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**PUBLIC UTILITY COMMISSION OF TEXAS**

**PROJECT NO. 33884  
SUBSTANTIVE RULES §25.181(g)(1) and (5) and §25.183(d)**

**APRIL 2007 ENERGY EFFICIENCY REPORT**

**EL PASO ELECTRIC COMPANY**

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El Paso Electric

Energy Efficiency Report  
March 30, 2007

Project No. 33884



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**El Paso Electric Company  
Energy Efficiency Report  
For Calendar Year 2006**

**I. Executive Summary**

The following report is filed in accordance with PUC Substantive Rules §25.181(h)(5) and §25.183(d) and represents El Paso Electric's (EPE) Annual Energy Efficiency Report for the calendar year 2006.

Energy efficiency programs made available in 2006 include the Residential and Small Commercial Standard Offer Program (RSC), with a separate Hard-to-Reach (HTR) component, and the Commercial and Industrial Standard Offer Program (C&I SOP), including a Military Base Standard Offer Program (MBSOP) component.

EPE's contract with the Texas Department of Housing Community Affairs (TDHCA) to provide energy-saver refrigerators to low-income customers, low-income weatherization services and to pay for administration costs associated with those programs expired at the end of July 2005. Due to personnel changes at TDHCA and other contractual delays, a new contract with TDHCA was not signed until August 2006. As a result, EPE was only able to fund refrigerator replacement for 15 customers during that time period at a cost of \$6,660. Additionally, because the contract with TDHCA expired, EPE was unable to fund any low-income weatherization services or administrative costs during that time period. However, as provided in the new contract, unspent funds from the current year will be rolled into the budget for year 2007.

Texas counties in which EPE provides low-income programs are El Paso County and portions of Hudspeth and Culberson Counties. Refrigerator replacement and weatherization programs are coordinated through Project Bravo for El Paso county and Big Bend Community Action Agency for Hudspeth and Culberson counties.

**II. Actual Growth in Demand**

EPE actual growth in demand for calendar year 2006 was 17 MW.

**III. Projected Annual Growth and Corresponding Goals**

<b>Goal Year</b>	<b>Projected Annual Growth in Demand</b>	<b>MW Goal</b>	<b>Estimated MWh Savings</b>
<b>2007</b>	<b>33 MW</b>	<b>1.63</b>	<b>5,005</b>

The Demand Goal and estimated energy savings in the table above are the demand and estimated energy savings as presented in EPE's Energy Efficiency Plan filed on April 1, 2006 to be achieved by January 1, 2007. EPE achieved a demand reduction in excess of

5% of its actual growth in demand. The Company fell short of achieving 5% of its five-year average growth in demand calculated using actual peaks for its Texas retail system. (See Section IV Table.)

#### IV. Comparison of Projected Savings to Reported Savings

The following table presents EPE's projected and actual savings for the 2006 program year. Accounting for line losses typical of EPE's system (13.06% residential/hard-to-reach coincident demand, 10.74% residential/hard-to-reach energy, 12.84% commercial demand, and 10.48 commercial energy), the generation savings were 1.05 MW, and 4,697 MWh.

##### Calendar Year 2006

Program	Projected Savings		Contracted Savings		Reported Savings	
	MW	MWh	MW	MWh	MW	MWh
RSC	0.603	2,285	NAP	NAP	0.19	1,003
HTR	0.082	292	NAP	NAP	0.33	1,121
C&I and MBSOP	0.945	3,427	0.59	2,924	0.53	2,572
<b>Total</b>	<b>1.63</b>	<b>5,005</b>	<b>0.59</b>	<b>2,924</b>	<b>1.05</b>	<b>4,697</b>

NAP (Not applicable)

#### V. Program Funding

The following table provides information on program funding for EPE's Standard Offer Programs approved by the Commission.

##### Calendar Year 2006

Program	Budget	Funds Expended (Incentives)	Funds Expended (Including Admin.)	Funds Committed (Not Expended)	Funds Remaining, Including Admin (Not Committed)
2006 RSC	\$148,223	\$131,868	146,520	\$0	\$1,703
2006 HTR	\$340,411	\$305,549	339,499	\$0	\$912
2006 C&I and MBSOP	\$530,758	\$95,288	105,876	\$0	\$424,882
<b>Total</b>	<b>\$1,019,392</b>	<b>\$532,705</b>	<b>\$591,895</b>	<b>\$0</b>	<b>\$427,497</b>

#### VI. Explanation of Total Program Cost decrease of more than 10%

EPE did not have any program cost reductions from the previous year.

**VII. Most current information available for ongoing and completed Energy Efficiency Programs by Customer Class (savings reported at the source)**

Customer Class	# of Customers	Saving MW	Saving MWh	Project Expenditures (including admin)
<b>Residential and Small Commercial</b>				
RSC	788	0.19	1,003	146,520
<b>Total by Class</b>	<b>788</b>	<b>0.19</b>	<b>1,003</b>	<b>146,520</b>
<b>Hard-to-Reach</b>				
HTR	1,010	0.33	1,121	339,499
<b>Total by Class</b>	<b>1,010</b>	<b>0.33</b>	<b>1,121</b>	<b>339,499</b>
<b>Commercial and Industrial and Military Base</b>				
C&I and MBSOP	9	0.53	2,572	105,876
<b>Total by Class</b>	<b>9</b>	<b>0.53</b>	<b>2,572</b>	<b>105,876</b>
<b>Total All Classes</b>				
<b>Total</b>	<b>1,807</b>	<b>1.05</b>	<b>4,697</b>	<b>591,895</b>

**VIII. Description of proposed changes in Energy Efficiency Plan**

In 2007, EPE may implement additional programs to meet its program goals. These programs, at the time of this report, are still being evaluated for savings potential and cost effectiveness. EPE may implement one or more of these programs by mid 2007. These programs are:

1. Military Housing (Market Transformation Program):
  - a. New single family homes
  - b. New multi-family facilities
2. New Construction in private sector (Market Transformation Program):
  - a. New single family homes
  - b. New multi-family facilities
  - c. New small commercial facilities
3. Quality HVAC Program for Installers (Market Transformation Program)
4. Schools & City

EPE reserves the option of offering additional Standard Offer Programs or Market Transformation Programs other than those specified above if new program templates are developed or should the need arise.

**IX. Most current information available for ongoing and completed Energy Efficiency Programs by county for Calendar Year 2006 (Savings at the Meter)**

<b>Program / County</b>	<b>Saving MW</b>	<b>Saving MWh</b>
<b>RSC / El Paso</b>	0.168	896
<b>HTR / El Paso</b>	0.289	1,001
<b>C&amp;I and MBSOP / El Paso</b>	0.459	2,303
<b>Total</b>	<b>0.915</b>	<b>4,199</b>

**X. Other Information**

**Measurement and Verification**

EPE offers Commission-approved deemed savings as an alternative to full measurement and verification for our Project Sponsors. All residential and hard-to-reach measures are reported using deemed savings values. Commercial project sponsors use the Commission-approved stipulated demand and energy savings values.

EPE was not a participant in the recent statewide evaluation of Texas' energy efficiency programs. The Company has reviewed the statewide evaluation results, however, and concludes that almost all of the evaluator's recommendations were put into effect with the release of our 2006 programs. Additional improvements were made with the recent release of our 2007 programs. We will continue to monitor best practices in this regard and make additional improvements in program administration as we identify cost-effective opportunities to do so.

**C&I SOP**

All retrofit projects in the C&I SOP are inspected prior to equipment removal and after installation of new measures. All new construction projects are inspected after the project is complete.

All projects in EPE's C&I SOP were inspected. Adjustments, if any, were made to savings and incentives if any discrepancies were found during inspections.

	<b>Number of Sites Inspected</b>	<b>% of Sites Inspected</b>	<b>Number of Installations Inspected</b>	<b>% of Installations Inspected</b>	<b>% of MW Reductions due to Inspection Failures</b>	<b>% of Total MWh Reductions due to Inspection Failures</b>
<b>RSC</b>	144	18.27%	175	17.93%	0.46%	0.46%
<b>HTR</b>	169	16.73%	384	16.14%	2.3%	3.42%



## XI. 2006 SOP MW and MWh Savings by Month (Savings at the Meter)

### Residential & Small Commercial Standard Offer Program

Month/Year	Total	
	MW	MWh
1/2006	-	-
2/2006	-	-
3/2006	-	-
4/2006	-	-
5/2006	0.034	181
6/2006	-	-
7/2006	0.029	159
8/2006	0.018	82
9/2006	-	-
10/2006	-	-
11/2006	0.088	473
12/2006	-	-
<b>Summary</b>	<b>0.168</b>	<b>896</b>

### Hard-To-Reach Standard Offer Program

Month/Year	Total	
	MW	MWh
1/2006	-	-
2/2006	-	-
3/2006	-	-
4/2006	0.053	78
5/2006	0.102	599
6/2006	0.005	8
7/2006	0.029	162
8/2006	0.080	129
9/2006	-	-
10/2006	-	-
11/2006	-	-
12/2006	-	-
<b>Summary</b>	<b>0.289</b>	<b>1,001</b>

## Large Commercial & Industrial Standard Offer Program

Month/Year	Total	
	MW	MWh
1/2006	-	-
2/2006	-	-
3/2006	-	-
4/2006	-	-
5/2006	-	-
6/2006	-	-
7/2006	0.038	296
8/2006	-	-
9/2006	-	-
10/2006	-	-
11/2006	-	-
12/2006	0.421	2,006
Summary	<b>0.459</b>	<b>2,303</b>