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# **Southwestern Public Service Company**

## **2011 Energy Efficiency Plan and Report**

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

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**April 1, 2011**

Project No. 39105



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## Introduction

Southwestern Public Service Company (“SPS” or the “Company”) presents this Energy Efficiency Plan and Report (“EEPR”) to voluntarily comply with P.U.C. SUBST. R. 25.181 (the “Energy Efficiency Rule” or “EE Rule”). Although the Commission previously determined that the EE Rule did not apply to SPS, by virtue of the rule being adopted under the authority of PURA §39.905 (which does not apply to SPS),<sup>1</sup> the Commission recently amended the EE Rule to expressly include SPS.<sup>2</sup> Because these latest revisions to the EE Rule were pursuant to the authority of PURA §§14.001 and 36.204 (which do apply to SPS), the Commission determined that “§25.181 applies to all electric utilities, including SPS.” 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. 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 2011 and 2012 broken out by program for each customer class.
- Section IV describes SPS’s proposed energy efficiency budgets for 2011 and 2012 broken out by program for each customer class.

### Within the Energy Efficiency Report:

- Section V documents SPS’s actual weather-adjusted demand savings goals and energy targets for the previous five years (2006-2010).
- Section VI compares SPS’s projected energy and demand savings to its reported and verified savings by program for calendar year 2010.
- Section VII details SPS’s incentive and administration expenditures for the previous five years (2006-2010) broken out by program for each customer class.

<sup>1</sup> *Application of Southwestern Public Service Company for Approval of Energy Efficiency Cost Recovery Factor and Related Exception*, Docket No. 35738, (June 2, 2008).

<sup>2</sup> *Rulemaking Proceeding to Amend Energy Efficiency Rules*, Project No. 37623, Order at p. 63 (July 30, 2010).

- Section VIII compares SPS's budgeted and actual energy efficiency costs from 2010 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 IX describes the results from SPS's Market Transformation ("MTP") programs, if applicable.
- Section X describes the Company's Energy Efficiency cost recovery.
- Section XI identifies counties that were underserved during the 2010 program year.
- Section XII discusses the Company's eligibility for a performance bonus.

### **Appendices**

- Appendix A – Reported kW and 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 voluntarily comply with the Energy Efficiency Rule for Program Year (“PY”) 2011. The Energy Efficiency Plan 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 2011, SPS has developed an energy efficiency portfolio designed to meet voluntary goals as in years past. However, due to the revisions to the EE Rule in a rulemaking pursuant to Project No. 37623, SPS is designing its budgets and programs to meet energy efficiency goals as required by P.U.C. Subst. R. 25.181 for PY 2012 and beyond.

The following table presents SPS’s goals and budget had it been under the current statute and Energy Efficiency Rule for 2011.

**Table 1: Summary of Hypothetical, Statutory Goals and Budget Necessary to Meet Hypothetical, Statutory Goals (at Meter)<sup>3</sup>**

Calendar Year	Average Growth in Demand (MW)	MW Goal (% of Growth in Demand)	Demand (MW) Goal	Energy (MWh) Goal	Budget (000’s)
2011	27.74	20%	5.55	9,722	\$3,117 <sup>4</sup>

For Table 1, SPS calculated the demand goals as 20% of the average five-year historical growth in demand. 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. 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 \$600,000 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. This “Projected MWh Savings” estimate is based on SPS’s past program results.

Demand and Energy Goal calculations have changed from prior years due to the sale of the Lubbock, Texas distribution system (Docket No. 37901). The 2011 and 2012 goals and 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. The sale has had the effect of significantly raising the Average Growth in Demand, and therefore, Demand and Energy Goals.

Prior to the sale of Lubbock, SPS had projected a five-year average growth in demand of 22.95 MW. Based upon this average, SPS would have had a demand (MW) goal of 4.59 (20% of the

<sup>3</sup> Average Growth in Demand Figures are from Table 5; Projected Savings from Table 6; Projected Budget from Table 8. All demand and energy values in this Table and throughout this EEPR are given “at Meter”.

<sup>4</sup> 2011 program budget limited by the terms and conditions in the Unopposed Stipulation in Docket No. 38147

average growth) which would comply with the statutory goal. For SPS's 2010 EEPR, SPS reported a voluntary goal of 17% of the average, or 3.86 MW, for both 2010 and 2011. Given the significant increase in the goal due to the removal of the Lubbock, Texas load, and the increase in expenses needed to achieve the higher goal, SPS has set its 2011 budget and goal at a lower level to mitigate customer impacts.<sup>5</sup> Based on the energy efficiency portfolio and budget developed for PY 2011, SPS projects that it will achieve approximately 3.86 MW of demand reduction; equivalent to 14% of its average growth in demand. Although the goals for 2011 increased significantly, SPS believes that the increases will level out in future years, enabling SPS to meet the future goals with modest impacts to its customers.

**Table 2: Summary of Voluntary Goals and Projected Savings and Budgets (at Meter)**

<b>Calendar Year</b>	<b>Average Growth in Demand (MW)</b>	<b>Projected Demand Savings as a % of Growth</b>	<b>Projected Demand Savings (MW)</b>	<b>Projected Energy Savings (MWh)</b>	<b>Projected Budget (\$000's)</b>
2011	27.74	14%	3.86	14,705	\$2,168 <sup>6</sup>

SPS proposes to implement the following Standard Offer Programs (SOP) and Low-Income Weatherization Program in 2011:

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

For Program Year 2012, the EE Rule requires that utilities meet demand reduction goals equal to at least 25% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2012.

Table 3 presents the average load growth, demand goals and projected savings and budget for PY 2012.

<sup>5</sup> In SPS's recently settled rate case, Docket No. 38147, the parties agreed that SPS would spend \$2.9 million in 2011 for its energy efficiency programs.

<sup>6</sup> 2011 program budget limited by the terms and conditions in the Unopposed Stipulation in Docket No. 38147.



**Table 3: Summary of 2012 Demand Goal and Projected Savings and Budget (at Meter)**

<b>Calendar Year</b>	<b>Average Growth in Demand (MW)</b>	<b>MW Goal (% of Growth in Demand)</b>	<b>Demand (MW) Goal</b>	<b>Energy (MWh) Goal</b>	<b>Projected MW Savings</b>	<b>Projected MWh Savings</b>	<b>Budget (000's)</b>
2012	20.90 <sup>7</sup>	25%	5.22	9,153 <sup>8</sup>	5.61	14,241	\$2,300

In order to meet the higher demand reduction goals as required by the EE Rule in PY 2012, SPS plans to expand its energy efficiency program offerings. As of this filing, SPS anticipates offering the below mix of programs in 2012:

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

The SOPs, in addition to the weatherization program, will ensure that all customer classes have access to energy efficiency opportunities. SPS recognizes that 2012 projected savings are higher than 2011 targets with only a moderate increase in budget. SPS will be investigating options for utilizing budgets more effectively that may include shifting budget to the more cost effective programs.

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. In recent years, SPS has not experienced full subscription in its commercial programs, and while it intends to shift funds so that they are put to the best use, it is not certain that all available funds will be expended. This could cause the actual savings to fall short of the projected amounts.

The EER portion of this EEPR demonstrates that in 2010 SPS achieved 3.67 MW of demand reduction and 15,699 MWh of energy savings (at the meter, excluding savings attributed to NORESKO), exceeding the voluntary energy savings projection of 14,708 MWh and coming within 190 kW of meeting the voluntary demand goal of 3.86 MW.

The expenditures for these 2010 programs were \$2,004,726 (excluding the payment of \$656,872 to NORESKO). SPS primarily used SOPs in its efforts to meet the Company's voluntary goal of a

<sup>7</sup> Average growth in demand for 2007-2011 based on utility projections.

<sup>8</sup> Calculated based on a 20% capacity factor as required by rule.

17% 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, previously implemented by the Texas Department of Housing and Community Affairs (“TDHCA”).

## 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. Although P.U.C. SUBST. R. 25.181 does not apply to SPS in PY 2011, the Company 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 EEPR reflects the Company's continued commitment to provide its customers with energy efficiency opportunities. SPS proposes to offer SOPs to the residential and commercial customer classes in an effort to meet the spirit of 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. 2011 Programs

#### A. 2011 Program Portfolio

SPS plans to implement four SOPs: Commercial & Industrial, Residential, Hard-To-Reach, and Low-Income Weatherization. The Commercial SOP has two components, one for large commercial and industrial customers and another for small commercial customers. These two components are tracked and reported separately. 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**

<b>Program</b>	<b>Target Market</b>	<b>Application</b>
Large Commercial SOP	Large Commercial	Retrofit; New Construction
Small Commercial SOP	Small Commercial	Retrofit; New Construction
Residential SOP	Residential	Retrofit
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 NORESO for an additional third-party energy efficiency program during 2011.<sup>9</sup>

## **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 more than 100 kW or aggregate meter demand of greater than 250 kW. 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 or equal to 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 the retrofit 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.

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<sup>9</sup> 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: NORESO, UCONS, and Planergy. These contracts range in duration from six to fourteen years. The Planergy contract was subsequently acquired by and assigned to Conservation Services Group. Also as a part of this Settlement Agreement, SPS contracted with TDHCA to provide low-income weatherization services. Unlike the third-party contracts, TDHCA performed new installations each year and savings from the program are included in SPS's annual energy efficiency program results and count toward the Company's energy efficiency goal. In 2010, the implementation of the Low-Income Weatherization Program has transferred from the TDHCA to Frontier Associates, LLC.

## **Hard-To-Reach Standard Offer Program**

Hard-To-Reach customers are defined by P.U.C. SUBST. R. 25.181 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., CFLs). 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 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. General Implementation Plan***

### **Program Implementation**

SPS will conduct activities to implement energy efficiency programs in a non-discriminatory and cost-effective manner. For 2011, SPS intends to implement programs using the following activity schedule:

- In November of 2010, SPS allowed sponsors to submit applications, which were reviewed and accepted in the order of receipt.
- Throughout 2011, 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.

- In the fourth quarter of 2011, SPS will announce its 2012 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 2012, 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, 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. SPS markets the availability of its programs in the following manner. SPS maintains <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 Standard Offer Programs.

## ***D. 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. SPS's long-term contract with NORESKO expires in 2013.

## 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, 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 2011 and 2012, 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
<b>Commercial</b>	< 69 KV service voltage	52,876
<b>Residential</b>	Non-HTR Residential	186,555
<b>Hard-To-Reach</b>	HTR Income Requirements	36,022 <sup>10</sup>

## 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 20% of the utility's average demand growth by December 31, 2011 and 25% by December 31, 2012. While this rule does not apply to SPS in 2011, SPS plans to administer energy efficiency programs in 2012 in compliance with the provisions of the EE Rule, following the Commission's determination that SPS is expressly included in the revised rule following the rulemaking in Project No. 37623.

Table 6 provides the peak load data used to calculate the voluntary demand reduction projection for 2011 and the demand goal for 2012, as required by 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 2011 (equal to 27.74 MW). The average demand growth for 2012 is based on SPS projections.

<sup>10</sup> 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)<sup>11</sup>**

Calendar Year	Peak Demand (MW)			Energy Consumption (MW/h)						Growth (MW)	Average Growth (MW) <sup>12</sup>
	Total System		Residential & Commercial	Total System		Residential & Commercial					
	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	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	NA	NA	NA	NA	NA	NA	NA	NA	NA	27.83	
2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	20.90 <sup>13</sup>	

<sup>11</sup> 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.

<sup>12</sup> Average historical growth in demand over the prior five years for residential and commercial customers adjusted for weather fluctuations.

<sup>13</sup> Average growth in demand estimate for 2012 based on internal load growth projections, 2007-2011.

For 2011 and 2012, SPS developed budgets for energy efficiency spending consistent with the Unopposed Stipulation approved by the Commission in Docket No. 38147, which allows for budget of \$2.9 million for 2011 and 2012. The \$2.9 million budget for 2012 will be included in SPS's EECRF Filing due May 1, 2011.<sup>14</sup> 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 2011 and 2012 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 payments in 2011 and 2012 to the implementers for these savings.

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<sup>14</sup> See the Unopposed Stipulation in Docket No. 38147, Section I (c) and Section X.

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

<b>2011</b>	<b>Projected Savings</b>	
<b>Customer Class and Program</b>	<b>kW</b>	<b>kWh</b>
<b>Commercial</b>	<b>2,378</b>	<b>10,929,000</b>
Large Commercial SOP	1,774	8,494,995
Small Commercial SOP	604	2,434,005
<b>Residential</b>	<b>1,163</b>	<b>2,840,738</b>
Residential SOP	1,163	2,840,738
<b>Hard-To-Reach</b>	<b>319</b>	<b>934,889</b>
Hard-To-Reach SOP	254	798,889
Low-Income Weatherization	65	136,000
<b>Total Annual Projected Savings</b>	<b>3,860</b>	<b>14,704,627</b>
<b>2012</b>	<b>Projected Savings</b>	
<b>Customer Class and Program</b>	<b>kW</b>	<b>kWh</b>
<b>Commercial</b>	<b>4,378</b>	<b>11,085,000</b>
Commercial & Industrial SOP	1,774	8,495,000
Small Commercial SOP	604	2,434,000
Load Management SOP	1,600	0
Retro-Commissioning MTP	400	156,000
<b>Residential</b>	<b>942</b>	<b>2,301,000</b>
Residential SOP	942	2,301,000
<b>Hard-To-Reach</b>	<b>294</b>	<b>855,000</b>
Hard-To-Reach SOP	229	719,000
Low-Income Weatherization	65	136,000
<b>Total Annual Projected Savings</b>	<b>5,614</b>	<b>14,241,000</b>

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

<b>2011</b>	<b>Projected Savings</b>	
<b>Customer Class and Program</b>	<b>kW</b>	<b>kWh</b>
<b>Commercial</b>		
NORESCO	3,498	19,420,766
<b>Total Annual Projected Savings</b>	<b>3,498</b>	<b>19,420,766</b>
<b>2012</b>	<b>Projected Savings</b>	
<b>Customer Class and Program</b>	<b>kW</b>	<b>kWh</b>
<b>Commercial</b>		
NORESCO	3,498	19,420,766
<b>Total Annual Projected Savings</b>	<b>3,498</b>	<b>19,420,766</b>

## IV. Program Budgets

Table 9 presents the details of the proposed budgets for 2011 and 2012. These budgets are projected to achieve the demand and energy savings shown in Table 7. SPS has added an additional budgeting “class” to account for research and development (“R&D”) expenditures that are not affiliated with a specific customer class or program. SPS has not committed to any R&D projects as of the date of this filing, but 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 (\$000’s)**

<b>2011</b>	<b>Incentives</b>	<b>Admin</b>	<b>R&amp;D</b>	<b>Total Budget</b>
<b>Commercial</b>	<b>\$861</b>	<b>\$82</b>	<b>\$0</b>	<b>\$944</b>
Large Commercial SOP	\$645	\$61	\$0	\$706
Small Commercial SOP	\$217	\$21	\$0	\$237
<b>Residential</b>	<b>\$567</b>	<b>\$54</b>	<b>\$0</b>	<b>\$621</b>
Residential SOP	\$567	\$54	\$0	\$621
<b>Hard-To-Reach</b>	<b>\$551</b>	<b>\$52</b>	<b>\$0</b>	<b>\$603</b>
Hard-To-Reach SOP	\$251	\$24	\$0	\$274
Low-Income Weatherization	\$300	\$29	\$0	\$329
<b>Research and Development</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Budget</b>	<b>\$1,979</b>	<b>\$189</b>	<b>\$0</b>	<b>\$2,168</b>
<b>2012</b>	<b>Incentives</b>	<b>Admin</b>	<b>R&amp;D</b>	<b>Total Budget</b>
<b>Commercial</b>	<b>\$1,095</b>	<b>\$116</b>	<b>\$0</b>	<b>\$1,211</b>
Large Commercial SOP	\$645	\$68	\$0	\$713
Small Commercial SOP	\$217	\$23	\$0	\$239
Load Management SOP	\$92	\$10	\$0	\$102
Retro-Commissioning MTP	\$142	\$15	\$0	\$157
<b>Residential</b>	<b>\$459</b>	<b>\$49</b>	<b>\$0</b>	<b>\$508</b>
Residential SOP	\$459	\$49	\$0	\$508
<b>Hard-To-Reach</b>	<b>\$525</b>	<b>\$56</b>	<b>\$0</b>	<b>\$581</b>
Hard-To-Reach SOP	\$225	\$24	\$0	\$249
Low-Income Weatherization	\$300	\$32	\$0	\$332
<b>Research and Development</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Budgets</b>	<b>\$2,080</b>	<b>\$220</b>	<b>\$0</b>	<b>\$2,300</b>

Table 10 shows the expected payments to be made in 2011 and 2012 to the third-party contractor for the savings given in Table 88.

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

<b>2011</b>	<b>Projected Payments</b>
<b>Commercial</b>	<b>\$600</b>
NORESCO	\$600
<b>Total Annual Budget</b>	<b>\$600</b>
<b>2012</b>	<b>Projected Payments</b>
<b>Commercial</b>	<b>\$600</b>
NORESCO	\$600
<b>Total Annual Budget</b>	<b>\$600</b>

## Energy Efficiency Report

### V. Historical Demand Savings Goals and Energy Targets for Previous Five Years (2006-2010)

Table 11 documents SPS's voluntary demand goals and energy targets for the previous five years (2006-2010).

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

<b>Calendar Year</b>	<b>Actual Weather Adjusted Demand Goal (MW)</b>	<b>Actual Weather Adjusted Energy Goals and Targets (MWh)<sup>15</sup></b>
<b>2010<sup>16</sup></b>	3.860	6,761
<b>2009<sup>17</sup></b>	2.750	4,813
<b>2008<sup>18</sup></b>	3.800	6,663
<b>2007<sup>19</sup></b>	3.064	9,592
<b>2006<sup>20</sup></b>	3.154	7,150

### VI. Projected, Reported, and Verified Demand and Energy Savings

This section documents SPS's projected, reported, and verified savings for program years 2009 and 2010. Table 12 shows the savings for Standard Offer Programs and the Low Income Weatherization Program. SPS's 2010 programs produced demand reductions of 3.67 MW, just under the voluntary demand reduction goal of 3.86 MW SPS set for 2010.

Table 13 shows program savings information for the third-party contracts that were in effect during the 2009 and 2010 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 2009 and 2010, whereas the third-party savings reflect the annual savings that were produced in 2009 and 2010 by measures installed in previous years.

<sup>15</sup> Energy goals calculated using a 20% capacity factor.

<sup>16</sup> Actual weather-adjusted MW and MWh goals as reported in SPS's Energy Efficiency Plan and Report (EEPR) filed in April of 2010 under Project No. 37982.

<sup>17</sup> Actual weather-adjusted MW and MWh goals as reported in SPS's Energy Efficiency Plan and Report (EEPR) filed in April of 2009 under Project No. 36689.

<sup>18</sup> Actual weather-adjusted numbers from EEP, Project No. 35440.

<sup>19</sup> Actual weather-adjusted numbers from EEP, Project No. 33884.

<sup>20</sup> Actual weather-adjusted numbers from EEP, Project No. 32107.

**Table 12: Projected versus Reported and Verified Savings for 2010 and 2009 (at Meter)**

<b>2010</b>	<b>Projected Savings <sup>21</sup></b>		<b>Reported and Verified Savings</b>	
<b>Customer Class and Program</b>	<b>MW</b>	<b>MWh</b>	<b>MW</b>	<b>MWh</b>
<b>Commercial</b>	<b>2.37</b>	<b>10,930</b>	<b>2.27</b>	<b>11,759</b>
Large Commercial & Industrial SOP	1.77	8,495	2.21	11,512
Small Commercial SOP	0.60	2,435	0.06	247
<b>Residential</b>	<b>1.16</b>	<b>2,842</b>	<b>1.12</b>	<b>3,272</b>
Residential SOP	1.16	2,842	1.12	3,272
<b>Hard-To-Reach</b>	<b>0.32</b>	<b>936</b>	<b>0.28</b>	<b>668</b>
Hard-To-Reach SOP	0.25	800	0.28	668
Low Income Weatherization	0.07	136	0.00	0
<b>Total Annual Savings Goals</b>	<b>3.86</b>	<b>14,708</b>	<b>3.67</b>	<b>15,699</b>
<b>2009<sup>22</sup></b>	<b>Projected Savings</b>		<b>Reported and Verified Savings</b>	
<b>Customer Class and Program</b>	<b>MW</b>	<b>MWh</b>	<b>MW</b>	<b>MWh</b>
<b>Commercial</b>	<b>1.61</b>	<b>5,656</b>	<b>1.56</b>	<b>7,410</b>
Large Commercial SOP	1.30	4,441	1.47	7,041
Small Commercial SOP	0.31	1,215	0.09	369
<b>Residential</b>	<b>0.90</b>	<b>2,346</b>	<b>0.91</b>	<b>2,229</b>
Residential SOP	0.90	2,346	0.91	2,229
<b>Hard-To-Reach</b>	<b>0.25</b>	<b>471</b>	<b>0.22</b>	<b>632</b>
Hard-To-Reach SOP	0.20	377	0.16	496
TDHCA	0.05	94	0.07	136
<b>Total Annual Savings Goals</b>	<b>2.75</b>	<b>8,473</b>	<b>2.70</b>	<b>10,271</b>

<sup>21</sup> Projected savings from Energy Efficiency Plan and Report (EEPR) filed in April of 2010, Project No. 37982.

<sup>22</sup> Projected and Reported/Verified Savings from Energy Efficiency Plan and Report (EEPR) filed under Project No. 37982.

**Table 13: Projected versus Reported and Verified Savings for 2010 and 2009 Third-Party Programs (at Meter)**

<b>2010</b>	<b>Projected Savings<sup>11</sup></b>		<b>Reported and Verified Savings</b>	
<b>Customer Class and Program</b>	<b>MW</b>	<b>MWh</b>	<b>MW</b>	<b>MWh</b>
<b>Commercial</b>	<b>4.85</b>	<b>29,928</b>	<b>6.48</b>	<b>32,759</b>
NORESCO	4.85	29,928	6.48	32,759
<b>Total Annual Savings Goals</b>	<b>4.85</b>	<b>29,928</b>	<b>6.48</b>	<b>32,759</b>
<b>2009</b>	<b>Projected Savings</b>		<b>Reported and Verified Savings</b>	
<b>Customer Class and Program</b>	<b>MW</b>	<b>MWh</b>	<b>MW</b>	<b>MWh</b>
<b>Commercial</b>	<b>4.85</b>	<b>29,928</b>	<b>5.94</b>	<b>34,057</b>
NORESCO	4.85	29,928	5.94	34,057
<b>Total Annual Savings Goals</b>	<b>4.85</b>	<b>29,928</b>	<b>5.94</b>	<b>34,057</b>

## VII. Historical Program Expenditures

This section documents SPS's incentive and administration expenditures for the previous five years (2006-2010) broken out by program for each customer class. Table 14 shows expenditures for Standard Offer Programs, Market Transformation Programs, 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 2006 through 2010 (\$000's)<sup>23</sup>**

Program	2010		2009		2008		2007		2006	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
<b>Commercial</b>										
Large Commercial SOP	\$872	\$58	\$457	\$45	\$759	\$88	\$804	\$99	\$405	\$73
Small Commercial SOP	\$850	\$57	\$424	\$42	\$628	\$73	\$670	\$83	\$365	\$67
<b>Residential</b>										
Statewide CFL MTP	\$22	\$1	\$33	\$3	\$131	\$15	\$134	\$17	\$39	\$5
Hard-To-Reach	\$592	\$40	\$443	\$41	\$714	\$75	\$514	\$63	\$376	\$68
Low Income Weatherization <sup>24</sup>	\$592	\$40	\$442	\$35	\$646	\$75	\$514	\$63	NA	NA
Research & Development <sup>25</sup>	NA	NA	\$1	NA	\$68	\$0	NA	NA	NA	NA
<b>Total Expenditures</b>	\$1,882	\$114	\$1,356	\$98	\$1,990	\$188	\$1,821	\$187	\$1,442	\$161

**Table 15: Historical Third-Party Program Incentive and Administrative Expenditures for 2005 through 2009 (\$000's)**

Program	2010		2009		2008		2007		2006	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
<b>Commercial</b>										
CSG Lighten Up	\$657	\$0	\$735	\$0	\$715	\$2	\$604	\$20	\$706	\$17
NORESCO	N/A	N/A	N/A	N/A	\$100	\$1	\$0	\$6 <sup>26</sup>	\$0	\$17
<b>Residential</b>										
UCONS	\$657	\$0	\$735	\$0	\$616	\$1	\$604	\$14	\$706	\$0
CSG Bright Lights	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	N/A	N/A	NA	NA	NA	NA	NA	NA	NA	NA
	N/A	N/A	NA	NA	NA	NA	NA	NA	NA	NA
	\$657	\$0	\$735	\$0	\$715	\$2	\$604	\$20	\$706	\$17

<sup>23</sup> 2010 expenditures taken from the current EEPR; 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; 2006 expenditures from Energy Efficiency Report ("EER") filed under Project No. 33884.

<sup>24</sup> Prior to 2010 this program was administered by TDHCA.

<sup>25</sup> R&D not considered "incentive" or "admin" dollars. Please see Table 15 for a complete summary of 2010 spending, including R&D.

<sup>26</sup> Funds for Measurement and Verification Study.

## VIII. Program Costs for Calendar Year 2010

As shown in Table 16, SPS spent a total of \$2,004,726 on its energy efficiency programs in 2010 (excluding payments to NORESO). Actual spending was \$161,152 less than SPS's projected 2010 budget of \$2,165,879. This decrease in spending is attributed to lower administrative costs than projected, in addition to a slow start-up for the Low Income Weatherization program.

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.

Approximately \$25,000 was shifted from the Residential SOP's administrative budget to its incentive budget in order to increase participation levels and savings.

Incentive funds for the Hard-to-Reach SOP were within \$140 of being fully expended. Total funds expended for the program are less than the total projected budget due to lower administrative costs.

Spending for the Low Income Weatherization program deviated more than 10% from the projected budget. No homes were weatherized as part of this program during 2010, however start-up incentive and administrative dollars were spent to ensure the program is fully operational for 2011.

**Table 16: Program Costs for Calendar Year 2010 (\$000s)**

Customer Segment and Program	Total Projected Budget <sup>14</sup>	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Total Funds Expended
<b>Commercial &amp; Industrial</b>	<b>\$957</b>	<b>44</b>	<b>\$872</b>	<b>\$58</b>	<b>\$930</b>
Large Commercial SOP	\$717	36	\$850	\$57	\$907
Small Commercial SOP	\$241	8	\$22	\$1	\$24
<b>Residential</b>	<b>\$630</b>	<b>1,415</b>	<b>\$592</b>	<b>\$40</b>	<b>\$632</b>
Residential SOP	\$630	1,415	\$592	\$40	\$632
<b>Hard-To-Reach</b>	<b>\$578</b>	<b>446</b>	<b>\$417</b>	<b>\$17</b>	<b>\$434</b>
Hard-To-Reach SOP	\$278	446	\$250	\$17	\$267
Low Income Weatherization	\$300	0	\$167	\$0	\$167
<b>R&amp;D</b>	<b>\$0</b>	<b>NA</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9</b>
<b>Total</b>	<b>\$2,166</b>	<b>1,905</b>	<b>\$1,882</b>	<b>\$114</b>	<b>\$2,005</b>

## IX. Market Transformation Program Results

SPS did not have any market transformation programs for the 2010 program year.

## X. Energy Efficiency Cost Recovery

In SPS's most recent base rate case, a Unanimous Stipulation memorializing the terms of the parties' settlement was filed on February 11, 2011, and adopted by the Commission on March 25, 2011.<sup>27</sup> The parties agreed that, among other things, SPS would implement a \$39.4 million base rate increase effective on February 16, 2011, which includes annual energy efficiency expenses, and an additional base rate increase of \$13.1 million effective January 1, 2012, which does not include annual energy efficiency expenses.

Under the Stipulation, SPS can file an application for a 2012 Energy Efficiency Cost Recovery Factor ("EECRF") no later than May 1, 2011. The amount of energy efficiency costs that can be requested by SPS in its EECRF application is capped at \$2.9 million. Each party to the Stipulation reserved the right to challenge SPS's right to recover costs through the EECRF, as well as the amounts requested. SPS will file its application for an EECRF by May 1, 2011.

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.<sup>28</sup>
- 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.<sup>29</sup>

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.<sup>30</sup>

### Revenue Collected

Not Applicable (*see* earlier discussion under Energy Efficiency Cost Recovery).

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<sup>27</sup> *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 (Feb. 11, 2011).

<sup>28</sup> *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).

<sup>29</sup> Docket No. 38147, Unanimous Stipulation at X.(b).

<sup>30</sup> Docket No. 38147, Unanimous Stipulation at X.(c).

**Over- or Under-recovery**

Not Applicable (*see* earlier discussion under Energy Efficiency Cost Recovery).

**XI. Underserved Counties**

Table 17 shows the number of SPS customers in each county that SPS serves<sup>31</sup> and the demand reductions and energy savings that were produced in each county through installations of measures under the 2010 programs. It also shows, and is ordered by, the demand reductions per customer in each county. The table shows there are 14 counties with over one thousand 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.

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<sup>31</sup> Customer count per county based on data from the 2010 EEPR (Project No. 37982)

**Table 17: 2010 Savings per Customer by County**

County	kW Savings	kWh Savings	kW Savings per Customer	SPS Customers
BAILEY	0.0	0	0.0000	2,767
BRISCOE	0.0	0	0.0000	553
CASTRO	0.0	0	0.0000	3,017
COCHRAN	0.0	0	0.0000	1,910
CROSBY	0.0	0	0.0000	3,296
CURRY-IN	0.0	0	0.0000	0
DAWSON	0.0	0	0.0000	10
EDDY-IN	0.0	0	0.0000	0
FLOYD	0.0	0	0.0000	2,198
GARZA	0.0	0	0.0000	2,247
HEMPHILL	0.0	0	0.0000	1,553
LAMB	0.0	0	0.0000	7,178
LIPSCOMB	0.0	0	0.0000	1,977
LYNN	0.0	0	0.0000	1,955
OCHILTREE	0.0	0	0.0000	4,889
SHERMAN	0.0	0	0.0000	1,248
SWISHER	0.0	0	0.0000	1,148
TERRY	0.0	0	0.0000	690
YOAKUM	0.0	0	0.0000	3,429
ROBERTS	0.6	1,252	0.0008	761
HALE	14.8	60,741	0.0010	15,511
HUTCHINSON	24.8	35,746	0.0018	13,836
HANSFORD	6.6	21,216	0.0021	3,089
HOCKLEY	19.3	144,453	0.0023	8,418
DALLAM	7.4	20,957	0.0025	2,944
CARSON	12.3	17,474	0.0026	4,716
OLDHAM	4.1	11,140	0.0031	1,315
HARTLEY	7.5	7,825	0.0036	2,073
DEAF SMITH	61.0	237,330	0.0081	7,538
PARMER	33.0	59,415	0.0088	3,739
GRAY	129.2	476,994	0.0095	13,609
RANDALL	866.9	2,351,321	0.0148	58,463
ARMSTRONG	16.3	17,103	0.0150	1,087
WHEELER	30.2	80,407	0.0159	1,904
LUBBOCK	571.8	4,241,783	0.0182	31,382
GAINES	179.4	479,374	0.0214	8,363
POTTER	1,382.1	6,069,449	0.0243	56,932
MOORE	303.4	1,365,125	0.0316	9,611
CARSON	176.1	417,929	0.037353	4,716
TERRY	30.4	76,170	0.044128	690

## **XII. Performance Bonus**

SPS does not qualify for a performance bonus for 2010 program results.

## Acronyms

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

## Appendices

# APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY

**Table 18: 2010 Program Savings by County**

## Large Commercial SOP

County	# of Customers	Reported Savings	
		kW	kWh
Deaf Smith	1	37.8	165,917
Gaines	1	133.3	290,582
Gray	1	72.7	185,821
Hale	1	14.8	60,741
Lubbock	3	400.6	3,234,960
Moore	6	278.4	1,337,723
Potter	15	1,085.4	5,505,063
Randall	7	160.9	650,622
Wheeler	1	30.2	80,407
<b>Large Commercial</b>	<b>36</b>	<b>2,214.0</b>	<b>11,511,835</b>

## Small Commercial SOP

County	# of Customers	Reported Savings	
		kW	kWh
Hansford	1	6.6	21,216
Lubbock	2	7.8	34,693
Parmer	1	5.1	30,179
Potter	2	30.5	138,415
Randall	1	5.4	21,539
Roberts	1	0.6	1,252
<b>Small Commercial</b>	<b>8</b>	<b>56</b>	<b>247,294</b>

### Residential SOP

County	# of Customers	Reported Savings	
		kW	kWh
Armstrong	16	15.0	15,947
Carson	17	12.3	17,474
Dallam	8	6.9	18,689
Deaf Smith	35	12.5	52,796
Gaines	60	46.0	188,792
Gray	8	9.0	6,796
Hartley	19	7.5	7,825
Hockley	26	19.3	144,453
Hutchinson	18	13.6	21,548
Lubbock	170	124.6	942,863
Moore	55	25.1	27,402
Oldham	4	4.1	11,140
Parmer	27	26.7	24,086
Potter	241	203.3	322,799
Randall	711	598.5	1,469,377
<b>Residential SOP</b>	<b>1,415</b>	<b>1,124.4</b>	<b>3,271,987</b>

### Hard-to-Reach SOP

County	# of Customers	Reported Savings	
		kW	kWh
Armstrong	2	1.3	1,156
Dallam	1	0.6	2,268
Deaf Smith	13	10.7	18,617
Gray	100	47.6	284,377
Hutchinson	12	11.2	14,198
Lubbock	100	38.9	29,267
Parmer	2	1.2	5,150
Potter	87	62.9	103,173
Randall	129	102.1	209,784
<b>Hard-to-Reach SOP</b>	<b>446</b>	<b>276.3</b>	<b>667,990</b>

## **APPENDIX B: PROGRAM TEMPLATES**

No new programs to report.