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# **CenterPoint Energy Houston Electric, LLC**

## **2012 Energy Efficiency Plan and Report**

**Substantive Rule § 25.181 and § 25.183**

**March 30, 2012**

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Project No. 40194



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## **Introduction**

CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) presents this Energy Efficiency Plan and Report (EEPR) to comply with Substantive Rules § 25.181 and § 25.183, which implements Public Utility Regulatory Act (PURA) § 39.905. PURA § 39.905 and Substantive Rule § 25.181 require that each investor-owned electric utility achieve the following savings goals through market-based standard offer programs (SOPs) and limited, targeted, market transformation programs (MTPs):

- 20 % reduction of the electric utility's annual growth in demand of residential and commercial customers for the 2011 program year; and
- 25 % reduction of the electric utility's annual growth in demand of residential and commercial customers for the 2012 program year; and
- 30% reduction of the electric utility's annual growth in demand of residential and commercial customers for the 2013 program year.

The format used in the EEPR primarily follows the one currently outlined in § 25.181 (m). The EEPR presents the results of CenterPoint Houston's 2011 energy efficiency programs and describes how the company plans to achieve its goals and meet the requirements set forth in § 25.181. Planning information provided focuses on 2012 and 2013 projected savings and projected budgets. The planning information presents information on programs to be offered and discusses outreach and informational activities and workshops designed to encourage participation by energy service providers and retail electric providers (REPs).

## **EEPR Organization**

This EEPR consists of an executive summary, fifteen sections and three appendices. Sections one through four detail the planning section of the EEPR, while sections five through nine present energy efficiency report information. The final six sections address the Energy Efficiency Cost Recovery Factor (EECRF), the performance bonus achieved in 2011 and potential financial impacts of the current energy efficiency rulemaking. The three appendices provide a description of the acronyms used throughout the report, a glossary of commonly used terms, and the demand and energy savings for each program by county.

## Executive Summary

The Energy Efficiency Plan portion of this EEPR details CenterPoint Houston’s plans to achieve a 25% reduction in its annual growth in demand of residential and commercial customers by December 31, 2012, and a 30% reduction in its annual growth in demand of residential and commercial customers by December 31, 2013. The Plan also addresses the corresponding energy savings goal, which is calculated from the demand savings goal using a 20% capacity factor. The goals, budgets, and implementation plans that are included in this EEPR are determined by requirements of Rule § 25.181 and the information gained from prior implementation of the selected programs. Table 1 presents a summary of 2012 and 2013 goals, projected savings, and projected budgets.

**Table 1: Summary of Annual Goals, Projected Savings and Projected Budgets<sup>1</sup>**

	Calendar Year	Avg Growth in Demand	MW Goal (% of Growth in Demand)	Demand (MW) Goal	Energy (MWh) Goal <sup>2</sup>	Projected MW Savings <sup>3</sup>	Projected MWh Savings <sup>2,3</sup>	Projected Budget (000's) <sup>4</sup>
Annual Goals	2012	155	25%	39.2	68,693.8	271.26	165,975.0	\$39,859
	2013	183	30%	51.2	89,647.4	258.03	172,918.0	\$42,857

Note that the Company’s 2012 demand and energy goal is established pursuant to § 25.181(e) (3) (B) which states that a utility’s demand goal in any year shall not be lower than its goal for the prior year. Since the actual five-year average demand growth for 2012 is lower than in 2011, the goal is set at the 2011 level, 39.2 MW.

<sup>1</sup> Average Growth in Demand figures are from Table 4; Projected Savings from Table 5; Projected Budget from Table 6. All MW and MWh figures in this Table and throughout this EEPR are measured at the meter.

<sup>2</sup> Calculated using a 20% capacity factor.

<sup>3</sup> Peak demand reduction and energy savings for the current and following calendar year that CenterPoint Houston is planning and budgeting for in the EEPR. These projected savings reflect CenterPoint Houston’s goals required by the Energy Efficiency Rule (Substantive Rule § 25.181).

<sup>4</sup> Additional costs will likely be incurred and reported in the EECRF pending Commission action in Project No. 39674 as discussed in Section XV.

In order to reach the projected savings presented in Table 1, CenterPoint Houston will implement the following programs:

1. Large Commercial SOP
2. Retro-Commissioning MTP
3. Large Commercial Load Management SOP
4. The Texas SCORE MTP
5. ENERGY STAR<sup>®</sup> Homes MTP
6. Residential SOP
7. A/C Distributor MTP
8. Advanced Lighting MTP
9. Hard-to-Reach SOP
10. Multi-Family Water & Space Heating MTP
11. Agencies in Action MTP
12. Retail Electric Provider Pilot (REP) SOP (REP SOP)
13. Home Performance with ENERGY STAR MTP
14. Energy Wise Resource Action MTP
15. Energy Ambassador Program

As detailed in the 2011 Energy Efficiency Report contained in this document, CenterPoint Houston successfully implemented SOPs and MTPs required by PURA § 39.905 that met the statutory 20% energy efficiency savings goal. CenterPoint Houston's goals for 2011 were 39.2 MW in peak demand reduction and 68,693.8 MWh in energy savings. Actual total achieved reductions in 2011 were 110.24 MW and 146,091 MWh. Although the total forecasted spending for 2011 was \$32.78 million,<sup>5</sup> actual 2011 spending totaled \$31.6 million.

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<sup>5</sup> See Docket No. 39363, *Application of CenterPoint Energy Houston Electric, LLC for Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor, Stipulation and Agreement* (Aug. 26, 2011).

## **Energy Efficiency Plan**

### **I. 2012 Programs**

#### ***A. 2012 Program Portfolio***

CenterPoint Houston plans to implement 14 programs in 2012. In addition, one pilot program will be funded in 2012. These programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. CenterPoint Houston anticipates that targeted outreach to a broad range of service providers will be necessary in order to meet the savings goals required by PURA § 39.905 on a continuing basis. Table 2 lists each program and identifies target markets and applications.

**Table 2: 2012 Energy Efficiency Program Portfolio**

<b>Program</b>	<b>Target Market</b>	<b>Application</b>
Large Commercial SOP	Large Commercial	Retrofit; New Construction
Retro-Commissioning MTP	Large Commercial	Tune-up of existing facilities
Large Commercial Load Management SOP	Large Commercial	Load Management
Texas SCORE MTP	Large and Small Commercial (K-12 public schools & City facilities)	Retrofit; New Construction
ENERGY STAR® Homes MTP	Residential	New Construction
Residential SOP	Residential	Retrofit; New Construction
A/C Distributor MTP	Residential and Small Commercial	Retrofit
Advanced Lighting Pilot MTP	Residential/Commercial	Retrofit, New Construction
Hard-to-Reach SOP	Hard-to-Reach	Retrofit
Multi-Family Water & Space Heating MTP	Residential / Hard-to-Reach	New Construction
Agencies In Action (TDHCA SB-712) MTP	Hard-to-Reach	Retrofit
Energy Wise Resource Action Program MTP	Residential	Educational
<b>New Programs for 2012</b>		
Retail Electric Provider Pilot (REP) SOP (REP SOP)	Residential	Load Management; Retrofit
Home Performance with ENERGY STAR MTP	Residential	Retrofit
Energy Ambassador Program	Residential	Educational

The programs listed in Table 2 are described further in sub-sections B and C. CenterPoint Houston maintains a website<sup>6</sup> containing requirements for project participation and most of the forms required for project submission. The website is one method of communication used to provide project sponsors with program updates and information.

<sup>6</sup> CenterPoint Houston energy efficiency website is [www.centerpointefficiency.com](http://www.centerpointefficiency.com).



## ***B. Existing Programs***

### **Commercial Standard Offer Program (SOP)**

#### ***Program design***

The Commercial SOP targets commercial customers with a minimum demand of 100 kW, and small commercial customers with a demand not to exceed 100 kW. Incentives are paid to project sponsors on a first-come, first-served basis for a variety of measures installed in new or retrofit applications, which provide verifiable demand and energy savings. Large commercial customers must save at least 20 kW on installed measures, while small commercial customers may save less than 20 kW.

#### ***Implementation process***

CenterPoint Houston will continue implementation of its Commercial SOP whereby any eligible project sponsor may submit an application for qualifying projects. Program information is provided on CenterPoint Houston's website at [www.centerpointefficiency.com](http://www.centerpointefficiency.com).

#### ***Outreach and Research activities***

CenterPoint Houston markets the availability of this program in the following manner:

- Maintains internet website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Utilizes mass e-mail notifications to keep potential project sponsors interested and informed;
- Participates in appropriate industry-related meetings and events to generate awareness and interest;
- Participates in service area-wide outreach activities as may be available;
- Conducts workshops as necessary to explain elements such as, responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

### **Retro-Commissioning MTP (RCx)**

#### ***Program design***

The RCx is an optimization program for existing buildings that identifies no-cost or low-cost measures the customer can implement to reduce the demand and energy usage in commercial facilities. The program is designed to provide energy end-users with a free expert analysis to

improve the performance of energy using systems in order to reduce peak demand and annual energy usage. RCx Agents, typically engineering firms, are used to deliver the program to customers. RCx Agents are paid at the completion of each of three phases: preliminary assessment phase, investigation phase and verification phase. Facility owners must be willing to implement enough of the identified measures to be cost effective. Facility owners and RCx Agents can earn incentives if all schedules are maintained and savings are acceptable. In 2011, the RCx program was expanded to accept smaller facilities so that customers that do not meet the minimum eligibility requirements (facilities larger than 400,000 square feet of conditioned space) can participate in the program. The RCx process and incentives for these smaller facilities are scaled down to ensure the project remains cost effective. This new component is titled Retro-Commissioning Fast Track. It is designed for facilities between 150,000 and 400,000 square feet while the RCx Full Program will continue as before, with facilities over 400,000 square feet. All incentives are based on the same energy and demand savings, but have different incentive caps; the RCx Full Program has an incentive cap of \$10,000 and the RCx Fast Track Program has an incentive cap of \$5,000. In the RCx Fast Track Program, potential projects will be pre-screened by the Program Administrator to reduce the scope of work and to speed up the process. Continuing in 2012, CenterPoint Houston is offering a free certified energy audit for qualifying commercial facilities in partnership with the City of Houston's Green Office Challenge's Energy Efficiency Incentive Program (EEIP).

### ***Implementation process***

The program, both RCx Full and RCx Fast Track is implemented through selected RCx agents. Program information is provided on CenterPoint Houston's website.

### ***Outreach and Research activities***

CenterPoint Houston markets the availability of this program in the following manner:

- Contracts with a third-party program administrator
- Maintains internet website with detailed project eligibility, procedures and application forms;
- Participates in appropriate industry-related meetings and events to generate awareness and interest;
- Participates in service area-wide outreach activities as may be available;

- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

## **Large Commercial Load Management SOP**

### ***Program design***

CenterPoint Houston will implement a similar load management program in 2012 as was implemented in 2011. The Large Commercial Load Management SOP will be available to non-residential distribution customers, governmental customers, educational customers and non-profit customers. The call for curtailment will be initiated when the Electric Reliability Council of Texas ERCOT reaches its EEA2 emergency conditions. Incentives will be paid to project sponsors for each kW they curtail during emergency conditions. Project sponsors must have a normal aggregate peak demand of 750 kW or more, and must be equipped with a CenterPoint Houston Interval Data Recorder (IDR) meter.

In light of resource adequacy concerns for the peak 2012 summer season, CenterPoint Houston entered into an unopposed agreement, with PUC staff and the Office of Public Utility Counsel (OPUC) to increase the Company's load management goal from 100 MW to 200 MW in 2012.<sup>7</sup>

### ***Implementation process***

Implementation of this program will be through customers and third-party entities representing distribution level or other governmental, educational and non-profit customers within the CenterPoint Houston service territory. The 2012 program will continue to initiate a minimum of two curtailment calls and a maximum of five curtailment calls. The first call is scheduled for June and will last two to three hours. The remaining calls will last from one to four hours each.

### ***Outreach and Research activities***

CenterPoint Houston plans to market the availability of this program in the following manner:

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

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<sup>7</sup> Docket No. 39363, Letter Regarding the 2012 Load Management Program (Jan. 25, 2012)

## **The Texas SCORE / City Smart MTP (SCORE MTP)**

### ***Program design***

The SCORE MTP targets K-12, higher education, cities, counties and state governmental agencies within the CenterPoint Houston service territory. Direct incentives are paid to school districts, cities, and municipalities for certain energy efficiency measures installed in new or retrofit applications that provide verifiable demand and energy savings. A third party program implementer provides technical assistance, engineering analysis, and performance benchmarking to program participants in order to help them make decisions about cost effective investments. In 2011 a new program, SCORE MTP Lite, was offered that provides higher incentives to those school districts that do not require the technical assistance or engineering analysis provided by the implementer. The SCORE MTP Lite program is a way to transition this market while continuing to provide segmented access to incentives. Two major changes in 2012 are that incentives were aligned with the Commercial SOP and schools can now only participate in the SCORE or SCORE Lite MTP.

### ***Implementation process***

CenterPoint Houston will continue implementation of the SCORE / City Smart MTP whereby, providing funds are available, any eligible project meeting the minimum requirements from any participating school district, city, county, or governmental agency may be submitted for incentive payment.

### ***Outreach and Research activities***

CenterPoint Houston markets the availability of this program in the following manner:

- Contracts with a third-party program implementer to implement outreach and planning activities;
- Participates in appropriate industry-related meetings and events to generate awareness and interest;
- Participates in service area-wide outreach activities as may be available;
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

## **ENERGY STAR® Homes MTP**

### ***Program design***

The ENERGY STAR® New Homes MTP targets residential new construction. Incentives are paid to builders for the construction of ENERGY STAR® certified homes in the CenterPoint Houston service territory. The program is supported by training, education and advertising components. The builders are selected through an application process and qualifying homes must be built to strict EPA standards or above. In 2011, the EPA implemented version 2.5. Version 3 began in 2012, moves away from a fixed Home Energy Ratings (HERS) index, and incorporates additional checklists for thermal enclosure and HVAC quality installation. In light of these strict requirements, the Company implemented program design changes in order to continue to encourage buildings to build homes that are 15% above code. For instance, CenterPoint Houston accepted non-ENERGY STAR® homes in 2011 that met specific targets, such as high performance windows, tight air distribution systems and increased insulation levels in the ceiling and walls. Program incentives are based on demand and energy impacts rather than on a HERS index.

### ***Implementation process***

CenterPoint Houston will continue implementation of its ENERGY STAR® Homes MTP but any eligible home builder meeting the minimum requirements may submit an application for participation in the program. An additional incentive will be offered for those builders who move to the version 3 guidelines. Program information is provided on CenterPoint Houston's website.

### ***Outreach and Research activities***

CenterPoint Houston promotes the ENERGY STAR® Homes MTP in the following manner:

- Contracts with a third-party program implementer to implement outreach and planning activities
- Advertises using a multitude of news media, including billboards, radio and television announcements, and targeted relocation publications as well as supporting the local home builder association publications;
- Provides point of purchase materials including yard signs, door mats and brochures free to participating builders;
- Maintains internet website, [www.HoustonEnergyStarHomes.com](http://www.HoustonEnergyStarHomes.com) with detailed program information, links to participating builders websites, and the general features and benefits of ENERGY STAR® homes;
- Conducts various testing for all local raters or air conditioning contractors as needed ;

- Conducts training sessions for builders' sales staff throughout the year to increase the knowledge and awareness of the features and benefits of ENERGY STAR® homes;
- Participates in quarterly roundtables with the builder's home energy raters to discuss and exchange information concerning program issues;
- Attends appropriate industry-related meetings and seminars to generate awareness and interest;
- Participates in state-wide outreach activities
- Conducts builder workshops covering program requirements, incentive information, and the application and reporting process.

## **Residential Standard Offer Program**

### ***Program design***

The Residential SOP targets residential customers with a maximum demand of less than 100 kW. Incentives are paid to project sponsors, for an array of measures installed in new or retrofit applications, which provide verifiable demand and energy savings. Sponsors submit applications for program participation and are awarded contracts on a first-come, first-served basis.

CenterPoint Houston's Residential SOP will continue in the same format for 2012. The program is open to all qualifying energy efficiency measures, including, but not limited to air conditioning, duct sealing, weatherization, ceiling insulation, compact fluorescent lighting, water saving measures and ENERGY STAR® windows.

### ***Implementation process***

CenterPoint Houston will continue implementation of its Residential SOP whereby any eligible project sponsor may submit an application for a project meeting the minimum requirements.

Program information is provided on CenterPoint Houston's website.

### ***Outreach and Research activities***

CenterPoint Houston markets the availability of this program in the following manner:

- Maintains internet website with detailed project eligibility, end-use measures, incentive structure, procedures, application forms and list of third-party project sponsors;
- Utilizes mass e-mail notifications to potential project sponsors to inform them of the program start date and informational meetings;
- Participates in appropriate industry-related meetings and events to generate awareness and interest;

- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

## **A/C Distributor MTP**

### ***Program design***

The A/C Distributor MTP provides incentives to air conditioning distributors who agree to facilitate the installation of high-efficiency (>16 SEER/12 EER) air conditioners and heat pumps (>8.2 HSPF) in existing single-family and multi-family homes within CenterPoint Houston's electric distribution service territory.

### ***Implementation process***

CenterPoint Houston will continue implementation of its A/C Distributor MTP whereby any eligible A/C distributor meeting the minimum requirements may submit an application for participation in the program. CenterPoint Houston will continue to verify installations, manage and allocate available incentive funds, process all claims for incentive payments and provide other oversight functions. In addition, CenterPoint Houston will provide incentives for third-party contractor tune-ups based on approved deemed savings values. Program information is provided on CenterPoint Houston's website.

### ***Outreach and Research activities***

CenterPoint Houston plans to market the availability of this program in the following manner:

- Contracts with a third-party program implementer to implement outreach and planning activities;
- Conducts workshops as necessary to explain elements such as responsibilities of the distributors and contractors, program requirements, incentive information, and the application and reporting process;
- Participates in appropriate industry-related meetings and events to generate awareness and interest.

## **Advanced Lighting Pilot MTP**

### ***Program design***

CenterPoint Houston will continue participation in the Advanced Lighting Pilot MTP in 2012. The residential component will continue to offer point of purchase discounts to Residential

customers at participating retail stores for the purchase of qualified high efficiency LED lighting products.

The commercial component will target outdoor applications for LED lighting in commercial facilities (i.e., parking garages, parking lots, outdoor building lighting, landscape lighting, billboards, etc.). Fixtures approved in the Commercial LED Lighting Program must be certified by Energy Star or the Design Lights Consortium. The program aims to attack market barriers and bring awareness about outdoor LED lighting to the commercial market in the CenterPoint Houston service territory.

### ***Implementation process***

The Advanced Lighting program will be implemented in the CenterPoint Houston service territory by a third-party program implementer. Point of purchase discounts will be applied to residential customers at participating retailers, including Home Depot, Lowes, Sam's Club, and Costco, throughout the CenterPoint Houston footprint. The Commercial LED program will pay incentives (based on \$230 per on-peak kW reduction and \$0.14 per annual kWh saved) to commercial customers installing qualifying LED products in eligible applications. All installations must be performed by a Qualified Installation Service Provider.

### ***Outreach and Research activities***

CenterPoint Houston plans to market the availability of this program in the following manner:

- In-store promotions of the program via signage;
- Promotion of commercial LED applications through research and development projects;
- Contracts with a third-party program implementer to implement outreach and planning activities;
- Participates in regional outreach activities as may be available;
- Participates in appropriate industry-related meetings and events to generate awareness and interest.

## **Hard-To-Reach Standard Offer Program (HTR SOP)**

### ***Program design***

The HTR SOP targets hard-to-reach residential customers. Incentives are paid to project sponsors for qualifying measures installed in retrofit applications which provide verifiable demand and energy savings to customers whose annual total household income is less than 200% of current



federal poverty guidelines. Project sponsors are encouraged to install comprehensive measures and are paid based on the PUCT approved deemed savings values. Project funding is based on a first-come, first-served approach. Qualifying measures include those allowed in the Residential SOP as well as compact fluorescent lamps. Also included in the HTR SOP is the Affordable Single Family component. This segment pays incentives to not for profit agencies who build new homes to ENERGY STAR® standards for lower income families.

***Implementation process***

CenterPoint Houston will continue implementation of its HTR SOP whereby any eligible project sponsor may submit an application for a project meeting the minimum requirements. Program information is provided on CenterPoint Houston's website.

***Outreach and Research activities***

CenterPoint Houston markets the availability of this program in the following manner:

- Utilizes mass e-mail notifications to potential project sponsors to inform them of the program start date and informational meetings;
- Maintains internet website with detailed project eligibility, end-use measures, incentive structure, procedures and application forms;
- Participates in appropriate industry-related meetings and events to generate awareness and interest;
- Participates in state-wide outreach activities as may be available;
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

## **Multi-Family Water & Space Heating MTP**

### ***Program design***

The Multi-Family Water and Space Heating MTP promotes the installation of energy efficient non-electric water and space heating in multi-family housing projects. The program also includes boiler systems as well as individual non-electric water and space heating units. The program is based on a PUCT-approved template and projects are funded based on qualifying measures, estimated completion date and available funds.

### ***Implementation process***

CenterPoint Houston will continue implementation of its Multi-Family Water and Space Heating MTP whereby any eligible project sponsor may submit an application for review for a project meeting the minimum requirements.

### ***Outreach and Research activities***

CenterPoint Houston markets the availability of this program in the following manner:

- Utilizes mass e-mail notifications to potential project sponsors to inform them of the program start date and informational meetings;
- Participates in appropriate industry-related meetings and events to generate awareness and interest;
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

## **Agencies in Action MTP**

### ***Program design***

The Agencies in Action MTP provides funds for implementing energy efficiency improvement projects for eligible CenterPoint Houston low-income residential customers through non-profit organizations. CenterPoint Houston's goal is to solicit the participation of a sufficient number of non-profit organizations to provide comprehensive, whole-house retrofits that maximize electricity savings including attic insulation, solar screens, compact fluorescent lamps, water saving measures, ENERGY STAR® room air conditioners, central air conditioning systems, ENERGY STAR® ceiling fans, ENERGY STAR® refrigerators, duct efficiency improvement and air infiltration control. Program participants must have an annual household income of less than

200% of the federal poverty guidelines, and a maximum expenditure of \$6,500 is allowed per home.

### ***Implementation process***

Frontier Associates acts as the program implementer with the responsibility of recruiting and overseeing the participating agencies. Local agencies may submit applications for funding provided they meet program participation requirements and funding is available. CenterPoint Houston will continue implementation of its Agencies in Action MTP in 2012.

### ***Outreach and Research activities***

CenterPoint Houston markets the availability of its programs in the following manner:

- Participates in appropriate industry-related meetings and events to generate awareness and interest;
- Promotes program participation in under-served areas of the CenterPoint Houston electric service territory;
- Contacts non-profit organizations and local housing authorities for potential participation;
- Conducts workshops as necessary to explain elements such as responsibilities of the agency, project requirements, incentive information, and the application and reporting process.

## **Energy Wise Educational Program**

### ***Program design***

In 2011, CenterPoint added this program to further outreach the benefits of energy efficiency throughout the CenterPoint Houston service territory. The Energy Wise Program utilizes a school delivery format to provide take-home Resource Action Kits to sixth grade students. The kits contain energy efficiency devices, such as compact fluorescent light bulbs, and creative classroom and in-home education techniques that encourage families to adopt new resource usage habits. Lesson plans are provided to teachers that help educate the students on the benefits of using these energy saving devices on a daily basis.

### ***Implementation process***

The program will be implemented in the CenterPoint Houston service territory using a third-party program implementer. The third-party implementer will recruit teachers in various targeted school districts throughout the service territory. Recruited teachers will receive program materials that

include; a teacher and student workbook, kit of efficiency materials, and a parent letter explaining the program. The incentive budget covers the implementer costs as well as the cost for the kits.

***Outreach and Research activities***

CenterPoint Houston plans to market the availability of this program in the following manner:

- Utilize CenterPoint Houston Community Relations staff to help recruit schools and teachers.

## ***C. New Programs for 2012***

### **Retail Electric Provider Pilot (REP) SOP (REP SOP)**

#### ***Program design***

In 2012, CenterPoint Houston plans to implement a pilot program for REPs. REPs will be able to choose from a menu of methods on how they would like to provide verified demand and energy savings to the program. REPs can achieve savings through this program by offering the following services or programs to their customers:

- Residential load management via:
  - Direct load control,
  - Smart thermostats, or
  - A gas generator
- Residential feedback via:
  - IHD installation
- Weatherization measures
- LED light bulbs

REPs may also propose their own services or programs. Each service provider in the program will be limited to a maximum of 20% of the program incentive budget, similar to rules in other CenterPoint Houston energy efficiency programs.

#### ***Implementation process***

The program will be implemented in the CenterPoint Houston service territory using a third-party program implementer. The third-party implementer will recruit service providers and insure program goals are met. Incentives will be paid to program service providers for verified demand and energy savings achieved through the program.

#### ***Outreach and Research activities***

CenterPoint Houston plans to market the availability of this program in the following manner:

- Contracts with a third-party program implementer to implement outreach and planning activities;
- Advertises using a multitude of news media, possibly including, but not limited to billboards, print, radio and television;
- Participates in appropriate industry-related meetings and events to generate awareness and interest.

## **Home Performance with ENERGY STAR® MTP**

### ***Program design***

The Home Performance with ENERGY STAR® MTP targets existing residential homes. The program seeks to reduce energy use using a comprehensive, whole-house approach for a typically underserved residential market. Incentives are paid to project sponsors, for measures installed, which provide verifiable demand and energy savings. Incentives are also paid for the initial home energy audit.

### ***Implementation process***

The program will be implemented in the CenterPoint Houston service territory using a third-party program implementer. The third-party implementer will recruit project sponsors and insure program goals are met. For 2012, a limited geographic area will be targeted to test the program plan and develop the necessary contractors to implement the program across the service territory. Two types of audits will be offered, a Quick Home Energy Check-Up and a comprehensive audit.

### ***Outreach and Research activities***

CenterPoint Houston will promote the Home Performance with ENERGY STAR® MTP in the following manner:

- Advertisement and outreach will be limited the first year to target a specific geographical area and will be conducted through community centers, faith based organizations, and other similar organizations;
- Attends appropriate industry-related meetings and seminars to generate awareness and interest;
- Participates in state-wide outreach activities
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

## **Energy Efficiency Ambassador Pilot Program**

### ***Program design***

The Energy Efficiency Ambassador Program will seek to bring awareness about energy efficiency and CenterPoint Houston's programs to commercial and residential customers throughout the service territory using a community-based consumer outreach approach. The program will use

CenterPoint Houston personnel and active community members to promote energy efficiency programs within the community and to stakeholder's with energy conservation pledges.

***Implementation process***

The program will be implemented in the CenterPoint Houston service territory using a third-party as the program implementer. The third-party implementer will recruit ambassadors and ensure program goals are met. This program is meant to be an educational program and will not pay any incentives to program participants.

***Outreach and Research activities***

CenterPoint Houston will promote the Energy Efficiency Ambassador Program in the following manner:

- Recruit CenterPoint Houston personnel interested in becoming an ambassador via service center meetings,
- Conducts workshops and community based meetings (i.e. chamber of commerce and rotary club meetings) as necessary to explain elements such as responsibilities of the ambassador, project requirements, and reporting process.
- Measure the community pledge for energy reduction and compare to other communities and area pledges.
- Provide community based educational information on energy efficiency tips for homes and businesses as well as demonstrate benefits from “smart meters” and electric vehicles.

## **Research and Development (R&D) Projects**

In 2012 CenterPoint Houston plans to implement the following R&D projects. Additional projects may be implemented depending on research opportunities and the availability of budgeted R&D funds.

### ***Program: EPRI End-Use Efficiency and Demand Response Program***

The End-Use Energy Efficiency and Demand Response project is focused on the assessment, testing, and demonstration of energy-efficient and smart end-use devices to accelerate market adoption, which can influence the progress of codes and standards and ultimately lead to market transformation. The program also develops analytical frameworks essential to industry application of energy efficiency, including assessment of resource potential, characterization of end-use load profiles, calculation of environmental impacts, and integration into utility resource planning.

This EPRI program provides the following:

- Objective, independent technical assessment, testing, and demonstration of emerging end-use technologies for energy efficiency and the enablement of demand response.
- A framework to evaluate the readiness of emerging end-use technologies for utility programs, along a continuum spanning technology scouting, assessment and lab testing, R&D field testing and demonstration, coordinated early deployment, and full program rollout.
- Multilevel assessment of enabling technologies for demand response: components and devices, home and building premise application, and program integration into retail and wholesale markets.
- Facilitates the use of behavioral programs to tap into new sources of savings potential by assessing the appropriateness of using a deemed savings approach for estimating savings.
- Evaluates new approaches to understanding customer diversity by building robust and reliable customer groupings and associations.

### ***Program: Residential Feedback Demonstration Program***

This project will determine the feasibility of utilizing energy consumption feedback mechanisms to implement a residential energy efficiency program. CenterPoint Houston is partnering with the



Electric Power Research Institute (EPRI) to develop the program. The program has been segmented into two phases:

Phase 1: Protocols have been developed to design an experiment that measures the behavioral impact of energy feedback for residential consumers, along with analysis methods for data collected. CenterPoint Houston collaborated with EPRI, Freeman & Sullivan, and other electric utilities to complete the research protocols and establish standards for data comparison. Key issues addressed in these protocols are methods of feedback, research gaps, and costs of studying feedback mechanisms.

Phase 2: CenterPoint Houston is using the results of Phase 1 to conduct an actual feedback research project in the CenterPoint Houston service territory. CenterPoint Houston and EPRI are currently implementing a program that will evaluate the effectiveness of feedback for residential customers with advanced meters installed. The CenterPoint Houston project focuses on providing energy consumption feedback to residential electricity consumers through the deployment of in-home energy consumption displays (IHDs). The objectives of the research pilot are as follows:

- Evaluate impacts upon which deemed savings estimates can be made.
- Test the IHD as a feedback mechanism, and assess how the technology works with the Advanced Metering System.
- Determine the scalability of an IHD pilot to a large energy efficiency program.
- Understand customer opinions of IHDs.
- Understand the specific behavior changes that occur as a result of the IHD deployment.

***Program: Residential Energy Efficiency and Demand Response (e5) Project***

This project, in collaboration with an energy service provider, will integrate programmable controllable thermostats (PCT), equipped with Wi-Fi technology and weather forecasting to develop predictable demand savings from residential demand response. The program will utilize weather data, along with a residential home's thermal envelope to attempt to limit the temperature rise in a home during a demand response event. The energy service provider will begin marketing the program to home owners who have purchased PCTs with Wi-Fi technology in the spring of 2012. Project demonstration and possible testing will begin June 2012.

***Program: City of Houston Dashboard Project***

This project was initiated in 2009 and evaluated the energy saving potential of a commercial dashboard product that allows commercial customers to better monitor and control facility energy usage. The project is a partnership with the City of Houston and involves the monitoring of several fire stations and a waste water treatment facility. CenterPoint Houston's advanced metering infrastructure (AMI) is being utilized to the extent possible. The dashboard design for monitoring smart meters for ten fire stations has been completed and the proof of concept for this AMS-facilitated solution has been successfully demonstrated. An automated link for the dashboard data transfer is being investigated to be installed for a 2012 project completion.

***Program: Plug-In Electric Vehicle (PEV) Smart Charging Demonstration Project***

This project is being conducted in partnership with the Electric Power Research Institute (EPRI) as a tailored collaboration (TC) project to demonstrate the technology integration of plug-in electric vehicles (PEVs) into the smart grid, as well as researching customer charging behavior and evaluate associated PEV load and infrastructure impacts. The demonstration controls PEV charging requirements under a simulated and real time grid environment with potential load management consideration from off-peak smart charging technology as well as the capability to accept demand response signals. The smart charging platform was jointly developed by utility and automotive industries, is standards based, and is able to utilize existing CenterPoint Houston fleet PEVs or future CenterPoint Houston purchased PEVs. Project demonstration and testing began mid 2010 and will be completed by year end of 2012.

***D. New Programs for 2013***

CenterPoint does not plan to add additional programs in 2013.

***E. Existing DSM Contracts or Obligations***

All existing DSM contracts ended in 2009 and the program has been terminated.

## II. Customer Classes

Customer classes targeted by CenterPoint Houston’s energy efficiency programs are the Hard-to-Reach, Residential, and Commercial customer classes.

The annual MW savings goal will be allocated to customer classes by examining historical program results, evaluating economic trends, and taking into account Substantive Rule § 25.181 and Senate Bill 1434, which state that no less than 5% of the utility’s total demand reduction savings goal should be achieved through programs for hard-to-reach customers and no less than 10% of the energy efficiency budget is to be spent on targeted low-income programs, respectively. Table 3 summarizes the number of customers in each of the customer classes. It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the marketplace and the overriding objective of meeting legislative and Commission goals.

**Table 3: Summary of Customer Classes**

<b>Customer Class</b>	<b>Number of Customers</b>
<b>Commercial</b>	251,000
<b>Residential</b>	1,131,000
<b>Hard-to-Reach<sup>8</sup></b>	773,000

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<sup>8</sup> CenterPoint Houston does not require income information for electric service and no records are available to correlate revenue for the Hard-to-Reach customer class. However, according to the U.S. Census Bureau, Current Population Survey 2011 Annual Social and Economic Supplement, 40.6% of Texas families fall below 200% of the poverty threshold. Applying that percentage to CenterPoint Houston’s residential customer totals, the number of HTR customers is estimated at 773,000. Program goals will be based on the requirement in the energy efficiency rule that no less than 5% of the total energy efficiency demand goal will be achieved through the programs in the Hard-to-Reach customer class.

### **III. Energy Efficiency Goals and Projected Savings**

As prescribed by Substantive Rule § 25.181, CenterPoint Houston's demand goal is specified as a percentage of its five-year average rate of growth in demand. Therefore, the annual growth in demand for each year during the planning period is based upon a combination of actual historical system peak demand and forecasted peak demand. As an example, the average annual growth in demand defined for the December 31, 2012 goal reflects the growth in actual peak demand from 2007 to 2011. For the purposes of this report, the 2013 goal will be based on the same historical load growth data from 2007 to 2011, plus an estimated load growth for 2012. Once actual weather adjusted load data is obtained for the 2012 calendar year, the 2013 goal will be adjusted and based on growth in actual peak demand from 2008 to 2012. The demand savings goals are based on meeting 25% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2012 and on meeting 30% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2013. The corresponding energy savings goals are determined by applying a 20 percent capacity factor to the demand savings goals.

Table 4 presents historical annual growth in demand for 2007-2011 and estimated annual growth for 2012 and 2013. Table 5 presents the corresponding projected demand and energy savings broken out by program for each customer class for 2012 and 2013. The projected savings is the demand and energy savings that can be achieved based on the annual budget shown in Table 6. All of the MW and MWh values presented in tables 4 and 5 are at the customer meter. To derive values at the source, or power plant level, the values shown in the tables should be increased by 7% to account for line losses.

**Table 4: Annual Growth in Demand and Energy Consumption**

Calendar Year	Peak Demand (MW)				Growth (MW)	Average Growth (MW) <sup>9</sup>
	Total System		Residential & Commercial			
	Actual <sup>11</sup>	Weather Adjusted <sup>10</sup>	Actual	Weather Adjusted	Weather Adjusted	Weather Adjusted
2007	16,263	16,227	14,076	14,040	92	N/A
2008	15,484	15,845	13,735	14,096	56	
2009	16,240	16,057	14,373	14,190	94	
2010	16,315	16,341	14,602	14,628	438	
2011	17,284	16,688	15,321	14,725	97	
2012	16,700	N/A <sup>12</sup>	14,957	N/A	232	155
2013	16,985		15,241		284	183

Table 4 shows the annual growth in Demand and Energy over the past five years. The average growth over the previous five years multiplied by the PUCT stated annual goal reduction percentage gives the annual MW and MWh goal shown in Table 1.

**2012 Goals**

$$\text{MW Goal} = 155.4 \times 25\% \times (100\% - 7\% \text{ T\&D line losses}) = 36.13 \text{ MW}$$

$$\text{MWh Goal} = 36.13 \text{ MW} \times 8760 \text{ Hours} \times 20\% \text{ Load Factor} = 63,301 \text{ MWh}$$

Consistent with Substantive Rule § 25.183(e) (3) (B), the Company’s demand reduction goal for 2012 remains 39.2 MW and 68,693.8 MWh.

**2013 Goals**

$$\text{MW Goal} = 183.3 \times 30\% \times (100\% - 7\% \text{ T\&D line losses}) = 51.14 \text{ MW}$$

$$\text{MWh Goal} = 51.14 \text{ MW} \times 8760 \text{ Hours} \times 20\% \text{ Load Factor} = 89,597 \text{ MWh}$$

<sup>9</sup> “Average Growth” for previous 5 years. NA = Not Applicable: Averages from 2007-2011 are not applicable to any of the calculations or forecasts in this EEPR.

<sup>10</sup> “Actual Weather Adjusted” Peak Demand is “Actual” Peak Demand adjusted for weather fluctuations using weather data for the most recent ten years.

<sup>11</sup> 2012 and 2013 Calendar Year “Actual” values are forecasted.

<sup>12</sup> NA = Not Applicable: Energy efficiency goals are calculated based upon the actual weather-adjusted growth in demand, so non weather adjusted “actual” forecasts are not applicable.

**Table 5: Projected Demand and Energy Savings Broken Out by Program for Each Customer Class (at Meter)**

Program Goals by Customer Class for 2012 and 2013	2012		2013	
	Projected Savings (MW) at Meter	Projected Savings (MWh) at Meter	Projected Savings (MW) at Meter	Projected Savings (MWh) at Meter
<b>Large Commercial</b>	<b>234.20</b>	<b>89,330.00</b>	<b>219.87</b>	<b>93,189.00</b>
Large Commercial SOP	12.76	61,251.00	13.06	72,022.00
The Texas Score MTP	6.94	16,657.00	5.41	13,582.00
Large Commercial Load Management SOP	212.50	850.00	200.00	800.00
Retro-Commissioning MTP	2.00	10,572.00	1.40	6,785.00
<b>Residential and Small Commercial</b>	<b>19.81</b>	<b>51,771.00</b>	<b>25.49</b>	<b>58,481.00</b>
Energy Star MTP	10.35	22,435.00	8.96	22,506.00
Residential SOP	0.94	2,355.00	0.88	1,819.00
Advanced Lighting Program	1.37	13,258.00	1.37	16,923.00
A/C Distributor Program	1.99	6,366.00	1.70	5,423.00
Home Performance with Energy Star	1.54	4,043.00	2.31	4,785.00
REP Pilot Program	3.44	1,506.00	10.00	4,380.00
Energy Wise Resource Action MTP	0.19	1,808.00	0.27	2,645.00
Energy Ambassador Program	0.00	0.00	0.00	0.00
<b>Hard-to-Reach</b>	<b>3.59</b>	<b>13,501.00</b>	<b>2.99</b>	<b>10,964.00</b>
Hard-To-Reach SOP	1.90	5,018.00	1.82	4,242.00
Multi-Family Water & Space Htg MTP	0.44	4,454.00	0.41	3,891.00
Agencies in Action MTP	1.25	4,029.00	0.75	2,831.00
<b>TOTAL</b>	<b>257.60</b>	<b>154,602.00</b>	<b>248.34</b>	<b>162,634.00</b>



#### **IV. Program Budgets**

Table 6 presents total projected budget allocations required to achieve the projected demand and energy savings for calendar years 2012 and 2013. The budget allocations are a result of the projected demand and energy savings presented in Table 5. The budget allocations presented in Table 6 include incentive and administration costs for each program and customer class.

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

Programs Estimated Budget by Customer Class for 2012 and 2013	2012			2013		
	Incentives	Admin.	Total Budget	Incentives	Admin.	Total Budget
<b>Large Commercial</b>	<b>\$18,350,000</b>	<b>\$1,423,200</b>	<b>\$19,773,200</b>	<b>\$18,600,000</b>	<b>\$1,522,000</b>	<b>\$20,122,000</b>
Large Commercial SOP	\$6,250,000	\$671,100	\$6,921,100	\$7,000,000	\$692,400	\$7,692,400
The Texas Score MTP	\$2,500,000	\$234,100	\$2,734,100	\$2,500,000	\$274,100	\$2,774,100
Large Commercial Load Management SOP	\$8,500,000	\$395,500	\$8,895,500	\$8,000,000	\$419,400	\$8,419,400
Retro-Commissioning MTP	\$1,100,000	\$122,500	\$1,222,500	\$1,100,000	\$136,100	\$1,236,100
<b>Residential and Small Commercial</b>	<b>\$10,500,000</b>	<b>\$1,514,400</b>	<b>\$12,014,400</b>	<b>\$12,250,000</b>	<b>\$1,849,900</b>	<b>\$14,099,900</b>
Energy Star MTP	\$3,000,000	\$330,100	\$3,330,100	\$3,000,000	\$361,400	\$3,361,400
Residential SOP	\$500,000	\$58,700	\$558,700	\$500,000	\$62,300	\$562,300
Advanced Lighting Program	\$1,000,000	\$119,200	\$1,119,200	\$1,000,000	\$132,300	\$1,132,300
A/C Distributor Program	\$1,750,000	\$161,000	\$1,911,000	\$1,500,000	\$173,500	\$1,673,500
Home Performance with Energy Star	\$1,000,000	\$114,400	\$1,114,400	\$1,500,000	\$122,700	\$1,622,700
REP Pilot Program	\$2,750,000	\$116,200	\$2,866,200	\$4,000,000	\$128,300	\$4,128,300
Energy Wise Resource Action MTP	\$500,000	\$18,100	\$518,100	\$750,000	\$50,100	\$800,100
Energy Ambassador Program	\$0	\$596,700	\$596,700	\$0	\$819,300	\$819,300
<b>Hard-to-Reach</b>	<b>\$5,900,000</b>	<b>\$522,000</b>	<b>\$6,422,000</b>	<b>\$6,150,000</b>	<b>\$566,500</b>	<b>\$6,716,500</b>
Hard-To-Reach SOP	\$1,750,000	\$207,700	\$1,957,700	\$1,750,000	\$224,300	\$1,974,300
Multi-Family Water & Space Htg MTP	\$400,000	\$52,600	\$452,600	\$400,000	\$56,800	\$456,800
Agencies in Action MTP	\$3,750,000	\$261,700	\$4,011,700	\$4,000,000	\$285,400	\$4,285,400
<b>Sub - TOTAL</b>	<b>\$34,750,000</b>	<b>\$3,459,600</b>	<b>\$38,209,600</b>	<b>\$37,000,000</b>	<b>\$3,938,400</b>	<b>\$40,938,400</b>
R&D	\$0	\$1,649,100	\$1,649,100	\$0	\$1,918,600	\$1,918,600
<b>TOTAL<sup>13</sup></b>	<b>\$34,750,000</b>	<b>\$5,108,700</b>	<b>\$39,858,700</b>	<b>\$37,000,000</b>	<b>\$5,857,000</b>	<b>\$42,857,000</b>

<sup>13</sup> Additional costs will likely be incurred and reported in the EECRF pending Commission action in Project No. 39674 as discussed in Section XV.

## Energy Efficiency Report

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

Table 7 documents CenterPoint Houston’s actual demand goals and energy targets for the previous five years (2007-2011). Each value was calculated using the methods outlined in Substantive Rule § 25.181.

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

Calendar Year	Actual Weather Adjusted Demand Goal at Meter (MW)	Actual Weather Adjusted Energy Goals at Meter (MWh)	Actual Demand Savings at Meter (MW)	Actual Weather Adjusted Energy Savings at Meter (MWh)
2011 <sup>14</sup>	39.21	68,694	110.24	146,092
2010 <sup>15</sup>	39.21	68,694	120.98	139,665
2009 <sup>16</sup>	34.09	59,732	76.11	125,427
2008 <sup>17</sup>	25.31	N/A	68.11	177,220
2007 <sup>18</sup>	20.43	N/A	52.28	135,364

<sup>14</sup> Actual weather-adjusted MW Goals and MWh goals as reported in the corresponding Energy Efficiency Plan (EEP) filed in April of 2011 under Project No. 39105.

<sup>15</sup> Actual weather-adjusted MW Goals and MWh goals as reported in the corresponding Energy Efficiency Report (EER) filed in April of 2010 under Project No. 37982.

<sup>16</sup> Actual weather-adjusted numbers from EER, Project No. 36689.

<sup>17</sup> Actual weather-adjusted numbers from EER, Project No. 35440.

<sup>18</sup> Actual weather-adjusted numbers from EER, Project No. 33884.

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

Table 8 breaks out the projected savings, verified savings and reported and verified savings by customer class for each program. The projected savings were reported in the Energy Efficiency Plan filed in April of 2011. The reported and verified savings are those savings that have been achieved and verified in the 2011 calendar year.

**Table 8: Projected Savings versus Reported and Verified Savings for 2011 (at Meter)**

Programs by Customer Class for 2011	2011					
	Projected Savings		Verified Savings		Reported/ Verified	
	MW	MWh	MW	MWh	MW	MWh
<b>Large Commercial</b>	<b>105.65</b>	<b>83,816.0</b>	<b>91.25</b>	<b>93,190.8</b>	<b>91.25</b>	<b>93,190.8</b>
Large Commercial SOP	11.53	55,371.00	13.31	73,400.6	13.31	73,400.5
The Texas Score MTP	6.94	16,657.00	5.57	13,983.4	5.57	13,983.4
Large Commercial Load Management SOP	85.00	255.00	71.22	183.9	71.22	183.9
Retro-Commissioning	2.18	11,533.00	1.16	5,623.0	1.16	5,623.0
<b>Residential and Small Commercial</b>	<b>17.72</b>	<b>52,984.0</b>	<b>15.75</b>	<b>41,778.70</b>	<b>15.75</b>	<b>41,778.7</b>
Energy Star MTP	12.07	26,174.00	12.82	32,193.1	12.82	32,193.1
A/C Distributor Program	2.27	7,275.00	1.80	5,734.5	1.80	5,734.5
Residential SOP	1.13	2,826.00	0.94	1,940.7	0.94	1,940.7
Advanced Lighting Program	1.64	15,909.00	0.11	1,435.8	0.11	1,435.8
Residential In-Home Display Pilot	0.61	800.00	-	-	-	-
Multi-Family Water & Space Htg - MTP (RES)	-	-	0.03	303.4	0.03	303.4
Energy Wise Resource Action MTP	-	-	-	-	-	-
Community Weatherization (RES)	-	-	0.01	20.2	0.01	20.2
City of Houston Weatherization (RES)	-	-	0.04	150.9	0.04	150.9
<b>Hard-to-Reach</b>	<b>4.46</b>	<b>14,848.7</b>	<b>3.24</b>	<b>11,122.2</b>	<b>3.24</b>	<b>11,122.2</b>
Hard-To-Reach SOP	1.79	4,731.00	1.78	4,154.9	1.78	4,154.9
Multi-Family Water & Space Htg MTP (HTR)	0.43	4,454.00	0.34	3,167.1	0.34	3,167.1
Res HTR - Afford. Home	-	-	0.06	54.3	0.06	54.3
Agencies in Action MTP	0.67	2,168.00	0.68	2,556.5	0.68	2,556.5
TDHCA Low-Income Weatherization (SB-712)	0.17	413.70	0.07	252.4	0.07	252.4
Community Weatherization (HTR)	1.40	3,082.00	0.07	145.9	0.07	145.9
City of Houston Weatherization (HTR)	-	-	0.24	791.2	0.24	791.2
<b>Sub - TOTAL</b>	<b>127.83</b>	<b>151,648.7</b>	<b>110.24</b>	<b>146,091.7</b>	<b>110.24</b>	<b>146,091.7</b>

**Table 9: Projected Savings versus Reported and Verified Savings for 2010 (at Meter)**

Statutory Programs by Customer Class for 2010	2010					
	Projected Savings		Verified Savings		Reported / Verified	
	MW	MWh	MW	MWh	MW	MWh
<b>Large Commercial</b>	<b>93.81</b>	<b>97,885.9</b>	<b>100.30</b>	<b>75,633.5</b>	<b>100.44</b>	<b>79,200.4</b>
Large Commercial SOP	17.52	79,479.93	10.60	50,878.1	10.74	54,445.00
The Texas Score MTP	3.76	8,575.55	6.47	15,511.3	6.47	15,511.28
Large Commercial Load Management SOP	70.00	210.00	81.52	163.0	81.52	163.04
Retro-Commissioning	2.54	9,620.44	1.72	9,081.0	1.72	9,081.04
<b>Residential and Small Commercial</b>	<b>13.25</b>	<b>24,091.3</b>	<b>16.06</b>	<b>50,765.80</b>	<b>16.06</b>	<b>50,765.8</b>
Energy Star MTP	8.60	12,120.06	11.82	25,640.8	11.82	25,640.83
A/C Distributor Program	3.24	7,090.00	2.01	6,443.8	2.01	6,443.76
Residential SOP	0.89	1,687.53	0.73	1,897.5	0.73	1,897.54
Advanced Lighting Program	0.53	3,193.75	1.15	15,670.9	1.15	15,670.89
Multi-Family Water & Space Htg - MTP (RES)	-	-	0.04	422.5	0.04	422.53
City of Houston Weatherization (RES)	-	-	0.30	690.2	0.30	690.25
<b>Hard-to-Reach</b>	<b>7.32</b>	<b>18,058.8</b>	<b>4.62</b>	<b>13,265.5</b>	<b>4.62</b>	<b>13,265.5</b>
Hard-To-Reach SOP	2.05	5,046.05	1.76	4,695.2	1.76	4,695.16
Multi-Family Water & Space Htg MTP (HTR)	0.75	2,175.72	0.18	1,802.0	0.18	1,801.98
Res HTR - Affordable Home	-	-	0.08	71.2	0.08	71.22
TDHCA Low-Income Weatherization (SB-712)	0.17	413.70	0.11	353.0	0.11	353.00
City of Houston Weatherization (HTR)	1.94	4,180.63	0.95	2,079.6	0.95	2,079.62
Rebuilding Together Houston	0.65	1,362.70	0.64	1,442.1	0.64	1,442.14
Agencies in Action MTP	1.76	4,879.96	0.90	2,822.4	0.90	2,822.40
<b>TOTAL</b>	<b>114.38</b>	<b>140,036.0</b>	<b>120.98</b>	<b>139,664.8</b>	<b>121.12</b>	<b>143,231.7</b>

## **VII. Historical Program Expenditures**

This section documents CenterPoint Houston's incentive and administration expenditures for the previous five years (2007-2011) broken out by program for each customer class.

**Table 10: Historical Program Incentive and Administrative Expenditures (2007-2011) <sup>19</sup>**

Historical Statutory Program Funding by Customer Class	2011		2010		2009		2008		2007		
	Incentives	Admin	Incentives	Admin	Incentives	Admin	Incentives	Admin	Incentives	Admin	
<b>Large Commercial</b>	<b>\$13,470,138</b>	<b>\$1,371,096</b>	<b>\$11,343,328</b>	<b>\$1,196,594</b>	<b>\$8,287,710</b>	<b>\$1,074,257</b>	<b>\$8,721,467</b>	<b>\$923,989</b>	<b>\$8,757,636</b>	<b>\$915,235</b>	
Large Commercial SOP	\$7,135,658	\$827,522	\$5,134,285	\$650,943	\$4,643,677	\$658,909	\$5,716,190	\$609,591	\$6,648,045	\$656,231	
Retro-Commissioning MTP	\$911,694	\$197,955	\$940,596	\$110,454	\$912,365	\$126,804	\$899,366	\$72,522	\$908,929	\$100,653	
The Texas Score MTP	\$2,573,968	\$173,145	\$2,328,447	\$232,255	\$1,408,282	\$134,974	\$1,498,540	\$131,402	\$1,200,662	\$158,351	
Large Commercial Load Management SOP	\$2,848,818	\$172,474	\$2,940,000	\$202,942	\$1,323,386	\$153,570	\$607,371	\$110,474	N/A		
<b>Residential and Small Commercial</b>	<b>\$6,987,624</b>	<b>\$1,323,648</b>	<b>\$6,326,842</b>	<b>\$576,141</b>	<b>\$4,875,287</b>	<b>\$532,318</b>	<b>\$4,816,184</b>	<b>\$381,288</b>	<b>\$4,808,101</b>	<b>\$462,316</b>	
Energy Star MTP	\$4,291,355	\$253,960	\$3,475,535	\$315,323	\$3,332,636	\$293,626	\$3,602,391	\$255,098	\$3,619,851	\$297,201	
Trees for Efficiency	N/A								\$3,459	\$10,473	
CCEP Residential Demand Response Pilot	N/A							\$0	\$32,902	\$0	\$0
Residential SOP	\$492,083	\$208,782	\$355,817	\$55,643	\$364,490	\$92,261	\$390,915	\$65,109	\$925,279	\$114,780	
Advanced Lighting Program	\$565,282	\$89,277	\$506,617	\$64,903	\$490,095	\$56,180	\$707,821	\$14,097	N/A		
Residential In-Home Display Pilot	N/A										
Multi-Family Water & Space Htg - MTP (RES)	\$15,200	\$2,825	\$18,600	\$2,552	\$175,200	\$21,367	\$80,220	\$12,187	\$220,354	\$35,876	
A/C Distributor Program	\$1,586,152	\$151,498	\$1,780,779	\$116,152	\$345,952	\$42,211	N/A				
Energy Wise Resource Action MTP	\$0	\$602,370	N/A								
Community Weatherization (RES)	\$6,664	\$3,975	N/A								
City of Houston Weatherization (RES)	\$30,888	\$10,961	\$189,494	\$21,567	\$166,914	\$26,673	\$34,837	\$1,895	\$39,158	\$3,986	
<b>Hard-to-Reach</b>	<b>\$6,411,548</b>	<b>\$699,293</b>	<b>\$7,383,333</b>	<b>\$771,337</b>	<b>\$9,184,238</b>	<b>\$875,066</b>	<b>\$8,325,707</b>	<b>\$625,210</b>	<b>\$3,668,820</b>	<b>\$445,074</b>	
Hard-To-Reach SOP	\$1,714,238	\$278,988	\$1,647,077	\$200,539	\$2,341,131	\$208,718	\$1,656,645	\$166,052	\$1,971,254	\$196,047	
Multi-Family Water & Space Htg MTP (HTR)	\$341,650	\$63,507	\$181,200	\$24,865	\$284,850	\$34,740	\$414,450	\$62,964	\$183,150	\$29,818	
Res HTR - Afford. Home	\$41,248	\$0	\$56,153	\$8,781	\$31,607	\$8,000	\$9,734	\$1,621	\$2,386	\$0	
Agencies in Action MTP	\$3,612,188	\$146,179	\$3,282,998	\$284,018	\$4,240,000	\$287,758	\$2,826,550	\$129,740	\$300,000	\$86,890	
TDHCA Low-Income Weatherization (SB-712)	\$360,440	\$74,381	\$364,098	\$49,228	\$360,000	\$47,241	\$1,147,649	\$60,402	\$0	\$5,468	
Rebuilding Together Houston	N/A		\$957,927	\$102,171	\$1,052,339	\$148,895	\$713,351	\$119,710	\$1,120,504	\$117,534	
Community Weatherization (HTR)	\$61,890	\$36,915	N/A								
City of Houston Weatherization (HTR)	\$279,895	\$99,322	\$893,880	\$101,735	\$874,311	\$139,714	\$1,557,328	\$84,721	\$91,526	\$9,317	
R&D	\$0	\$1,402,351	\$0	\$1,282,626	\$0	\$516,596	\$0	\$340,989	\$400,000	\$105,916	
<b>TOTAL</b>	<b>\$26,869,310</b>	<b>\$4,796,388</b>	<b>\$25,053,503</b>	<b>\$3,826,698</b>	<b>\$22,347,235</b>	<b>\$2,998,238</b>	<b>\$21,863,358</b>	<b>\$2,271,476</b>	<b>\$17,634,557</b>	<b>\$1,928,541</b>	

<sup>19</sup> 2011 actual spending taken from Table 11 in the current EEPR; 2010 actual spending from Energy Efficiency Report (EER) filed under Project No. 39105 ; 2009 actual spending from EER filed under Project No. 37982; 2008 actual spending from EER filed under Project No. 36689; 2007 actual spending from EER, Project No. 35440.



## **VIII. Program Funding for Calendar Year 2011**

As shown on Table 11, CenterPoint Houston spent a total of \$31,665,698 on energy efficiency programs in 2011. This was \$1,118,302 less than the Company's adjusted budget of \$32,784,000. Changes to individual program budgets that resulted in greater than 10% increases or decreases are described below.

The Commercial and Industrial SOP spending increased 26.1% as a result of funding reallocation and high demand for commercial retrofit incentives. Retro-Commissioning MTP spending decreased 18% due to funding reallocation and difficulties in projecting the completion of projects. The Energy Star MTP spending increased 17% due to reallocation of funds from programs that were not meeting target projections. All homes in the Energy Star MTP were paid at full value, whereas in previous years homes submitted past the builder's contracts were paid at a flat reduced incentive. The A/C Distributor MTP showed a 21% decrease in program spending due to a reduction in sales volume and the unstable economy. Spending in the Advanced Lighting program decreased by 51% due to limited availability of qualified LED fixtures, high costs for LED technology, and difficulty recruiting qualified service providers. The Load Management program showed a 17.9% decrease in spending. The number of curtailment calls in 2011 increased to three, and the kW delivered for all participants in the Load Management program is an average of the these three calls. The increase in curtailments was a factor in the program spending reduction. Two participating sponsors delivered less demand reduction than expected which also contributed to the Load Management spending decrease. The Agencies and Action program showed a 59.2% increase in projected spending due to a reallocation of funds from the Community Weatherization program and the TDHCA Low-Income Weatherization program. Funding reallocation from the TDHCA Low-Income Weatherization program spending was reduced by 43.2% due to funding reallocation to the Agencies in Action program. The Community Weatherization program showed a 92% decrease in spending due to lack of participation by contractors and a reallocation of funding to the City of Houston program and the Agencies in Action Program.

Table 11: Program Funding for Calendar Year 2011

Program Funding for Calendar Year 2011	Number of Customers	Forecasted Budget	Actuals Fundas Expended (Incentives)	Actuals Fundas Expended (Admin)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining (Not Committed)	Percentage Change From Budgeted/ Actual
<b>Large Commercial</b>	<b>359</b>	<b>\$14,099,000</b>	<b>\$13,108,963</b>	<b>\$1,371,096</b>	<b>\$14,480,059</b>	<b>\$361,175</b>	<b>-\$381,059</b>	<b>105.3%</b>
Large Commercial SOP	116	\$6,312,600	\$6,774,483	\$827,522	\$7,602,005	\$361,175	-\$1,289,405	126.1%
The Texas Score MTP	31	\$2,754,000	\$2,573,968	\$173,145	\$2,747,113	\$0	\$6,887	99.7%
Large Commercial Load Management SOP	184	\$3,679,200	\$2,848,818	\$172,474	\$3,021,292	\$0	\$657,908	82.1%
Retro-Commissioning MTP	28	\$1,353,200	\$911,694	\$197,955	\$1,109,649	\$0	\$243,551	82.0%
<b>Residential and Small Commercial</b>	<b>27,155</b>	<b>\$8,408,200</b>	<b>\$6,987,624</b>	<b>\$1,323,648</b>	<b>\$8,311,272</b>	<b>\$0</b>	<b>\$96,928</b>	<b>98.8%</b>
Energy Star MT	8,914	\$3,886,300	\$4,291,355	\$253,960	\$4,545,315	\$0	-\$659,015	117.0%
A/C Distributor Program	2,378	\$2,190,600	\$1,586,152	\$151,498	\$1,737,650	\$0	\$452,950	79.3%
Residential SOP	1,234	\$646,800	\$492,083	\$208,782	\$700,865	\$0	-\$54,065	108.4%
Advanced Lighting Program <sup>20</sup>	N/A	\$1,336,900	\$565,282	\$89,277	\$654,559	\$0	\$682,341	49.0%
Multi-Family Water & Space Htg MTP (RES) <sup>21</sup>	76	N/A	\$15,200	\$2,825	\$18,025	\$0	-\$18,025	N/A
City of Houston Weatherization (RES) <sup>22</sup>	94	N/A	\$30,888	\$10,961	\$41,849	\$0	-\$41,849	N/A
Community Weatherization Program (RES) <sup>22</sup>	36	N/A	\$6,664	\$3,975	\$10,639	\$0	-\$10,639	N/A
Residential In-Home Display Pilot MTP	0	\$347,600	\$0	\$0	\$0	\$0	\$347,600	N/A
Energy Wise Resource Action MTP	14,423	N/A	\$0	\$602,370	\$602,370	\$0	-\$602,370	N/A
<b>Hard-to-Reach</b>	<b>4,837</b>	<b>\$7,169,100</b>	<b>\$6,411,548</b>	<b>\$699,293</b>	<b>\$7,110,841</b>	<b>\$0</b>	<b>\$58,259</b>	<b>99.2%</b>
Hard-To-Reach SOP	2,239	\$1,849,700	\$1,714,238	\$278,988	\$1,993,226	\$0	-\$143,526	107.8%
Multi-Family Water & Space Htg MTP (HTR) <sup>21</sup>	800	\$451,200	\$341,650	\$63,507	\$405,157	\$0	\$46,043	93.8%
Res HTR - Afford. Home	38	N/A	\$41,248	\$0	\$41,248	\$0	-\$41,248	N/A
City of Houston Weatherization (HTR) <sup>22</sup>	449	N/A	\$279,895	\$99,322	\$379,217	\$0	-\$379,217	N/A
Community Weatherization Program (HTR) <sup>22</sup>	228	\$1,363,500	\$61,890	\$36,915	\$98,805	\$0	\$1,264,695	7.2%
Agencies in Action MTP <sup>23</sup>	976	\$2,739,600	\$3,612,188	\$146,179	\$3,758,367	\$0	-\$1,018,767	159.2%
TDHCA Low-Income Weatherization (SB-712)	107	\$765,100	\$360,440	\$74,381	\$434,821	\$0	\$330,279	56.8%
<b>Sub - TOTAL</b>	<b>32,351</b>	<b>\$29,676,300</b>	<b>\$26,508,135</b>	<b>\$3,394,036</b>	<b>\$29,902,172</b>	<b>\$361,175</b>	<b>-\$225,872</b>	<b>102.0%</b>
R&D	0	\$1,107,700	\$0	\$1,402,351	\$1,402,351	\$0	-\$209,779	126.6%
<b>TOTAL</b>	<b>32,351</b>	<b>\$30,784,000</b>	<b>\$26,508,135</b>	<b>\$4,796,388</b>	<b>\$31,304,523</b>	<b>\$361,175</b>	<b>-\$435,651</b>	<b>102.9%</b>

<sup>20</sup> The point of purchase sales make it impossible to determine the number of customers in the Advanced Lighting program, but bulbs were sold at 76 retail stores throughout the CNP service territory

<sup>21</sup> Multi-Family Space and Water Heating was budgeted and operated as one program in 2010. Therefore the percentage decrease for both is 6.2%

<sup>22</sup> City of Houston Weatherization (Settlement) and Community Weatherization (Statutory) operated as one program in 2011. The percentage decrease for Community Weatherization is 92.8%

<sup>23</sup> TDHCA Settlement replacement program.

## **IX. Market Transformation Program Results**

### **ENERGY STAR® New Homes MTP**

The primary objective of this program is to achieve peak demand reductions and/or energy savings through increased sales of ENERGY STAR® homes and products. Additionally, the program is designed to condition the market so that consumers are aware of and request ENERGY STAR® homes and products.

In 2011, the Houston housing market rose slightly with approximately 19,318 home starts for the year. However, the number of certified homes decreased from 9,569 homes in 2010 to 8,914 homes certified, labeled and incentivized through CenterPoint Houston's ENERGY STAR® New Home MTP. The program format for payment, which was adjusted in 2010, was based on specific energy and demand savings instead of a HERS index, which includes points for gas measures. This program change proved again to be very effective in calculating actual savings from the homes. The average savings per home was 1.46 kW and 3,689 kWh. The increase in both kW and kWh per home from the 2010 totals was due to builders moving to the new EPA ENERGY STAR Version 3 standards and counting savings for specific electric measures.

The Predictive Savings Tool (PST) used to determine the savings achieved in the ENERGY STAR homes was updated to reflect the following;

- City of Houston energy code updates, and expected statewide changes.
- Position the CenterPoint Houston ENERGY STAR® New Homes MTP for continued high performance should local builders end their affiliation with the EPA ENERGY STAR® New Homes MTP.
- Decouple the PST analysis from the Residential Energy Services Network (RESNET) HERS Index as the primary evaluation driver.
- Reflect improving baseline standards throughout the local market area.
- Redesign incentives structure to pay for performance by focusing on the higher impact efficiency measures.

These updates do not fundamentally alter the methodology used to calculate estimated energy and demand savings for new homes.

### **Retro-Commissioning MTP (RCx)**

The RCx program offers commercial customers the opportunity to make operational performance improvements in their facilities. In 2004, CenterPoint Houston completed a baseline study to determine the amount of retro-commissioning currently taking place in the service area. The study concluded that less than 4% of these customer classes are undertaking retro-commissioning activities.

In 2010, the RCx program adjusted the bonus concept introduced in 2009 and paid incentives to the RCx agents and customers based on the successful completion of projects. The deadline for the completion of projects was increased in 2010 to a maximum of 18 months from project kickoff. Previously, projects had to complete within the same calendar year of kickoff. RCx agents will continue to be paid a flat rate for completion of the preliminary assessment and Investigation phases. Incentives are based on the verified energy savings as a result of completing cost effective measures identified in the RCx project. In 2012, incentives will be paid at \$25 per kW and \$.01 per kWh of energy saved, with a project cap of \$10,000. This was the basis for both the RCx agents' payment for the Verification phase, and the incentive for the customer. The interest in RCx continues to increase as several new firms have been added to the list of qualified RCx Agents, bringing the total to 20. A substantial increase in attendance at the November 2011 annual kick-off meeting for 2012 (building owners, management companies, and potential new RCx Agents) points to a growing interest in this program. With the new lower requirements of the RCx Fast Track Program, many more facilities are now eligible to participate in the program. Since the program started in 2004, over 60 projects have been completed. With the vast number of buildings in the greater Houston area, the RCx program has a tremendous potential for growth over the next few years.

## **Multi-Family Water & Space Heating MTP Program**

The Multi-Family Water/ Space Heating MTP promotes the installation of energy efficient non-electric water heating and space heating in multi-family housing projects.

In 2011, the Multi-family Water and Space Heating MTP paid incentives on 876 apartment units in the CenterPoint Houston service area. Of these units, 800 were classified as Hard-To-Reach and 76 units were classified as Market Rate residential complexes. Two apartment complexes installed gas boiler systems and the remaining five projects installed individual gas hot water heaters.

The multi-family gas market continues to improve in spite of economic pressures. Interest in the program continues to be favorable. CenterPoint Houston received five applications for the 2012 Multi-family Water & Space Heating Program which represents an estimated total incentive payment of \$300,000. In addition developers, architects and builders will be invited to attend a Multi-family Water & Space Heating Program kickoff meeting in 2012.

## **The Texas SCORE / CitySmart MTP**

The mission of the SCORE/City Smart MTP is to provide viable energy efficiency and demand reduction solutions for K-12, higher education, cities and counties and state governmental agencies to minimize the impacts of volatile energy costs, ease budget pressures, provide infrastructure improvements, and optimize learning/working environments in their buildings.

In 2011, the SCORE/City Smart MTP utilized the full budget of \$2.5 million dollars to achieve 5,573 kW and 13,983,400 kWh. Participation was spread among various entities throughout the CenterPoint Houston footprint, including 21 school districts, two higher education facilities, six cities, one county, and one state agency. The new component of the program, SCORE Lite, targets those schools that do not require technical assistance or any of the other non-cash incentive components. The other benefits of SCORE Lite are the higher kW and kWh incentives than what is provided in the full SCORE/City Smart MTP. There were two participants in the SCORE Lite program in 2011, The University Texas Medical Branch and Klein ISD.

## **Agencies in Action MTP**

The Agencies in Action program involves partnerships with a number of community action agencies in the CenterPoint Houston service area that can provide energy efficiency services to low-income customers. This program is designed to cost-effectively reduce the energy consumption and energy costs of CenterPoint Houston's low-income customers. Appropriate weatherization measures and basic on-site energy education will be provided to eligible residential energy consumers. Funds are made available annually to non-profit community agencies that can provide or arrange to provide energy efficiency measures such as attic and wall insulation, energy-efficient lighting, ENERGY STAR<sup>®</sup> appliances and other home improvements that can have a significant impact on energy bills. Frontier Associates administers the program for CenterPoint Houston.

In 2011 Frontier Associates contracted with nine different agencies throughout the CenterPoint Houston service area. These agencies are Baytown Resource and Assistance Center, Chinese Community Center, Vietnamese Teamwork, Sheltering Arms Senior Services, Fort Bend Corps, Antioch Baptist Church, City of Houston, Houston Works, and The Houston Housing Authority. Four air conditioning and heating contractors also participated in the program, and were incentivized for retrofitting existing central air conditioners in the homes of low-income residents with more efficient 16 SEER systems. The Agencies in Action program served 976 participants in 2011 with kW savings of 680 and kWh savings of 2,556,452.

In 2012 CenterPoint Houston will continue to focus on opportunities to expanding the program to under-served areas of the CenterPoint electric footprint, promote a whole-house retrofit approach, and reach out to agencies that can provide energy efficiency upgrades for hard-to-reach customers. Successful retrofit projects were completed in 2010 with the Baytown Housing Authority (80 units) and in 2011 with the Houston Housing Authority (101 units). CenterPoint and its implementer will investigate other opportunities to cooperate with local housing authorities, and are exploring the possibility of adding another non-profit agency to the program for 2012.

## **TDHCA Low Income Weatherization (SB-712)**

The TDHCA 712 Low Income Weatherization program is bundled with the Agencies in Action program and follows the same program guidelines. The only distinction between the two programs is that incentives are split between the Agencies in Action program itself and the SB-712 requirement for the TDHCA Low Income Weatherization program.

In 2011, the TDHCA program served 107 customers with 70.52 kW and 252,406 kWh of demand and energy savings, respectively. With the conclusion of the settlement spending requirement in 2011, the TDHCA Low Income Weatherization (SB-712) program will be fully combined with the Agencies in Action MTP and incentives will no longer be split.

## **A/C Distributor MTP**

The A/C Distributor MTP provides incentives to air conditioning distributors who agree to facilitate the installation of high-efficiency (>16 SEER/12 EER) air conditioners and heat pumps in single-family and multi-family homes within CenterPoint Houston's electric distribution service territory.

ICF Associates contracted with CenterPoint Houston to help implement the 2011 program.

CenterPoint Houston and ICF held A/C dealer training sessions with each distributor in order to educate various A/C dealers on how to participate with their distributors. CenterPoint began the 2011 program year with the same requirements for the 2010 program year (>16 SEER/12 EER).

ICF Associates asked each distributor for their sales history in 2010 and their sales prediction for 2011 broken out by SEER level in order to accurately distribute funds throughout the program.

Once the results were in, the same requirements for the 2010 program year were still viable for the 2011 program year.

The 2011 program had 7 participating A/C Distributors and one out of the seven distributors exceeded their original contract amount. This only verified the decision made to keep the 2010 requirements in place and continue to aid in transforming the market to higher efficiency A/C

units. In 2011, the A/C Distributor MTP participants installed 2,376 systems resulting in 1,195 kW savings and 5,734,528 kWh savings.



## **X. Current Energy Efficiency Cost Recovery Factor (EECRF)**

CenterPoint Houston's 2012 EECRF was approved by the Public Utility Commission of Texas in Docket No. 39363 in December 2011 for the amount of \$40,013,223.

## **XI. Revenue Collected Through EECRF**

In 2011, CenterPoint Houston collected a total of \$34,125,127 in energy efficiency program costs; \$15,283,661<sup>24</sup> through base rates and \$18,841,466 through the EECRF Rider. In Docket No. 38339, all energy efficiency costs were removed from base rates, effective September 1, 2011, and recovered in the EECRF Rider.

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<sup>24</sup> Calculation uses \$22,925,492 in base rates multiplied by 8/12 as new base rates went into effect in September of 2011.

## **XII. Over or Under-recovery of Energy Efficiency Program Costs**

In Docket No. 38213, the PUC approved energy efficiency costs to be recovered in 2011 of \$33,791,344 consisting of:

\$ 30,784,000	Program Costs
<u>\$ 3,007,344</u>	Bonus
\$ 33,791,344	Total

This was approved to be recovered through base rates in the amount of \$22,925,492, and \$10,865,852 through the EECRF Rider. In 2011, actual program costs were \$31,665,698 for a total energy efficiency related costs of \$34,673,042. Total revenues collected through base rates and the EECRF Rider were \$34,125,127, resulting in overall under-recovery of \$547,915.

### **XIII. Under-served Counties**<sup>25</sup>

There were no counties within the CenterPoint Houston service territory that were under-served by the Company's energy efficiency programs in 2011. All of CenterPoint Houston's energy efficiency programs were accessible to all counties within the Company's electric service area. Appendix C lists the counties served by CenterPoint Houston and the amount of savings each county experienced in 2011 through the Company's energy efficiency programs.

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<sup>25</sup> PUC Subst. R. 25.181(m) (2) (T) requires utilities to include in their EEPRs filed in 2012 "a list of any counties that in the prior year were under-served by the energy efficiency program."

#### **XIV. Performance Bonus Calculation**

In 2011, CenterPoint Houston's total spending on the implementation of Energy Efficiency programs was \$31,665,698.

Per Substantive Rule § 25.181, the calculation of the performance bonus is the lesser of:  
Percentage of net benefits or 20% of program costs.

Due to exceeding the 2011 goal by 159%, CenterPoint Houston reached the maximum allowable performance bonus by rule of 20% of program costs. Therefore, CenterPoint Houston will request a performance bonus of \$6,333,140 as part of the 2012 EECRF filing.

Table 12 shows the performance bonus calculation for CenterPoint Houston for 2011.

**Table 12: Performance Incentive Calculation**

<b>Performance Incentive for Calendar Year 2011</b>	<b>kW</b>	<b>kWh</b>
2011 Program Goals	39,209	68,693,818
2011 Program Savings		
<i>Reported/Verified Total (including HTR, measures with 10yr EUL, and measures with EULs &lt; or &gt; 10 years)</i>	110,238	146,091,748
<i>Reported/Verified Hard-to-Reach</i>	3,236	11,122,239
Percentage Excess of Goal		181%
<b>Avoided Cost</b>		
<i>per kW</i>		\$80
<i>per kWh</i>		\$0.064
<i>Inflation Rate</i>		2.0%
<i>Discount Rate</i>		8.21%
<i>PV(Avd Capacity Cost)</i>		\$586,353
where - $\$80 \times [(1 + 2\%) / (8\% - 2\%)] \times [1 - ((1 + 2\%) / (1 + 8\%)) \text{ to the power } (10 \text{ years})]$		
<i>PV(Avd Energy Cost)</i>		\$0.469
where - $\$0.064 \times [(1 + 2\%) / (8\% - 2\%)] \times [1 - ((1 + 2\%) / (1 + 8\%)) \text{ to the power } (10 \text{ years})]$		
<i>Measure Life Avg. Yrs</i>		10
<b>Total Avoided Cost</b>		<b>\$133,167,644</b>
where - $\text{TTL Av. Cost} = (\text{Reported kW} * \text{PV(Av. \$/kW)}) + (\text{Reported kWh} * \text{PV(Av. \$/kWh)})$		
<b>2011 Program Costs</b>		<b>\$31,665,698</b>
Net Benefits = Total Avoided Cost - Total Program Costs		
<b>Net Benefits</b>		<b>\$101,501,947</b>
<b>Bonus Based on Net Benefits = (% Excess of Goal/2) * Net Benefits</b>		
		<b>\$91,938,830</b>
<b>Bonus based on 20% of Program Costs</b>		
		<b>\$6,333,140</b>

## **XV. 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 Substantive Rule § 25.181 will likely increase the current proposed budget estimate outlined in this report.

These changes may include:

- Evaluation, Measurement and Verification (EM&V) costs;
- Rate case expenses;
- Reimbursement for governing body of a municipality pursuant to PURA § 33.023 (b); and
- Other potential items ultimately adopted in the final rulemaking.

These costs have not been calculated yet due to the on-going nature of the rulemaking proceeding. However, the Company will incorporate a forecast of the costs associated with the above referenced services and expenses into its EECRF filing in 2012 or when the new rule is adopted.

## **APPENDIX A: ACRONYMS**



*(a) Acronyms*

<b>CCET</b>	Center for the Commercialization of Electric Technologies
<b>DR</b>	Demand Response
<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>ERCOT</b>	Electric Reliability Council of Texas
<b>HERS</b>	Home Energy Ratings
<b>HTR</b>	Hard-To-Reach
<b>MTP</b>	Market Transformation Program
<b>PUCT</b>	Public Utility Commission of Texas
<b>RCx</b>	<b>Retro-Commissioning</b>
<b>REP</b>	Retail Electrical Provider
<b>RES</b>	Residential
<b>RESNET</b>	Residential Energy Services Network
<b>SCORE</b>	Schools Conserving Resources
<b>SOP</b>	Standard Offer Program

## **APPENDIX B: GLOSSARY**

*(b) 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.

**Average Growth** -- Average historical growth in demand (kW) over the prior 5 years for residential and commercial customers adjusted for weather fluctuations.

**Capacity Factor** -- The annual kilowatt-hour sales divided by the product of the total hours in a year (8760) and the rated capacity or peak demand of the utility in kilowatts.

**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 or a non-profit customer or government entity, including an educational institution. For purposes of this section, each metered point of delivery is 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.

**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.

**Energy Efficiency Rule** – PUCT Substantive Rules § 25.181 and § 25.183.

**Energy savings** -- A quantifiable reduction in a customer's consumption of energy.

**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 saving 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 efforts to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services, and practices.

**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 during the utility system's peak period.

**Peak period** -- For the purpose of this EEPR, 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 CenterPoint Houston is planning and budgeting for in the EEPR. These projected savings reflect CenterPoint Houston's goals required by the Energy Efficiency Rule (Substantive Rule § 25.181) and the additional savings expected based on the current funding requirements.

**Renewable demand side management (DSM) technologies** -- Equipment that uses a renewable energy resource, as defined in Substantive Rule §25.173(c) 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

**APPENDIX C: REPORTED DEMAND AND ENERGY  
REDUCTION BY COUNTY**



**Appendix C**  
**CenterPoint Energy Houston Electric, LLC Efficiency Programs**  
**Statutory Energy Efficiency Programs**  
**2011 Demand (kW) and Energy (kWh) Savings at Meter By County**

Programs		C O U N T I E S											Total
		Austin	Brazoria	Chambers	Ft Bend	Galveston	Harris	Liberty	Matagorda	Montgomery	Waller	Wharton	
Large Commercial SOP	kW	0.0	446.1	0.0	402.1	63.6	12,367.3	0.0	0.0	0.0	27.3	0.0	13,306.4
	kWh	0.0	2,276,044.8	0.0	1,720,579.3	250,193.4	69,076,494.2	0.0	0.0	0.0	77,237.0	0.0	73,400,548.7
Retro-Commissioning MT	kW	0.0	0.0	0.0	31.0	0.0	680.0	0.0	0.0	447.0	0.0	0.0	1,158.0
	kWh	0.0	0.0	0.0	253,538.0	0.0	4,801,377.0	0.0	0.0	568,055.0	0.0	0.0	5,622,970.0
The Texas Score MT	kW	0.0	41.4	0.0	1,429.3	1,017.2	3,055.9	0.0	0.0	29.6	0.0	0.0	5,573.4
	kWh	0.0	102,338.0	0.0	3,904,982.0	2,525,499.0	7,364,709.0	0.0	0.0	85,872.0	0.0	0.0	13,983,400.0
Large Commercial Load Management	kW	904.0	1,013.0	944.0	4,740.0	622.0	62,854.0	0.0	0.0	127.0	0.0	12.0	71,216.0
	kWh	2,375.0	2,740.0	2,521.0	12,695.0	1,656.0	161,552.0	0.0	0.0	319.0	0.0	36.0	183,894.0
Energy Star MT	kW	1.1	492.0	111.2	5,773.0	24.5	5,294.0	0.0	0.0	1,116.1	1.7	2.0	12,815.5
	kWh	2,853.0	1,271,081.0	300,440.0	14,395,891.0	59,927.0	13,385,849.0	0.0	0.0	2,767,955.0	3,711.0	5,431.0	32,193,138.0
Residential SOP	kW	7.5	58.5	3.6	68.8	59.8	717.3	0.0	0.0	16.0	4.1	0.0	935.6
	kWh	25,946.0	111,003.0	10,824.0	156,806.0	160,578.0	1,426,534.0	0.0	0.0	36,228.0	12,812.0	0.0	1,940,731.0
Advanced Lighting Program	kW	0.0	3.9	0.0	8.2	2.6	96.6	0.0	0.0	3.5	0.0	0.0	114.7
	kWh	0.0	54,598.0	0.0	116,081.0	37,679.0	1,179,157.0	0.0	0.0	48,270.0	0.0	0.0	1,435,785.0
Multi-Family Water & Space Htg - RES	kW	0.0	0.0	0.0	0.0	0.0	31.9	0.0	0.0	0.0	0.0	0.0	31.9
	kWh	0.0	0.0	0.0	0.0	0.0	303,396.0	0.0	0.0	0.0	0.0	0.0	303,396.0
City of Houston Weatherization - RES	kW	0.0	0.0	0.0	31.2	0.0	13.5	0.0	0.0	0.0	0.0	0.0	44.8
	kWh	0.0	0.0	0.0	118,121.0	0.0	32,794.0	0.0	0.0	0.0	0.0	0.0	150,915.0
Community Weatherization - RES	kW	0.0	0.0	0.0	0.0	0.0	10.5	0.0	0.0	0.0	0.0	0.0	10.5
	kWh	0.0	0.0	0.0	0.0	0.0	20,203.0	0.0	0.0	0.0	0.0	0.0	20,203.0
A/C Distributor Program	kW	2.1	92.4	7.5	396.8	17.7	1,238.4	0.0	0.0	30.3	6.6	4.3	1,795.9
	kWh	6,953.0	290,329.0	25,340.0	1,268,749.0	52,246.0	3,960,405.0	0.0	0.0	95,462.0	20,750.0	14,294.0	5,734,528.0
Hard-To-Reach SOP	kW	0.0	37.8	6.9	99.4	71.2	1,549.4	0.0	0.0	19.6	0.0	0.0	1,784.3
	kWh	0.0	78,200.0	18,729.0	260,573.0	191,312.0	3,566,215.0	0.0	0.0	39,848.0	0.0	0.0	4,154,877.0
Multi-Family Water & Space Htg - HTR	kW	0.0	0.0	0.0	0.0	0.0	336.0	0.0	0.0	0.0	0.0	0.0	336.0
	kWh	0.0	0.0	0.0	0.0	0.0	3,167,053.0	0.0	0.0	0.0	0.0	0.0	3,167,053.0
TDHCA Low-Income Weatherization (SB-712)	kW	0.0	0.0	0.0	0.0	0.0	70.5	0.0	0.0	0.0	0.0	0.0	70.5
	kWh	0.0	0.0	0.0	0.0	0.0	252,406.7	0.0	0.0	0.0	0.0	0.0	252,406.7
Affordable Single Family Homes	kW	0.0	0.0	0.0	0.0	0.0	60.8	0.0	0.0	0.0	0.0	0.0	60.8
	kWh	0.0	0.0	0.0	0.0	0.0	54,303.0	0.0	0.0	0.0	0.0	0.0	54,303.0
City of Houston Weatherization - HTR	kW	0.0	0.0	0.0	147.3	0.0	88.9	0.0	0.0	0.0	0.0	0.0	236.2
	kWh	0.0	0.0	0.0	557,557.0	0.0	233,652.0	0.0	0.0	0.0	0.0	0.0	791,209.0
Community Weatherization - HTR	kW	0.0	0.0	0.0	0.0	0.0	66.9	0.0	0.0	0.0	0.0	0.0	66.9
	kWh	0.0	0.0	0.0	0.0	0.0	145,938.0	0.0	0.0	0.0	0.0	0.0	145,938.0
Agencies in Action MIP	kW	0.0	3.6	1.2	172.0	11.7	492.5	0.0	0.0	0.0	0.0	0.0	680.9
	kWh	0.0	14,579.2	3,888.2	727,175.5	34,186.7	1,776,622.7	0.0	0.0	0.0	0.0	0.0	2,556,452.3
<b>Programs - TOTAL</b>													
Total kW Savings		914.7	2,184.6	1,074.3	13,290.8	1,887.6	88,927.9	0.0	0.0	1,785.6	39.7	18.3	110,238.2
Total kWh Savings		38,127.0	4,200,913.0	361,742.2	23,492,747.8	3,313,277.1	110,908,660.6	0.0	0.0	3,642,009.0	114,510.0	19,761.0	146,091,747.6