	13	2	12	-	10	-
Residential	639	70	947	134	875	78	805	35	795	37
Residential SOP	297	46	597	35	568	27	584	30	597	31
Home Lighting MTP	298	14	329	91	251	39	221	5	199	6
Smart Thermostat MTP	23	7	9	-	1	-	-	-	-	-
Refrigerator Recycling MTP	21	4	13	7	55	11	-	-	-	-
Hard-to-Reach	1,137	38	952	35	918	27	905	30	899	31
Hard-to-Reach SOP	685	38	491	35	497	27	496	30	500	31
Low-Income Weatherization	452	-	461	-	421	-	410	-	399	-
Research & Development	-	20	-	24	-	16	-	25	-	-
General Administration	-	142	-	136	-	148	-	167	-	167
Evaluation, Measurement, & Verification	-	33	-	31	-	34	-	34	-	34
Rider Expenses	-	17	-	23	-	27	-	47	-	49
Total Expenditures	\$ 3,570	\$ 369	\$ 3,526	\$ 444	\$ 3,477	\$ 374	\$ 3,495	\$ 379	\$ 3,310	\$ 366

⁹ 2021 expenditures from Project No. 52949, 2020 expenditures from Project No. 51672; 2019 expenditures from Project No. 50666; 2018 expenditures from Project No. 49297; 2017 expenditures from Project No. 48146.

VIII. Program Funding for Calendar Year 2021

As shown in Table 11, SPS spent a total of \$3,939,481¹⁰ on its energy efficiency programs in 2021, which is \$541,344 less than SPS's 2021 approved budget of \$4,480,825.

Table 11: Program Funding for Calendar Year 2021

Customer Segment and Program	Total Projected Budget	Participants	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Total Funds Expended	Budget and Expenditure Variance
Commercial & Industrial	\$ 2,030,775	13,523	\$ 1,794,511	\$ 48,542	\$1,843,052	91%
Large Commercial SOP	434,930	78	387,409	36,101	423,510	97%
Retro-Commissioning MTP	977,600	29	922,179	-	922,179	94%
Load Management SOP	194,405	9	199,307	11,690	210,996	109%
Small Commercial MTP	405,460	65	269,956	-	269,956	67%
Home Lighting MTP	18,380	13,342	15,660	751	16,411	89%
Residential	1,201,575	255,773	639,107	70,340	709,448	59%
Residential SOP	634,965	725	297,269	45,827	343,095	54%
Home Lighting MTP	349,220	254,481	297,537	14,273	311,809	89%
Smart Thermostat MTP	33,675	441	23,363	6,698	30,061	89%
Refrigerator Recycling MTP	183,715	126	20,939	3,542	24,481	13%
Hard-to-Reach	969,110	1,811	1,136,828	37,795	1,174,623	121%
Hard-to-Reach SOP	519,110	1,510	685,175	37,795	722,970	139%
Low-Income	450,000	301	451,653	-	451,653	100%
Research & Development	40,000		-	19,737	19,737	49%
General Administration	205,100		-	142,358	142,358	69%
Evaluation, Measurement, & Verification	34,265		-	33,450	33,450	NA
EECRF Rider Expenses	-		-	16,813	16,813	NA
Total	\$ 4,480,825	271,107	\$ 3,570,446	\$ 369,036	3,939,481	88%

Pursuant to 16 TAC § 25.181(l)(2)(Q), SPS is required to provide an explanation of annual program spending variance from budgets if the variance exceeds a positive or negative 10%. In 2021, five programs met this criterion: Small Commercial MTP, Home Lighting MTP, Smart Thermostat MTP, Refrigerator Recycling MTP and the Hard-to-Reach program.

- Due to the continuing COVID-19 pandemic the Residential SOP, Small Commercial MTP Program and Refrigerator Recycling Programs, all of which are high-touch customer experiences, did not achieve their forecasted goals or spending in PY 2021. SPS expects that participation in these programs will increase as customers feel more comfortable with contractors entering their homes and businesses.
- Although SPS ran several marketing initiatives including an email campaign to increase participation, the Smart Thermostat MTP program came up just short of meeting its PY 2021 forecast. SPS plans to continue marketing the program and hopes participation will increase as more customers become aware of the online marketplace.
- In PY 2021 SPS had initially allocated additional funds and achievement to the Home Lighting Program to assist with a new food-bank giveaway program in the territory. After working with the state-wide evaluator, TetraTech, SPS agreed to claim the savings and spending for the giveaways in the Hard-to-Reach SOP program. As a result, the Home Lighting Program did not meet its forecasted goals, while the Hard-To-Reach Program exceeded its forecasted goals.

Table 12: Expenditures for Targeted Low-Income Program

2021 Budget	Required Expenditures	Actual Expenditures	% of Budget
\$ 4,480,825	\$448,082	\$451,653	10%

As shown in Table 12, SPS spent approximately 10% of its 2021 approved portfolio budget on its targeted low-income energy efficiency program.

IX. Market Transformation Program Results

SPS launched its Commercial Retro-Commissioning MTP in April 2013. In 2021, SPS completed 78 projects that resulted in a reduction of 925 kW and 5,188,299 kWh. SPS expects additional, similar projects to be completed in 2022.

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

SPS launched its Small Commercial MTP in January 2017. In 2021, SPS completed 65 projects that resulted in a reduction of 230 kW and 1,115,918 kWh. This new program has proven to be effective at increasing participation amongst small commercial customers which was the focus for this offering.

SPS launched its Home Lighting MTP in January 2017. In 2021, SPS had over 267,823 bulbs sold in its upstream lighting program that resulted in a reduction of 2,408 kW and 8,831,254 kWh.

SPS launched its Smart Thermostat MTP on January 1, 2020. In the program's second year as a program, SPS sold 441 Thermostats on its online marketplace that resulted in a reduction of 616,077 kWh.

SPS launched its Refrigerator Recycling MTP on January 1, 2019. In the program's third year as a program, SPS recycled 126 old refrigerators within the service territory that resulted in a reduction of 12 kW and 91,414 kWh.

X. 2021 Energy Efficiency Cost Recovery Factor (EECRF)

On September 24, 2020, in Docket No. 50804, the Commission approved SPS's 2021 EECRF to recover a total of \$5,109,615 in expenses associated with its 2021 energy efficiency programs, effective January 1, 2021.

Table 13: 2021 EECRF Rates

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

XI. Revenue Collected through EECRF (2021)

SPS collected \$4,926,501.68 through its 2021 EECRF, which became effective January 1, 2021.

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

SPS recovered \$379,627 more than actual PY 2021 expenses approved in Docket No. 50804, as shown in Table 14 below.

Table 14: Over/Under Recovery (2021)

2021 Program Costs	\$	3,889,218
AIP Reduction		(4,580)
2020 EM&V Costs		33,450
2019 Net Over Recovery		(466,860)
2019 Rate Case Expenses (D. 49495)		26,815
2019 Performance Bonus		1,068,832
Total		4,546,875
EECRF Recovery		4,926,502
Net (Over)/Under Recovery	\$	(379,626)

Acronyms

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

APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY 2021

Large Commercial SOP			
County	# of Premises	kW	kWh
Carson	1	86	338,261
Dallam	1	4	26,048
Deaf Smith	1	168	640,423
Gray	2	22	103,709
Moore	2	14	70,150
Oldham	1	74	271,504
Potter	21	360	1,629,431
Randall	7	182	1,050,145
Total	36	910	4,129,671

Recommissioning MTP			
County	# of Premises	kW	kWh
Hale	1	40	198,263
Hansford	1	5	18,583
Parmer	1	72	624,795
Potter	19	502	2,142,307
Randall	1	306	2,204,351
Total	23	925	5,188,299

Load Management			
County	# of Premises	kW	kWh
Cochran	1	606	2,426
Hartley	2	483	1,932
Moore	2	15	59
Parmer	2	456	1,822
Potter	8	844	3,376
Randall	2	967	3,868
Terry	1	401	1,605
Yoakum	1	-	-
Total	19	3,772	15,089

Small Commercial MTP			
County	# of Premises	kW	kWh
Briscoe	2	4	14,873
Crosby	1	3	18,162
Dallam	1	4	14,368
Gray	1	2	7,366
Hutchinson	1	4	16,397
Lamb	1	3	11,820
Parmer	10	67	272,778
Potter	7	14	83,538
Randall	9	129	676,616
Total	33	230	1,115,918

Home Lighting MTP			
County	# of Premises¹¹	kW	kWh
Deaf Smith	12,844	118	434,558
Floyd	144	1	5,413
Gaines	3,491	34	125,869
Gray	17,471	159	583,757
Hale	18,735	168	618,766
Hockley	13,640	123	453,357
Hutchinson	16,863	151	554,852
Lamb	192	2	7,737
Moore	14,533	130	478,085
Potter	55,224	472	1,731,600
Randall	113,716	1,037	3,800,335
Online Marketplace	970	11	36,925
Total	267,823	2,406	8,831,254

Residential SOP			
County	# of Premises	kW	kWh
Armstrong	1	1	1,028
Carson	2	1	1,816
Castro	5	3	8,528
Crosby	1	2	1,572
Deaf Smith	26	43	155,551
Gaines	2	1	2,043
Garza	3	3	5,542
Hale	174	85	230,916
Hockley	9	14	23,916
Hutchinson	1	2	2,435
Lamb	14	20	45,087
Lubbock	16	24	67,277
Moore	1	1	918
Potter	18	15	19,173
Randall	102	110	284,693
Sherman	1	1	4,471
Total	376	324	854,964

¹¹ Sum of individual bulbs sold and not individual premises.

Hard-to-Reach SOP			
County	# of Premises	kW	kWh
Carson	1	1	1,913
Castro	74	93	297,558
Crosby	8	9	22,212
Deaf Smith	23	32	73,095
Floyd	1	1	2,475
Gaines	31	9	34,130
Garza	24	10	32,426
Gray	7	130	599,210
Hale	63	19	44,643
Hockley	12	14	41,278
Lamb	31	36	69,323
Lubbock	36	36	102,782
Potter	254	645	2,044,636
Randall	137	163	413,381
Total	702	1,198	3,779,062

Low-Income Weatherization			
County	# of Premises	kW	kWh
Hale	7	7	18,264
Hutchinson	1	1	2,128
Potter	98	250	734,530
Randall	17	21	33,753
Total	123	279	788,674

Smart Thermostats			
County	# of Premises	kW	kWh
Bailey	3	-	4,191
Briscoe	1	-	1,397
Carson	8	-	12,573
Castro	1	-	1,397
Crosby	4	--	6,985
Dallam	2	-	4,191
Deaf Smith	8	-	13,970
Gaines	16	-	27,940
Garza	1	-	1,397
Gray	11	-	19,558
Hale	13	-	20,955
Hansford	3	-	4,191
Hartley	4	-	8,382
Hockley	16	-	29,337
Hutchinson	10	-	15,367
Lipscomb	1	-	1,397
Lubbock	13	-	23,749
Lynn	2	-	2,794
Moore	11	-	20,955

Ochiltree	2	-	2,794
Parmer	2	-	2,794
Potter	54	-	92,202
Randall	175	-	293,370
Swisher	1	-	1,397
Terry	1	-	1,397
Yoakum	1	-	1,397
Total	364	-	616,077

Refrigerator Recycling			
County	# of Premises	kW	kWh
Armstrong	1	0	589
Carson	1	0	1,550
Crosby	2	0	1,419
Deaf Smith	2	0	1,635
Gray	6	0	3,931
Hale	3	0	3,035
Hansford	2	0	1,478
Hockley	2	0	1,518
Hutchinson	3	0	3,377
Lamb	5	0	3,629
Lubbock	4	0	3,519
Lynn	1	0	480
Moore	2	0	2,677
Ochiltree	1	0	755
Potter	41	4	30,375
Randall	40	4	30,558
Swisher	1	0	889
Total	117	12	91,414