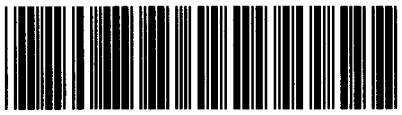
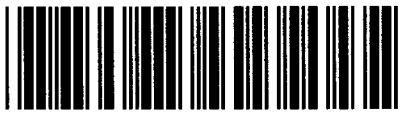


Control Number: 40194



Item Number: 12

Addendum StartPage: 0

Southwestern Public Service Company

AMENDED

2012 Energy Efficiency Plan and Report

P.U.C. SUBST. R. 25.181 and 25.183

April 3, 2012

Project No. 40194

Xcel Energy℠
SOUTHWESTERN PUBLIC SERVICE

12

Table of Contents

INTRODUCTION 5

ENERGY EFFICIENCY PLAN AND REPORT ORGANIZATION 5

EXECUTIVE SUMMARY 7

CALENDAR YEAR 9

ENERGY EFFICIENCY PLAN 10

I. 2012 PROGRAMS 10

A. 2012 PROGRAM PORTFOLIO 10
B. EXISTING PROGRAMS 11
Commercial Standard Offer Program 11
Residential Standard Offer Program 11
Hard-To-Reach Standard Offer Program 12
Low-Income Weatherization Program 12
C. NEW PROGRAMS 12
Load Management Standard Offer Program 12
D. GENERAL IMPLEMENTATION PLAN 12
Program Implementation 12
Program Tracking 13
Measurement and Verification 13
Outreach and Research Activities 14
E. EXISTING DSM CONTRACTS OR OBLIGATIONS 15
NORESCO Industrial Energy Conservation Program 15

II. CUSTOMER CLASSES 15

III. PROJECTED ENERGY EFFICIENCY SAVINGS AND GOALS 16

IV. PROGRAM BUDGETS 20

V. POTENTIAL FINANCIAL IMPACTS OF PROJECT NO. 39674, RULEMAKING PROCEEDING TO AMEND ENERGY EFFICIENCY RULES 21

ENERGY EFFICIENCY REPORT 22

VI. HISTORICAL DEMAND SAVINGS GOALS AND ENERGY TARGETS FOR PREVIOUS FIVE YEARS (2007-2011) 22

VII. PROJECTED, REPORTED, AND VERIFIED DEMAND AND ENERGY SAVINGS 22

VIII. HISTORICAL PROGRAM EXPENDITURES 24

IX. PROGRAM COSTS FOR CALENDAR YEAR 2011 26

X. MARKET TRANSFORMATION PROGRAM RESULTS 26

XI. ENERGY EFFICIENCY COST RECOVERY 27

XII. UNDERSERVED COUNTIES 28

XIII. PERFORMANCE BONUS 29

ACRONYMS 30

GLOSSARY 31

APPENDICIES 1

APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY 2
APPENDIX B: PROGRAM TEMPLATES 5

Table of Figures

Table 1: Summary of Statutory Goals and Budgets (at Meter) 7
Table 2: Summary of 2012 and 2013 Demand Goal and Projected Savings and Budget (at Meter) 8
Table 3: Summary of 2011 Projected Savings and Budget to Reported/Verified Savings and Expended Funds (excluding NORESCO payments and savings) 9
Table 4: Energy Efficiency Program Portfolio 11
Table 5: Summary of Customer Classes 16
Table 6: Annual Growth in Demand and Energy Consumption (at Meter) 17
Table 7: Projected Demand and Energy Savings Broken Out by Program for Each Customer Class (at Meter) 19
Table 8: Projected Demand and Energy Savings for Third-Party Programs 19
Table 9: Proposed Annual Budget Broken out by Program for Each Customer Class ($000s) 20
Table 10: Proposed Budgets for Third-Party Programs ($000s) 21
Table 11: Historical Demand Savings Goals and Energy Targets (at Meter) 22
Table 12: Projected versus Reported and Verified Savings for 2011 and 2010 (at Meter) 23
Table 13: Projected versus Reported and Verified Savings for 2011 and 2010 Third-Party Programs (at Meter) 24
Table 14: Historical Program Incentive and Administrative Expenditures for 2007 through 2011 ($000s) 25
Table 15: Historical Third-Party Program Incentive and Administrative Expenditures for 2005 through 2011 ($000's) 25
..... 26
Table 16: Program Costs for Calendar Year 2011 ($000s) 29
Table 17: 2011 Savings per Customer by County 2
Table 18: 2011 Program Savings by County

Introduction

Southwestern Public Service Company ("SPS") presents this Energy Efficiency Plan and Report ("EEPR") in compliance with P.U.C. SUBST. R. 25.181 (the "Energy Efficiency Rule" or "EE Rule"). This EEPR covers the periods of time outlined in P.U.C. SUBST. R. 25.181 and provides the Public Utility Commission of Texas ("Commission") and interested parties with information pertaining to our energy efficiency activities. The following paragraphs provide a description of the information contained in each of the subsequent sections and appendices.

Energy Efficiency Plan and Report Organization

This EEPR is separated into an Executive Summary and two main components: the Energy Efficiency Plan ("EEP") and the Energy Efficiency Report ("EER").

Within the Energy Efficiency Plan:

- Section I describes SPS's program portfolio for 2012 and 2013. It details how each program will be implemented, discusses related informational and outreach activities, and provides an introduction to the programs not included in SPS's previous EEP, if applicable.
- 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 and goals for 2012 and 2013 broken out by program for each customer class.
- Section IV describes SPS's proposed energy efficiency budgets for 2012 and 2013 broken out by program for each customer class.
- Section V describes SPS's proposed budget for Evaluation, Measurement and Verification ("EM&V") activities as a result of the rulemaking proceeding in Project No. 39674.

Within the Energy Efficiency Report:

- Section VI documents SPS's actual weather-adjusted demand savings goals and energy targets for the previous five years (2007-2011).
- Section VII compares SPS's projected energy and demand savings to its reported and verified savings by program for calendar year 2011.
- Section VIII details SPS's incentive and administration expenditures for the previous five years (2007-2011) broken out by program for each customer class.
- Section IX compares SPS's budgeted and actual energy efficiency costs from 2011 broken out by program for each customer class. It also explains any cost increases or decreases of more than 10% for SPS's overall program budget.
- Section X describes the results from SPS's Market Transformation programs ("MTP"), if applicable.

- Section XI describes SPS's Energy Efficiency cost recovery.
- Section XII identifies counties that were underserved during the 2011 program year.
- Section XIII discusses the SPS's eligibility for a performance bonus.

Appendices

- Appendix A – Reported kilowatt ("kW") and kilowatt-hour ("kWh") savings broken out by county for each program.
- Appendix B – Program templates for any new or newly-modified programs not included in SPS's previous EEPR, if applicable.

Executive Summary

SPS submits this EEPR to comply with the Energy Efficiency Rule for Program Year ("PY") 2012. The EEP portion of this EEPR details SPS's efforts to achieve reductions in peak demand and energy use amongst its residential and commercial customers. For PY 2012, SPS has developed an energy efficiency portfolio designed to meet goals prescribed by P.U.C. SUBST. R. 25.181.

EEP Summary

The following table presents SPS's goals and budgets under the current statute and Energy Efficiency Rule for 2012 and 2013.

Table 1: Summary of Statutory Goals and Budgets (at Meter)[1]

Calendar Year	Average Growth in Demand (MW)	MW Goal (% of Growth in Demand)	Demand (MW) Goal	Energy (MWh) Goal	Budget (000s)
2012	18.8	25%	4.7	8,249	$2,231[2]
2013	18.8	30%	5.6	9,898	$3,005[3]

For Table 1, SPS calculated the demand goals as mandated in P.U.C. SUBST. R. 25.181(e)(4). The rule states the demand goals as 25% of the average five-year historical growth in demand for 2012 and 30% of growth for 2013. The "Energy (MWh) Goal" is calculated from the demand goal using a 20% capacity factor, as mandated in P.U.C. SUBST. R. 25.181(e)(4). Thus, the "Energy (MWh) Goal" is 20% of the product of the "Demand (MW) Goal" and 8,760 (the number of hours in a year). The table also shows the budget (exclusive of a payment of $400,000 to NORESCO) that would be necessary to achieve the energy savings that are projected to be associated with that demand reduction given SPS's program portfolio.[4]

Demand and Energy Goal calculations have changed from prior years due to the sale of the Lubbock, Texas distribution system (Docket No. 37901). The 2012 and 2013 goals and

[1] Average Growth in Demand Figures are from Table 6; Projected Savings from Table 7; Projected Budget from Table 9. All demand and energy values in this table and throughout this EEPR are given "at Meter".
[2] 2012 program budget limited by the terms and conditions in the Unopposed Stipulation in Docket No. 38147.
[3] 2013 program budget as presented in Table 1 includes $75,000 that SPS is estimating for potential EM&V costs that will be incurred beginning in 2013. See Section V for more details.
[4] In accord with the Settlement Agreement in Docket No. 13827 *(Application of Southwestern Public Service Company for Approval of Notice of Intent for a 203 MW Phillips Cogeneration Project and a 103 MW Combustion Turbine Project)*, SPS conducted an all-source resource solicitation in 1996-97 to procure cost-effective demand-side resources. As a result of this solicitation, SPS entered into four third-party "pay for performance" contracts with three Energy Service Companies: NORESCO, UCONS, and Planergy. These contracts range in duration from six to fourteen years. The NORESCO contract was signed for a XX year period. After recent negotiations the contract term has been reduced and will terminate in 2012.

projections do not include the Lubbock, Texas loads, nor will they for future years, because these customer loads are no longer SPS's retail obligations.

SPS proposes to implement the following Standard Offer Programs ("SOP") and Low-Income Weatherization Program in 2012:

- Commercial & Industrial SOP (Large and Small):
- Load Management SOP;
- Residential SOP
- Hard-To-Reach SOP; and
- Low-Income Weatherization (implemented by Frontier Associates, LLC in 2011

For PY 2013, the EE Rule requires that utilities meet demand reduction goals equal to at least 30% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2013.

Table 2 presents the average load growth, demand goals, and projected savings and budget for PYs 2012 and 2013. Projected savings differ from the goals in that they represent the savings forecasted (or projected) given the mix of programs proposed for the program years.

Table 2: Summary of 2012 and 2013 Demand Goal and Projected Savings and Budget (at Meter)

Calendar Year	Average Growth in Demand (MW)	MW Goal (% of Growth in Demand)	Demand (MW) Goal	Energy (MWh) Goal	Projected MW Savings	Projected MWh Savings	Budget (000s)
2012	18.8[5]	25%	4.7	8,249	5.1	11,518	$2,231
2013	18.8	30%	5.6	9,898[6]	6.7	16,227	$3,005

In order to meet the higher demand reduction goals as required by the EE Rule in PY 2013, SPS plans to expand its energy efficiency program offerings. As of this filing, SPS anticipates offering the below mix of programs in 2013:

- Commercial & Industrial SOP (Large and Small);
- Load Management SOP;
- Retro-Commissioning MTP;
- Residential SOP;
- Hard-To-Reach SOP; and
- Targeted Low-Income Weatherization.

[5] Average growth in demand for 2007-2011 based on utility projections.
[6] Calculated based on a 20% capacity factor as required by the EE Rule.

The SOPs, in addition to the weatherization program, will ensure that all customer classes have access to energy efficiency opportunities.

The projected savings, budgets, and implementation plans included in this EEPR are highly influenced by the requirements of the EE Rule and lessons learned regarding energy efficiency service providers and customer participation in the various energy efficiency programs. SPS would like to stress that all projected savings reported in this document represent the impacts that are expected from energy efficiency programs in the case that all of the available funds are reserved and expended on efficiency projects.

EER Summary

The EER portion of this EEPR demonstrates that in 2011 SPS achieved 3.88 MW of demand reduction and 13,821 MWh of energy savings (at the meter, excluding savings attributed to NORESCO), exceeding SPS's demand goal of 3.86 MW and coming within 884 kWh of the energy savings projection of 14,705 MWh.

The expenditures for these 2011 programs were $1,913,112 (excluding the payment of $361,564 to NORESCO). SPS primarily used SOPs in its efforts to meet the SPS's voluntary goal of a 14% reduction in demand growth through energy efficiency. These programs included Residential SOPs for single- and multi-family residences, the Commercial SOP, Hard-To-Reach SOP for low-income single- and multi-family residences, and the Low-Income Weatherization program. Table 3 below summarizes 2011 projected savings and budget to the reported and verified savings and actual expended funds.

Table 3: Summary of 2011 Projected Savings and Budget to Reported/Verified Savings and Expended Funds (excluding NORESCO payments and savings)

Calendar Year	Projected MW Savings	Projected MWh Savings	Reported and Verified MW Savings	Reported and Verified MWh Savings	Total Funds Budgeted ($000s)	Total Funds Expended ($000s)
2011	3.86	14,705	3.88	13,821	$2,168	$1,913

Energy Efficiency Plan

PURA § 39.905 and P.U.C. SUBST. R. 25.181 establish peak demand reduction goals and program guidelines for most of the State's investor-owned electric utilities. SPS is committed to offering cost-effective energy efficiency programs to ensure that its 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. SPS proposes to offer SOPs to the residential and commercial customer classes to meet the requirements under the EE Rule. The following Plan outlines SPS's planned efforts to encourage energy efficiency among its residential and commercial customers, including a discussion of proposed programs and budgets and program impacts estimates.

I. 2012 Programs

A. 2012 Program Portfolio

SPS plans to implement five SOPs: (i) Commercial, (ii) Load Management, (iii) Residential, (iv) Hard-To-Reach, and (v) Low-Income Weatherization. The Commercial SOP has two components, one for large commercial customers and another for small commercial customers. These two components are tracked and reported separately. The Load Management SOP is designed to provide non-residential customers the opportunity to earn incentives by making their facilities available to reduce electric power consumption on an hours notice for short periods of time during the summer peak demand season. The Residential and Hard-To-Reach SOPs each have components for single-family and multi-family residences, for which incentive payments and savings are tracked separately; however, they are reported together in this document.

SPS's portfolio of programs targets both broad market segments and smaller market sub-segments that offer significant opportunities for cost-effective savings. SPS anticipates that targeted outreach to a broad range of service provider types will be necessary in order to meet the savings goals that it has set. Table 4 summarizes the programs and target markets.

Table 4: Energy Efficiency Program Portfolio

Program	Target Market	Application
Large Commercial SOP	Large Commercial	Retrofit; New Construction
Small Commercial SOP	Small Commercial	Retrofit; New Construction
Load Management SOP	Commercial	Curtailable Load
Residential SOP	Residential	Retrofit; New Construction
Hard-To-Reach SOP	Residential Hard-To-Reach	Retrofit
Low-Income Weatherization	Low-Income	Retrofit

The programs listed in Table 4 are described in further detail below. SPS maintains a website describing all of the parameters for project participation, the forms required for project submission, and the current available funding at *http://www.xcelefficiency.com/*. This website is the primary method of communication used to provide potential project sponsors with program updates and information. In addition to the programs mentioned above, SPS will make payments to NORESCO for an additional third-party energy efficiency program during 2012.

B. Existing Programs

SPS will continue to offer the following pre-existing programs:

Commercial Standard Offer Program

The Commercial SOP has two components. The Large Commercial component of the Commercial SOP targets commercial customers with single-meter demand of 100 kW or more, or aggregate meter demand of 250 kW or more. Incentives are paid to project sponsors for certain measures installed in new or retrofit applications that provide verifiable demand and energy savings. The Small Commercial component targets commercial customers with a single-meter demand of less than 100 kW or less than 250 kW for the sum of commonly-owned meters. Incentives are paid to project sponsors for measures installed in new or retrofit applications that provide verifiable demand and energy savings. The Small Commercial and Large Commercial incentives and savings are tracked and reported separately.

Residential Standard Offer Program

The Residential SOP provides incentives to service providers for retrofit and new construction installations of a wide range of residential measures that provide verifiable demand and energy savings. 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 document.

Hard-To-Reach Standard Offer Program

Hard-To-Reach customers are defined by P.U.C. SUBST. R. 25.181(c)(16) 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 includes certain measures with less than a 10-year life (*e.g.*, Compact Fluorescent Lights ("CFL")). 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 document.

Low-Income Weatherization Program

SPS's Low-Income Weatherization Program, offered in accordance with Docket No. 13827, is designed to cost-effectively reduce the energy consumption and energy costs of SPS's low-income customers using the General Guidelines revised to conform with the Final Order in Docket No. 34630. Under this program, a program implementer (or implementers) contracts with sub-recipients and other not-for-profit community action and government agencies to provide weatherization services to residential SPS customers who meet the current Department of Energy income-eligibility guidelines. Customers must also have electric air conditioning to be eligible for the program. Implementation of SPS's Low-Income Weatherization Program will provide eligible residential customers appropriate weatherization measures and basic on-site energy education and will satisfy the requirements of P.U.C. SUBST. R. 25.181(p).

C. New Programs

Load Management Standard Offer Program

The SPS Load Management Pilot SOP was developed in 2012 in accordance with P.U.C. SUBST. R. 25.181, which authorizes participating project sponsors (customers or third-party sponsors) to provide on-call, voluntary curtailment of electric 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 as a result of calls for curtailment. Customers are not required to produce a specific level of curtailed load but will only receive payments for the amount of curtailed load produced.

D. General Implementation Plan

Program Implementation

SPS will conduct activities to implement energy efficiency programs in a non-discriminatory and cost-effective manner. For 2012, SPS intends to implement programs using the following activity schedule:

- In November 2011, SPS allowed sponsors to submit applications, which were reviewed and accepted in the order of receipt.
- Throughout 2012, approved Energy Efficiency Service Providers ("EESPs") will be offered 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 15th of the program year. 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 broadcasting email notices to various energy service company associations.
- In the fourth quarter of 2012, SPS will announce its 2013 energy efficiency programs and open its website application pages to assist EESPs to prepare project applications. The application process gives sponsors feedback on whether particular projects are eligible and the level of incentives for which they may qualify.
- Throughout 2013, approved EESPs will be offered 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 15th of the program year. 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 broadcasting email notices to various energy service company associations.

Program Tracking

SPS uses an online database to record all program activity for its energy efficiency programs. 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.

Measurement and Verification

Many of the projects implemented under these programs will report demand and energy savings utilizing "deemed savings estimates" already 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.

The International Performance Measurement and Verification Protocol ("IPMVP") 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.

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

Outreach and Research Activities

SPS anticipates that outreach to a broad range of EESP and market segments will be necessary in order to meet the savings goals required by PURA § 39.905 and the EE Rule. SPS markets the availability of its programs by maintaining its website (***http://www.xcelefficiency.com/***). SPS's website will be 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 separate outreach workshops for each SOP. These workshops may be held in-person or via webinar. SPS invites air conditioner 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. This will increase accessibility to EESPs who may work in several areas.

SPS participates in statewide outreach activities as may be available and attends appropriate industry-related meetings to generate awareness and interest. In addition, SPS utilizes mass email notifications to keep potential project sponsors interested and informed. As part of SPS's outreach efforts, SPS will also continue to coordinate with the National Association of Energy Service Companies to notify all its members about SPS's SOPs.

Starting in 2012, SPS anticipates using its large commercial and industrial customer account management team to educate customers of the new Load Management SOP. The team will likely hold customer meetings to notify them and possible marketing collateral to explain the program and the requirements for participation.

SPS is adding a Research and Development budget starting in 2012, which will be used to identify, scope, and evaluate new self-delivered programs SPS may implement starting in 2013.

E. Existing DSM Contracts or Obligations

Additional energy efficiency services are made available to industrial, commercial, and residential customers through pay-for-performance programs implemented by third-party EESPs selected from the 1995 all-source solicitation. This approach has enabled SPS to acquire additional energy efficiency resources without having to hire additional internal human resources personnel. Generally, these programs were implemented under long-term contracts in order to help ensure that the savings were maintained. Completed programs did not contribute peak demand reductions toward SPS's demand reduction goals for 2007-2010, and will not contribute in 2011 or 2012. The following paragraphs describe SPS's remaining long-term contract:

NORESCO Industrial Energy Conservation Program

Implemented through a third-party ESCO, this program provided energy efficiency services to large commercial and industrial customers. Efficiency measures included the replacement of existing lighting, HVAC, refrigeration, and motors with higher efficiency equipment, the installation of equipment controls, process improvements, and load management strategies. Program implementation activities were completed in 2002. Continuing payments are being made under the terms of the contract based upon M&V measures outlined in the contract. No additional energy savings are credited to current energy efficiency goals. The long-term contract with NORESCO will expire in late 2012.

II. Customer Classes

SPS targets the Commercial, Residential, and Hard-To-Reach customer classes with its energy efficiency programs. Table 5 summarizes the number of customers in each of the customer classes. The annual budgets are allocated to customer classes by examining historical program results, evaluating economic trends, and taking into account P.U.C. SUBST. R. 25.181(e)(3)(D), which states that no less than 5% of the utility's total demand goal should be achieved through programs for Hard-To-Reach customers. For 2012 and 2013, the budget allocation was designed so that the projected savings achieved for the residential and commercial classes are roughly proportional to the contribution to system peak of these classes of customers. 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 toward a specific program.

Table 5: Summary of Customer Classes

Customer Class	Qualifications	Number of Customers
Commercial	< 69 kV service voltage	56,886
Residential	Non-HTR Residential	204,960
Hard-To-Reach	HTR Income Requirements	36,022[7]

III. Projected Energy Efficiency Savings and Goals

P.U.C. SUBST. R. 25.181 requires that Texas's investor-owned utilities administer energy efficiency programs to achieve a demand reduction equivalent to 25% of the utility's average demand growth by December 31, 2012 and 30% by December 31, 2013.

Table 6 provides the peak load data used to calculate the demand reduction projection for 2012 and the demand goal for 2013, as required by the EE Rule. Specifically, the table shows SPS's total retail sales and peak demand over the last six years, as well as the sales and peak demand for only SPS's residential and commercial customers. The table also shows the annual growth in peak demand for the residential and commercial customers and the average of this annual growth over the past five years for 2012 (equal to 18.8 MW). The average demand growth for 2012 is based on SPS projections.

[7] Hard-to-reach customers were estimated based on U.S. Census data. In 2009, approximately 17% of Texans were below the poverty threshold (http://www.census.gov/prod/2010pubs/acsbr09-1.pdf).

Table 6: Annual Growth in Demand and Energy Consumption (at Meter)[8]

	Peak Demand (MW)				Energy Consumption (MWh)				Growth (MW)	Average Growth (MW)[9]
	Total System		Residential & Commercial		Total System		Residential & Commercial			
Calendar Year	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual Weather Adjusted	Actual Weather Adjusted
2005	2,051	2,081	1,351	1,378	12,921,768	12,925,843	7,341,133	7,344,753	NA	NA
2006	2,168	2,156	1,454	1,443	13,039,007	13,038,019	7,529,559	7,528,673	65	NA
2007	1,962	2,184	1,264	1,462	13,180,377	13,207,469	7,613,060	7,637,523	19	NA
2008	2,272	2,273	1,487	1,489	14,143,864	14,198,484	7,668,657	7,718,249	27	NA
2009	2,276	2,249	1,522	1,498	13,920,045	13,932,332	7,367,916	7,379,078	9	NA
2010	2,260	2,274	1,505	1,517	14,175,553	14,110,580	7,512,840	7,452,595	19	NA
2011	2,217	2,191	1,565	1,537	14,054,830	13,730,734	7,963,150	7,639,055	20	NA
2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	18.8[10]
2013	NA	NA	NA	NA	NA	NA	NA	NA	NA	18.8

[8] Total System peak demand and energy consumption include Lubbock customers. In order to accurately calculate future load growth and goals, Lubbock customers have been removed from the Residential & Commercial columns. See Docket No. 37901.
[9] Average historical growth in demand over the prior five years for residential and commercial customers adjusted for weather fluctuations.
[10] Average growth in demand estimate for 2012 based on internal load growth projections, 2007-2011.

For 2012 and 2013, SPS developed budgets to meet the goals as prescribed by P.U.C. SUBST. R. 25.181 in a cost-effective manner. Details of these budgets, including the allocation of funds to specific programs, are given in Section IV.

The projected savings from SPS's energy efficiency programs have been calculated from these proposed budgets, using the cost per kW of demand reduction achieved in previous SPS programs and the budget allocation for each program. The expected energy savings were then calculated from the projected demand reductions using the average load factors from previous program years. Table 7 shows the projected demand and energy savings broken out by program.

Table 8 shows the projected savings to be realized in 2012 and 2013 as a result of third-party pay-for-performance programs. Any savings realized from these programs will be due to measures installed in previous years and will not be counted towards SPS's demand goal. However, SPS will make its final payments in 2012 to the implementers for these savings.

The current goals and budget for 2013 are based on the current EE Rule and program procedures. SPS is researching and evaluating self-delivered programs, and thus may alter its 2013 programs.

Table 7: Projected Demand and Energy Savings Broken Out by Program for Each Customer Class (at Meter)

2012	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	**3,910**	**8,129,000**
Commercial & Industrial SOP	1,290	6,170,000
Small Commercial SOP	470	1,959,000
Load Management SOP	2,150	0
Residential	**740**	**2,263,000**
Residential SOP	740	2,263,000
Hard-To-Reach	**473**	**1,126,000**
Hard-to-Reach SOP	370	781,000
Low-Income Weatherization	103	345,000
Total Annual Projected Savings	**5,123**	**11,518,000**
2013	**Projected Savings**	
Customer Class and Program	kW	kWh
Commercial	**5,144**	**11,897,192**
Commercial & Industrial SOP	1,550	7,408,000
Small Commercial SOP	570	2,353,000
Load Management SOP	2,460	0
Retro - Commissioning MTP	564	2,136,192
Residential	**1,000**	**3,047,000**
Residential SOP	1,000	3,047,000
Hard-To-Reach	**543**	**1,283,000**
Hard-To-Reach SOP	440	938,000
Low-Income Weatherization	103	345,000
Total Annual Projected Savings	**6,687**	**16,227,192**

Table 8: Projected Demand and Energy Savings for Third-Party Programs

2012	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	**3,566**	**19,424,774**
NORESCO	3,566	19,424,774
Total Annual Projected Savings	**3,566**	**19,424,774**

IV. Program Budgets

Table 9 presents the details of the proposed budgets for 2012 and 2013. These budgets are projected to achieve the demand and energy savings shown in Table 7. SPS has added two additional budgeting "classes" to account for research and development ("R&D") and EM&V expenditures that are not affiliated with a specific customer class or program. SPS has included funds to allow for some R&D activities in the budget. It is planned that any funds budgeted for R&D but not expended will be made available as incentives in one or more of SPS's SOPs.

Table 9: Proposed Annual Budget Broken out by Program for Each Customer Class ($000s)

2012	Incentives	Admin	R&D	EM&V	Total Budget
Commercial	**$996**	**$142**	**$0**	**$0**	**$1,138**
Large Commercial SOP	$665	$69	$0	$0	$733
Small Commercial SOP	$224	$23	$0	$0	$247
Load Management SOP	$108	$51	$0	$0	$158
Residential	**$422**	**$44**	**$0**	**$0**	**$466**
Residential SOP	$422	$44	$0	$0	$466
Hard-To-Reach	**$532**	**$55**	**$0**	**$0**	**$587**
Hard-To-Reach SOP	$232	$24	$0	$0	$256
Low-Income Weatherization	$300	$31	$0	$0	$331
Research and Development	**$0**	**$0**	**$40**	**$0**	**$40**
EM&V	**$0**	**$0**	**$0**	**$0**	**$0**
Total Budget	**$1,950**	**$241**	**$40**	**$0**	**$2,231**
2013	**Incentives**	**Admin**	**R&D**	**EM&V**	**Total Budget**
Commercial	**$1,472**	**$154**	**$0**	**$0**	**$1,626**
Large Commercial SOP	$798	$81	$0	$0	$879
Small Commercial SOP	$269	$27	$0	$0	$296
Load Management SOP	$123	$18	$0	$0	$141
Retro-Commissioning MTP	$282	$28	$0	$0	$310
Residential	**$569**	**$58**	**$0**	**$0**	**$626**
Residential SOP	$569	$58	$0	$0	$626
Hard-To-Reach	**$579**	**$59**	**$0**	**$0**	**$638**
Hard-To-Reach SOP	$279	$28	$0	$0	$307
Low-Income Weatherization	$300	$30	$0	$0	$330
Research and Development	**$0**	**$0**	**$40**	**$0**	**$40**
EM&V	**$0**	**$0**	**$0**	**$75**	**$75**
Total Budgets	**$2,619**	**$271**	**$40**	**$75**	**$3,005**

Table 10 shows the expected payments to be made in 2012 to the third-party contractor for the savings given in Table 8.

Table 10: Proposed Budgets for Third-Party Programs ($000s)

2012	Projected Payments
Commercial	**$400**
NORESCO	$400
Total Annual Budget	**$400**

V. Potential Financial Impacts of Project No. 39674, Rulemaking Proceeding to Amend Energy Efficiency Rules

Under the current PUCT rule making Project No. 39674, several proposed changes to the Substantive Rule § 25.181 will increase the current proposed budget estimate outlined in this report and are referenced below:

- EM&V costs;
- Rate case expenses;
- Any other reimbursement for governing body of a municipality pursuant to PURA § 33.023 (b); and
- Any other items ultimately adopted in the final rulemaking.

While some of these costs are difficult to determine at this time, SPS is estimating that approximately $75,000 will be required for EM&V activities beginning in 2013 and will be incorporated into its EECRF. The other costs have not been calculated due to the on-going rulemaking proceeding; however, a detailed cost breakdown of the above referenced services will be incorporated into the EECRF when the new rule is adopted.

Energy Efficiency Report

VI. Historical Demand Savings Goals and Energy Targets for Previous Five Years (2007-2011)

Table 11 documents SPS's voluntary demand goals and energy targets for the previous five years (2007-2011).

Table 11: Historical Demand Savings Goals and Energy Targets (at Meter)

Calendar Year	Actual Weather-Adjusted Demand Goal (MW)	Actual Weather-Adjusted Energy Goals and Targets (MWh)[11]
2011[12]	3.86	6,761
2010[13]	3.86	6,761
2009[14]	2.75	4,813
2008[15]	3.80	6,663
2007[16]	3.06	9,592

VII. Projected, Reported, and Verified Demand and Energy Savings

This section documents SPS's projected, reported, and verified savings for program years 2010 and 2011. Table 12 shows the savings for Standard Offer Programs and the Low-Income Weatherization Program. SPS's 2011 programs produced demand reductions of 3.88 MW, just over the voluntary demand reduction goal of 3.86 MW SPS set for 2011.

Table 13 shows program savings information for the third-party contracts that were in effect during the 2010 and 2011 calendar years. The SOP programs savings differ from the third-party program savings in that the SOP savings reflect annual savings produced by measures that were installed in 2010 and 2011, whereas the third-party savings reflect the annual savings that were produced in 2010 and 2011 by measures installed in previous years.

[11] Energy goals calculated using a 20% capacity factor.
[12] Actual weather-adjusted MW and MWh goals as reported in SPS's EEPR filed in April 2011 under Project No. 39105.
[13] Actual weather-adjusted MW and MWh goals as reported in SPS's EEPR filed in April 2011 under Project No. 39105.
[14] Actual weather-adjusted MW and MWh goals as reported in SPS's EEPR filed in April 2010 under Project No. 37982.
[15] Actual weather-adjusted numbers from EEPR, Project No. 36689.
[16] Actual weather-adjusted numbers from EEPR, Project No. 35440.

Table 12: Projected versus Reported and Verified Savings for 2011 and 2010 (at Meter)

2011	Projected Savings [17]		Reported and Verified Savings	
Customer Class and Program	**MW**	**MWh**	**MW**	**MWh**
Commercial	**2.38**	**10,929**	**2.48**	**10,305**
Large Commercial & Industrial SOP	1.77	8,495	2.28	9,478
Small Commercial SOP	0.60	2,434	0.20	827
Residential	**1.16**	**2,841**	**0.87**	**2,309**
Residential SOP	1.16	2,841	0.87	2,309
Hard-To-Reach	**0.32**	**935**	**0.53**	**1,207**
Hard-To-Reach SOP	0.25	799	0.39	737
Low-Income Weatherization	0.07	136	0.14	470
Total Annual Savings Goals	**3.86**	**14,705**	**3.88**	**13,821**
2010	**Projected Savings**		**Reported and Verified Savings**	
Customer Class and Program	**MW**	**MWh**	**MW**	**MWh**
Commercial	**2.37**	**10,930**	**2.27**	**11,759**
Large Commercial & Industrial SOP	1.77	8,495	2.21	11,512
Small Commercial SOP	0.60	2,435	0.06	247
Residential	**1.16**	**2,842**	**1.12**	**3,272**
Residential SOP	1.16	2,842	1.12	3,272
Hard-To-Reach	**0.32**	**936**	**0.28**	**668**
Hard-To-Reach SOP	0.25	800	0.28	668
Low-Income Weatherization	0.07	136	0.00	0
Total Annual Savings Goals	**3.86**	**14,708**	**3.67**	**15,699**

[17] Projected savings from SPS's EEPR filed in April 2011, in Project No. 39105.

Table 13: Projected versus Reported and Verified Savings for 2011 and 2010 Third-Party Programs (at Meter)

2011	Projected Savings[11]		Reported and Verified Savings	
Customer Class and Program	**MW**	**MWh**	**MW**	**MWh**
Commercial	**3.50**	**19,421**	**6.35**	**36,949**
NORESCO	3.50	19,421	6.35	36,949
Total Annual Savings Goals	**3.50**	**19,421**	**6.35**	**36,949**
2010	**Projected Savings**		**Reported and Verified Savings**	
Customer Class and Program	**MW**	**MWh**	**MW**	**MWh**
Commercial	**4.85**	**29,928**	**6.48**	**32,759**
NORESCO	4.85	29,928	6.48	32,759
Total Annual Savings Goals	**4.85**	**29,928**	**6.48**	**32,759**

VIII. Historical Program Expenditures

This section documents SPS's incentive and administration expenditures for the previous five years (2007-2011) broken out by program for each customer class. Table 14 shows expenditures for SOPs, MTPs, and the Low-Income Weatherization Program (administered by TDHCA prior to 2010). Table 15 shows expenditures for Third-Party Contract Programs. These expenditures reflect payments for incremental demand and energy savings that were realized in each year, not for payments for measures installed in each year.

Table 14: Historical Program Incentive and Administrative Expenditures for 2007 through 2011 ($000s)[18]

Program	2011		2010		2009		2008		2007	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
Commercial	**$888**	**$61**	**$872**	**$58**	**$457**	**$45**	**$759**	**$88**	**$804**	**$99**
Large Commercial SOP	$818	$56	$850	$57	$424	$42	$628	$73	$670	$83
Small Commercial SOP	$70	$5	$22	$1	$33	$3	$131	$15	$134	$17
Residential	**$366**	**$25**	**$592**	**$40**	**$443**	**$41**	**$714**	**$75**	**$514**	**$63**
Residential SOP	$366	$25	$592	$40	$442	$35	$646	$75	$514	$63
Statewide CFL MTP	NA	NA	NA	NA	$1	NA	$68	$0	NA	NA
Hard-To-Reach	**$538**	**$36**	**$417**	**$17**	**$456**	**$12**	**$516**	**$25**	**$504**	**$25**
Hard-To-Reach SOP	$238	$16	$250	$17	$155	$12	$216	$25	$204	$25
Low-Income Weatherization[19]	$300	$20	$167	$0	$300	$0	$300	$0	$300	$0
Research & Development[20]	$0	$0	NA	NA	NA	$5	NA	NA	NA	NA
Total Expenditures	**$1,791**	**$122**	**$1,882**	**$114**	**$1,356**	**$98**	**$1,990**	**$188**	**$1,821**	**$187**

Table 15: Historical Third-Party Program Incentive and Administrative Expenditures for 2005 through 2011 ($000's)

Program	2011		2010		2009		2008		2007	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
Commercial	**$362**	**$0**	**$657**	**$0**	**$735**	**$0**	**$715**	**$2**	**$604**	**$20**
CSG Lighten Up	N/A	N/A	N/A	N/A	N/A	N/A	$100	$1	$0	$6[21]
NORESCO	$362	$0	$657	$0	$735	$0	$616	$1	$604	$14
Residential	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Expenditures	**$362**	**$0**	**$657**	**$0**	**$735**	**$0**	**$715**	**$2**	**$604**	**$20**

[18] 2011 expenditures taken from the current EEPR; 2010 expenditures filed under Project No. 391005; 2009 expenditures from EEPR filed under Project No. 37982; 2008 expenditures from EEPR filed under Project No. 36689; 2007 expenditures from EEPR filed under Project No. 35440.
[19] Prior to 2010 this program was administered by TDHCA.
[20] R&D not considered "incentive" or "admin" dollars. Please see Table 14 for a complete summary of 2011 spending, including R&D.
[21] Funds for Measurement and Verification Study.

IX. Program Costs for Calendar Year 2011

As shown in Table 16, SPS spent a total of $1,913,112 on its energy efficiency programs in 2011 (excluding payments to NORESCO). Actual spending was $254,888 less than SPS's projected 2011 budget of $2,168,000. This decrease in spending is attributed to lower administrative costs than projected.

Due to lower than expected participation in the Small Commercial SOP program, both incentive and administrative dollars were shifted to the Large Commercial SOP's incentive budget. This accounts for the deviation between projected and actual spending for both of these programs.

The Residential SOP experienced a decline in contractor participation due to changes in the savings calculation methodology of the duct sealing measure. This change decreased the demand and energy savings previously calculated and lowered the incentive payment to contractors. In addition administration costs were lower than projected incentive funds for the Hard-to-Reach SOP were within $13,000 of being fully expended. Total funds expended for the program are less than the total projected budget due to the previous mentioned incentives and lower administrative costs.

Table 16: Program Costs for Calendar Year 2011 ($000s)

Customer Segment and Program	Total Projected Budget[14]	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Total Funds Expended
Commercial & Industrial	**$944**	**98**	**$888**	**$61**	**$949**
Large Commercial SOP	$706	79	$818	$56	$874
Small Commercial SOP	$237	19	$70	$5	$75
Residential	**$621**	**1,298**	**$366**	**$25**	**$391**
Residential SOP	$621	1,298	$366	$25	$391
Hard-To-Reach	**$603**	**747**	**$538**	**$36**	**$574**
Hard-To-Reach SOP	$274	561	$238	$16	$254
Low-Income Weatherization	$329	186	$300	$20	$320
R&D	**$0**	0	**$0**	**$0**	**$0**
Total	**$2,168**	**2,143**	**$1,791**	**$122**	**$1,913**

X. Market Transformation Program Results

SPS did not have any MTPs for the 2011 PY.

XI. Energy Efficiency Cost Recovery

In SPS's most recent base rate case, the Commission approved a Unanimous Stipulation ("Stipulation"), which provided (in part) that SPS would implement a $39.4 million base rate increase effective on February 16, 2011, which would include annual energy efficiency expenses, and an additional base rate increase of $13.1 million effective January 1, 2012, which would not include annual energy efficiency expenses.[22] In addition, the parties agreed that SPS could file an application for a 2012 Energy Efficiency Cost Recovery Factor ("EECRF") no later than May 1, 2011. Consistent with the Stipulation, SPS filed its EECRF on May 1, 2011, and received Commission approval to collect $2.9 million beginning January 1, 2012.

With regard to recovery of deferred energy efficiency costs, the parties to the Stipulation also agreed as follows:

- Energy efficiency expenses accrued as of December 31, 2008, will continue to be amortized per the terms set forth in the Final Order in Docket 35763.[23]
- The deferred energy efficiency balance of $508,000 for the period January 2009 – December 2009 shall be amortized over a three-year period beginning February 16, 2011, and will not be recovered through a subsequent base rate case or an EECRF.[24]
- For the period January 1, 2010, through February 15, 2011, energy efficiency costs will be recorded under the energy efficiency tracker approved in Docket No. 35763.[25]

Revenue Collected

SPS received approval to recover program costs through its EECRF in Docket No. 39364. SPS began collecting EECRF revenues on January 1, 2012.

Over- or Under-recovery

Not Applicable. As indicated in the earlier discussion under Section X, "Energy Efficiency Cost Recovery", from SPS's most recent base rate case, the Commission approved a Stipulation which provided (in part) that SPS would implement a base rate increase that would include annual energy efficiency expenses. Due to the recovery of energy efficiency expenses in base rates there is no over/under recovery balance for 2011.

[22] *Application of Southwestern Public Service Company for Authority to Change Rates and Reconcile Fuel and Purchased Power Costs for 2008 and 2009,* Docket No. 38147, Unanimous Stipulation at 1-13 (Feb. 20, 2009).
[23] *Application of Southwestern Public Service Company to Change Rates and to Reconcile Fuel and Purchased Power Costs for 2006 and 2007 and to Provide a Credit for Fuel Cost Savings,* Docket No. 35763, Order at FOF 22(a) (June 1, 2009).
[24] Docket No. 38147, Unanimous Stipulation at X.(b).
[25] Docket No. 38147, Unanimous Stipulation at X.(c).

XII. Underserved Counties

Table 17 shows the number of SPS customers in each county that SPS serves[26] and the demand reductions and energy savings that were produced in each county through installations of measures under the 2011 programs. It also shows, and is ordered by, the demand reductions per customer in each county. The table shows there are 12 counties with over 1,000 customers that had no participants in SPS's programs. There were also counties that had participants, but had very low demand reductions per customer. This data suggests that some of these counties were underserved.

[26] Customer count per county based on data from the 2010 EEPR (Project No. 37982)

Table 17: 2011 Savings per Customer by County

County	kW Savings	kWh Savings
ARMSTRONG	0.0	0
BAILEY	0.0	0
COCHRAN	0.0	0
CROSBY	0.0	0
DAWSON	0.0	0
LUBBOCK	0.0	0
LYNN	0.0	0
PARMER	0.0	0
ROBERTS	0.0	0
SHERMAN	0.0	0
TERRY	0.0	0
WHEELER	0.0	0
GAINES	1.5	4,189
OCHILTREE	2.1	8,836
DEAF SMITH	8.7	27,157
GRAY	39.7	125,462
YOAKUM	14.1	51,434
HALE	82.3	318,789
LIPSCOMB	10.8	48,329
DALLAM	18.4	75,997
BRISCOE	4.0	18,074
CASTRO	23.9	61,786
CARSON	39.4	181,595
LAMB	60.8	277,702
FLOYD	21.0	66,552
HOCKLEY	99.1	292,153
HARTLEY	24.6	74,893
HANSFORD	52.8	150,927
HUTCHINSON	265.6	1,624,560
MOORE	194.8	487,747
RANDALL	1,236.3	3,721,897
POTTER	1,440.8	5,388,015
GARZA	57.6	301,302
HEMPHILL	40.1	179,906
OLDHAM	50.3	118,583
SWISHER	88.8	204,192

XIII. Performance Bonus

SPS does not qualify for a performance bonus for 2011 program results.

Acronyms

C&I	Commercial and Industrial
CFL	Compact Fluorescent Light
Commission	Public Utility Commission of Texas
DSM	Demand-Side Management
EECRF	Energy Efficiency Cost Recovery Factor
EEP	Energy Efficiency Plan, which was filed as a separate document prior to April 2008
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report, which was filed as a separate document prior to April 2008
EE Rule	Energy Efficiency Rule, P.U.C. SUBST. R. 25.181 and 25.183
EESP	Energy Efficiency Service Provider
ERCOT	Electric Reliability Council of Texas
HTR	Hard-To-Reach
IPMVP	International Performance Measurement and Verification Protocol
M&V	Measurement and Verification
MTP	Market Transformation Program
RES	Residential
SOP	Standard Offer Program
SPS	Southwestern Public Service Company
TDHCA	Texas Department of Housing and Community Affairs

Glossary

Actual Weather Adjusted -- "Actual Weather Adjusted" peak demand and energy consumption is the historical peak demand and energy consumption adjusted for weather fluctuations using weather data for the most recent ten years.

At Meter -- Demand (kW/MW) and Energy (kWh/MWh) figures reported throughout the EEPR are reflective of impacts at the customer meter. This is the original format of the measured and deemed impacts that the utilities collect for their energy efficiency programs. Goals are necessarily calculated "at source" (generator) using utility system peak data at the transmission level. In order to accurately compare program impacts, goals and projected savings have been adjusted for the line losses (12% for demand and 10% for energy) that one would expect going from the source to the meter.

Average Growth -- Average historical growth in demand (kW) over the prior five years for residential and commercial customers adjusted for weather fluctuations.

Capacity Factor -- The ratio of the annual energy savings goal in kWh to the peak demand goal for the year, measured in kW, multiplied by the number of hours in the year or the ratio of the actual annual energy savings in kWh, to the actual peak demand reduction for the year, measured in kW, multiplied by the number of hours in the year.

Commercial customer -- A non-residential customer taking service at a metered point of delivery at a distribution voltage under an electric utility's tariff during the prior calendar year and a non-profit customer or government entity, including an educational institution. For purposes of this section, each metered point of delivery shall be considered a separate customer.

Deemed savings -- A pre-determined, validated estimate of energy and peak demand savings attributable to an energy efficiency measure in a particular type of application that an electric utility may use instead of energy and peak demand savings determined through measurement and verification activities.

Demand -- The rate at which electric energy is used at a given instant, or averaged over a designated period, usually expressed in kilowatts (kW) or megawatts (MW).

Demand savings -- A quantifiable reduction in demand.

Energy efficiency -- Improvements in the use of electricity that are achieved through facility or equipment improvements, devices, or processes that produce reductions in demand or energy consumption with the same or higher level of end-use service and that do not materially degrade existing levels of comfort, convenience, and productivity.

Energy efficiency measures -- Equipment, materials, and practices at a customer's site that result in a reduction in electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kilowatts (kWs), or both. These measures may include thermal energy storage and

removal of an inefficient appliance so long as the customer need satisfied by the appliance is still met.

Energy efficiency program -- The aggregate of the energy efficiency activities carried out by an electric utility under this section or a set of energy efficiency projects carried out by an electric utility under the same name and operating rules.

Energy Efficiency Rule (EE Rule) -- § 25.181 and § 25.183, which are the sections of the Public Utility Commission of Texas' Substantive Rules implementing Public Utility Regulatory Act (PURA) § 39.905.

Energy savings -- A quantifiable reduction in a customer's consumption of energy that is attributable to energy efficiency measures.

Growth in demand -- The annual increase in demand in the Texas portion of an electric utility's service area at time of peak demand, as measured in accordance with the Energy Efficiency Rule.

Hard-To-Reach (HTR) customers -- Residential customers with an annual household income at or below 200% of the federal poverty guidelines.

Incentive payment -- Payment made by a utility to an energy efficiency service provider under an energy-efficiency program.

Inspection -- Examination of a project to verify that an energy efficiency measure has been installed, is capable of performing its intended function, and is producing an energy savings or demand reduction.

Load control -- Activities that place the operation of electricity-consuming equipment under the control or dispatch of an energy efficiency service provider, an independent system operator or other transmission organization or that are controlled by the customer, with the objective of producing energy or demand savings.

Load management -- Load control activities that result in a reduction in peak demand on an electric utility system or a shifting of energy usage from a peak to an off-peak period or from high-price periods to lower price periods.

Market transformation program (MTP) -- Strategic programs to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services, and practices, as described in this section.

Measurement and verification (M&V) -- Activities intended to determine the actual energy and demand savings resulting from energy efficiency projects as described in this section.

Peak demand -- Electrical demand at the times of highest annual demand on the utility's system.

Peak demand reduction -- Reduction in demand on the utility system throughout the utility system's peak period.

Peak period -- For the purpose of this section, the peak period consists of the hours from one p.m. to seven p.m., during the months of June, July, August, and September, excluding weekends and Federal holidays.

Projected Demand and Energy Savings – Peak demand reduction and energy savings for the current and following calendar year that SPS is planning and budgeting for in the EEPR. These projected savings reflect SPS's modified goals in the spirit of the Energy Efficiency Rule (Substantive Rule § 25.181).

Project sponsor -- An energy efficiency service provider or customer who installs energy efficiency measures or performs other energy efficiency services under the Energy Efficiency Rule. An energy efficiency service provider may be a retail electric provider or commercial customer, provided that the commercial customer has a peak load equal to or greater than 50 kW.

Renewable demand-side management (DSM) technologies -- Equipment that uses a renewable energy resource (renewable resource), as defined in § 25.173(c) of this title (relating to Goal for Renewable Energy) that, when installed at a customer site, reduces the customer's net purchases of energy, demand, or both.

Standard offer program (SOP) -- A program under which a utility administers standard offer contracts between the utility and energy efficiency service providers.

APPENDICIES

Residential SOPs			
County	# of Customers	Reported Savings	
		kW	kWh
Large Projects			
Carson	1	0.28	222
Deaf Smith	5	2.77	5,309
Gray	21	10.04	22,109
Hutchinson	9	4.63	6,634
Moore	9	3.19	4,243
Oldham	3	1.51	6,276
Potter	248	196.26	259,325
Randall	747	464.93	1,435,684
Small Projects			
Carson	1	0.99	1,868
Dallam	1	0.50	934
Hartley	2	0.98	1,528
Hutchinson	1	0.62	2,204
Moore	7	6.46	21,408
Potter	117	86.96	246,957
Randall	125	82.23	278,908
Yoakum	1	2.49	4,800
Total	**1,298**	**864.84**	**2,298,409**

Hard-to-Reach SOP			
County	# of Customers	Reported Savings	
		kW	kWh
Large Projects			
Carson	1	0.86	459
Deaf Smith	2	0.94	622
Gray	10	7.13	7,294
Hutchinson	16	11.47	11,674
Moore	8	5.92	3,879
Oldham	1	0.35	666
Potter	218	167.49	267,967
Randall	205	137.45	311,174
Small Projects			
Hartley	1	0.93	497
Hutchinson	2	1.41	3,357
Moore	5	4.64	11,514
Potter	50	30.41	32,120
Randall	42	21.03	85,553
Total	**561**	**390.03**	**736,776**

Low-Income Weatherization

County	# of Customers	Reported Savings	
		kW	kWh
Castro	25	23.87	61,786
Gaines	2	1.49	4,189
Gray	13	15.67	65,332
Hutchinson	3	1.78	9,599
Lamb	1	2	3,934
Potter	104	62.55	208,804
Randall	27	21.09	69,368
Yoakum	11	11.6	46,634
Total	**186**	**140.05**	**469,647**

APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY

Table 18: 2011 Program Savings by County

Large Commercial SOP			
County	# of Projects	Reported Savings	
		kW	kWh
Briscoe	1	4.03	18,074
Carson	2	37.27	179,046
Dallam	2	17.91	75,063
Deaf Smith	1	4.97	21,226
Floyd	2	21.04	66,552
Garza	1	57.55	301,302
Gray	1	6.85	30,727
Hale	4	82.32	318,789
Hansford	1	39.15	96,711
Hartley	1	2.93	12,499
Hemphill	2	27.62	123,912
Hockley	2	98.2	288,123
Hutchinson	7	242.42	1,579,285
Lamb	2	58.76	273,769
Lipscomb	1	10.77	48,329
Moore	8	174.56	446,703
Ochiltree	1	2.07	8,836
Oldham	1	48.42	111,641
Potter	17	838.81	4,118,802
Randall	19	419.12	1,154,877
Swisher	2	88.79	204,192
TOTAL	**78**	**2,283.56**	**9,478,458**

Small Commercial SOP			
County	# of Projects	Reported Savings	
		kW	kWh
Hansford	1	13.66	54,216
Hartley	1	19.72	60,369
Hemphill	4	12.48	55,994
Hockley	1	0.94	4,030
Hutchinson	1	3.31	11,807
Potter	4	58.29	254,040
Randall	7	90.44	386,333
TOTAL	**19**	**198.84**	**826,788**

APPENDIX B: PROGRAM TEMPLATES

Load Management SOP

Program Design

The Xcel Energy 2012 Load Management Pilot Standard Offer Program (SOP) is designed to provide non-residential customers the opportunity to earn money by making their facilities available to reduce electric power consumption on an hour's notice for short periods of time during the summer peak demand season.

The program is designed to reduce demand during peak periods, defined under this program as weekdays 1-7 p.m. CDT, June through September, excluding Federal holidays. It is a performance-based program that offers incentive payments to participating customers for curtailing electric load on notice. This manual outlines the requirements for participation and explains the commitments program participants must make.

Xcel Energy has set an initial goal of enrolling 2.15 MW of curtailable load in the 2012 program year and has created an incentive budget of $107,500.

Implementation Process

Participation

Project Sponsors[1] can participate in this project through a Five-Step Process described in detail in this Program Manual, which can be accessed on Xcel Energy's energy efficiency website, http://xcelefficiency.com. The five steps are (1) Application, (2) Contracting, (3) Performance (4) Measurement and Verification, and (5) Payment of Incentives to the Project Sponsor.

Requirements

The Load Management Pilot SOP is based upon a good-faith agreement between the Project Sponsor and Xcel Energy. It requires the participating entities to curtail agreed-upon loads. Xcel Energy's Load Management Pilot SOP has developed two (2) interruption options from which the customer can choose (Option A or Option B) to participate in. Option A includes up to six (6) Unscheduled Interruptions per Performance Period, each lasting four (4) hours. Option B includes up to twelve (12) Unscheduled Interruptions per Performance Period, each lasting four (4) hours. The contract can be renewed each year by resubmitting online application materials to the program website, and issuance of a letter agreement. The agreement may be terminated by either party without penalty.

Eligibility

Xcel Energy prefers that project sponsors be capable of providing at least 100 kW of peak demand reduction at each site for which load reduction is offered into the program. However, Xcel Energy may accept applications including sites providing less than 100 kW of peak demand reduction in the interest of meeting its peak load reduction targets.

Metering considerations will impact the application process, with priority given to participants with existing Interval Data Recorders (IDRs).

All included project sites must be non-residential customers of Xcel Energy taking service at Primary or Secondary Voltage, and/or be a non-profit customer or government entity, including educational institutions.

Customer Commitments

Participating customers agree to a one-year commitment. While there are no penalties if customers opt out of the program at an earlier time, opting out (or other forms of non-delivery) in a given program year may cause Xcel Energy to look unfavorably on applications to participate in subsequent program years. By its participation, the commercial or institutional customer chooses to commit to one of the following options:

Option A: Up to six (6) Unscheduled Interruptions per Performance Period, each lasting four (4) hours.

Option B: Up to twelve (12) Unscheduled Interruptions per Performance Period, each lasting four (4) hours.

The 2012 Performance Period, for which customers commit to making their load available, runs from June 1 through September 30 on weekdays between the hours of 1:00 p.m. and 7:00 PM CDT, excluding Federal holidays.

Financial Benefits

Xcel Energy will set aside $35 per kW for the contracted curtailable load amount (kW) of each Project Sponsor accepted to the program under Participation Option A, and $50 per kW for the contracted curtailable load amount (kW) of each Project Sponsor accepted to the program under Participation Option B. Actual payments are made on verified delivery of curtailed load. As such, a Project Sponsor who contracts under Participation Option A for 1,000 kW and consistently curtails 1,000 kW or more when asked would earn $35,000 for that program year.[2] A Project Participating Sponsor who contracts under Participation Option B for 1,000 kW and consistently curtails 1,000 kW or more when asked would earn $50,000 for that program year. Customers who deliver load reductions in excess of their committed curtailable load may receive additional payments for some or all of the additional amount delivered if additional program budget is available, at Xcel Energy's discretion. For further explanation, see Step 5.

M&V

Xcel Energy will perform the Verification Process after any curtailment occurs. Demand savings and incentive payment amounts will be based on actual, verified curtailment of curtailable load. The M&V process is described in detail in the Program Manual, which can be accessed on Xcel Energy's energy efficiency website, http://xcelefficiency.com.

Outreach and Research activities

Xcel Energy plans to market the availability of this program in the following manner:

- Maintaining program information on the company website.
- Conducting workshops as necessary to explain elements such as responsibilities of the cities, project requirements, incentive information, and the application and reporting process;
- Participating in appropriate industry-related meetings and events to generate awareness and interest.

Retro-Commissioning MTP

Program design

The Retro-commissioning program is an existing building tune-up program that targets no-cost or low-cost measures to reduce the demand and energy usage in commercial facilities. The program is designed to provide energy end-users with an expert analysis to improve the performance of energy using systems in order to reduce peak demand and annual energy usage.

The projected budget for this program offering in 2013 is $310,000. The projected achievement is 564 kW in demand savings and 2,136,192 kWhs in energy savings. These projections could change depending on market conditions, potential participants, and the availability of qualified Retro-Commissioning Agents within the service territory. As of this filing, SPS anticipates that this program offering will add value to the program portfolio by reaching certain customers that may not be fully participating in the current offerings. This program provides customers with the opportunity to achieve demand and energy savings by optimizing the performance of their existing systems without necessarily having to make large capital investments in equipment.

Implementation process

The program will be implemented through selected Retro-commissioning agents. Program details will be finalized and presented in the EEPR to be filed on April 1, 2013.

M&V

Retro-commissioning agents will be required to prepare and submit a verification report. The purpose of this report is to verify that the measures were properly implemented, and to document verified project demand and energy savings. Some key elements to be included in the verification report will include: final owner selection table, description of each implemented ECM, savings calculations, and owner's receipts/invoices for project costs.

The M&V process will be described in detail in the program manual, which will be accessible on Xcel Energy's, energy efficiency website, http://xcelefficiency.com

Outreach and Research activities

Xcel Energy plans to market the availability of this program in the following manner

- Maintaining internet website with detailed project eligibility, procedures and application forms;
- Participating in appropriate industry-related meetings and events to generate awareness and interest;
- Participating in service area-wide outreach activities as may be available;
- Conducting workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.