



Control Number: 35440



Item Number: 20

Addendum StartPage: 0

RECEIVED
2008 MAY 12 AM 10:00
PUBLIC UTILITIES DIVISION
FILERS CLERK

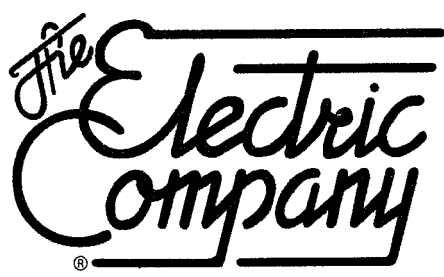
El Paso Electric Company

2008 Energy Efficiency Plan and Report

Substantive Rule § 25.181 and § 25.183

May 12, 2008

Project No. 35440



El Paso Electric

Table of Contents

TABLE OF CONTENTS.....	2
INTRODUCTION.....	3
ENERGY EFFICIENCY PLAN AND REPORT (EEPR) ORGANIZATION	3
EXECUTIVE SUMMARY	5
ENERGY EFFICIENCY PLAN.....	7
I. 2008 PROGRAMS.....	7
A. 2008 PROGRAM PORTFOLIO.....	7
B. EXISTING PROGRAMS.....	8
C. NEW PROGRAMS FOR 2008.....	9
D. GENERAL IMPLEMENTATION PROCESS.....	11
E. OUTREACH AND RESEARCH ACTIVITIES	12
F. EXISTING DSM CONTRACTS OR OBLIGATIONS	12
II. CUSTOMER CLASSES.....	13
III. PROJECTED ENERGY EFFICIENCY SAVINGS AND GOALS.....	14
IV. PROGRAM BUDGETS.....	16
ENERGY EFFICIENCY REPORT.....	19
V. HISTORICAL DEMAND SAVINGS GOALS AND ENERGY TARGETS FOR PREVIOUS FIVE YEARS	19
VI. PROJECTED, REPORTED AND VERIFIED DEMAND AND ENERGY SAVINGS.....	19
VII. HISTORICAL PROGRAM EXPENDITURES	21
VIII. PROGRAM FUNDING FOR CALENDAR YEAR 2007.....	22
IX. MARKET TRANSFORMATION PROGRAM RESULTS	23
X. CURRENT ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF).....	23
ACRONYMS	24
GLOSSARY	25
APPENDICES	1
APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY.....	1
APPENDIX B: PROGRAM TEMPLATES.....	1
APPENDIX C: EXISTING CONTRACTS AND OBLIGATIONS	1
APPENDIX D: OPTIONAL SUPPORT DOCUMENTATION.....	1

INTRODUCTION

El Paso Electric Company (EPE) presents this Energy Efficiency Plan and Report (EEPR) to comply with Public Utility Commission of Texas (PUCT) substantive rule § 25.421(f) related to Transition to Competition for a Certain Area Outside the Electric Reliability Council of Texas Region and substantive rules § 25.181 and § 25.183, which are the sections of the Energy Efficiency Rule (EE Rule) implementing Public Utility Regulatory Act (PURA) § 39.905. PURA § 39.905 requires 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”):

- 10 % of the electric utility's total annual growth in demand by January 1, 2008, and
- 15 % of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2008, and
- 20 % of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2009.

The EE Rule includes specific requirements related to the implementation of SOPs and MTPs by investor-owned electric utilities that control the manner in which investor-owned electric utilities must administer their portfolio of energy efficiency programs in order to achieve their mandated energy efficiency savings goals. EPE's EEPR is intended to enable the Company to meet its statutory savings goals through implementation of energy efficiency programs in a manner that complies with PUCT substantive rule § 25.421(f), PURA § 39.905, and the EE Rule. This EEPR covers the periods of time outlined in Substantive Rule § 25.181. The following section provides a description of what information is contained in each of the subsequent sections and appendices.

ENERGY EFFICIENCY PLAN AND REPORT (EEPR) ORGANIZATION

This EEPR consists of an executive summary, ten sections and four appendices.

- Executive Summary highlights EPE's reported achievements for 2007 and EPE's plans for achieving its 2008 and 2009 projected energy efficiency savings.

Energy Efficiency Plan

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

- Section IV describes EPE's proposed energy efficiency budgets for the prescribed planning period broken out by program for each customer class.

Energy Efficiency Report

- Section V documents EPE's actual weather-adjusted demand savings goals and energy targets for the previous five years (2003-2007).
- Section VI compares EPE's projected energy and demand savings to its reported and verified savings by program for calendar year 2007.
- Section VII details EPE's incentive and administration expenditures for the previous five years (2003-2007) broken out by program for each customer class.
- Section VIII compares EPE's actual and budgeted program costs from 2007 broken out by program for each customer class. It also explains any cost increases or decreases of more than 10 percent for EPE's overall program budget.
- Section IX describes the results from EPE's Market Transformation (MTP) programs. It compares existing baselines and existing milestones with actual results, and details any updates to those baselines and milestones.
- Section X documents EPE's most recent Energy Efficiency Cost Recovery Factor (EECRF).

Appendices

- Appendix A – Reported kW and kWh Savings broken out by county for each program.
- Appendix B– Program templates for any new or newly-modified programs not included in EPE's previous EEP.
- Appendix C – Description of EPE's existing energy efficiency contracts and obligations.
- Appendix D provides data, explanations, or documents supporting other sections of the EEP.

EXECUTIVE SUMMARY

The Energy Efficiency Plan portion of this EEPR details EPE's plans to achieve a 15 % reduction in its annual growth in demand of residential and commercial customers by December 31, 2008, and a 20 % reduction in its annual growth in demand of residential and commercial customers by December 31, 2009 and each year thereafter. In the process, EPE will also address the corresponding energy savings goal, which is calculated from its demand savings goal using a 20 percent capacity factor. The goals, budgets and implementation plans that are included in this EEPR are highly influenced by requirements of the EE Rule and lessons learned regarding energy efficiency service provider and customer participation in the various energy efficiency programs. A summary of annual goals and budgets is presented in Table 1.

This Energy Efficiency Report portion of this EEPR shows that in 2007 EPE implemented Standard Offer Programs (SOP) and Market Transformation Programs (MTP) required by the Public Utility Regulatory Act (PURA) § 39.905, achieving 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. These programs included the Residential and Small Commercial Standard Offer Program (RES SOP), Commercial and Industrial Standard Offer Program (C&I SOP), and the Hard-to-Reach Standard Offer Program (HTR SOP). New programs added in 2007 included the Texas SCORE (Schools Conserving Resources) Pilot Market Transformation Program.

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

Calendar Year	Average Growth in Demand (MW)	MW Goal (% of Growth in Demand)	Demand (MW) Goal	Energy (MWh) Goal ²	Projected MW Savings ³	Projected MWh Savings ³	Projected Budget (000's)
2008	25.24	15%	3.79	6,634	3.98	14,113	\$2,858
2009	25.24	20%	5.05	8,846	5.05	18,417	\$3,498

In order to reach the above projected savings, EPE proposes to implement the following standard offer and market transformation programs:

Large Commercial & Industrial SOP

Residential & Small Commercial SOP

Hard-to-Reach SOP

¹ Average Growth in Demand figures are from Table 4; Projected Savings from Table 5; Projected Budget from Table 6. All kW/MW and kWh/MWh figures in this Table and throughout this EEPR are given "at Meter".

² Calculated using a 20 percent capacity factor.

³ Peak demand reduction and energy savings for the current and following calendar year that EPE is planning and budgeting for in the EEPR. Projected savings for 2008 and 2009 reflect the budget allocations designed to meet EPE's goals required by the Energy Efficiency Rule (Substantive Rule § 25.181).

Energy Saver Program (TDHCA)

Statewide CFL MTP

In addition, EPE will implement the following pilot and research and development (R&D) projects:

Texas SCORE Pilot MTP was implemented in September 2007 by EPE and it will continue to operate through the end of December 2008.

The Statewide Compact Fluorescent (CFL) MTP is new for 2008 and EPE will participate in it as one of the EUMMOT member utilities. EPE has also renewed its contract with the Texas Department of Housing Community Affairs (TDHCA) to run its Energy Saver Program and entered into a contract with CLEAResult Consulting, Inc. to implement its Texas SCORE Pilot MTP.

ENERGY EFFICIENCY PLAN

I. 2008 Programs

A. 2008 Program Portfolio

El Paso Electric Company (EPE) plans to implement four market transformation (MTP) and standard offer (SOP) programs. In addition, EPE is currently conducting an Energy Star® Homes MTP baseline study to determine the feasibility of launching that program in the 2009 program year. These programs have been structured to comply with recently passed rules governing pilot program design and evaluation. EPE also operates its Low-Income Weatherization and Refrigerator Program (Energy Saver Program) in conjunction with the TDHCA until the end of December 2010.

These programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. EPE anticipates that targeted outreach to a broad range of service provider types will be necessary in order to meet the savings goals required by PURA § 39.905 on a continuing basis. Table 2 below summarizes the programs and target markets.

Table 2: 2008 Energy Efficiency Program Portfolio

Program	Target Market	Application
Commercial & Industrial SOP	Large Commercial & Industrial	Retrofit; New Construction
Residential and Small Commercial SOP	Residential and Small Commercial	Retrofit; New Construction
Hard-to-Reach SOP	Hard-to-Reach Residential	Retrofit; New Construction
TX SCORE MTP Pilot Program	City and County Governments; Schools	Retrofit; New Construction
Energy Saver Program (TDHCA)	Hard-to-Reach Residential	Retrofit
New Programs for 2008		
Statewide CFL MTP	Residential	Retrofit

New for 2008 is the Statewide Compact Fluorescent (CFL) MTP. El Paso Electric Company (EPE) will participate in this program as one of the EUMMOT member utilities. This statewide CFL program's primary goal is to produce reductions in electrical peak demand and energy usage through verifiable incremental sales of ENERGY STAR qualified CFLs throughout the service areas of the EUMMOT sponsor utilities.

EPE has renewed its Energy Saver Program 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 expires at the end of December 2010. EPE's current contract with the TDHCA specifies that

unspent funds will continue to be rolled over into subsequent years until the contract with TDHCA expires in December 2010.

EPE may implement additional programs to meet its goals. These programs, at the time of the writing of this Energy Efficiency Plan, are still being evaluated for savings potential and cost effectiveness. EPE may implement one or more of following programs by mid 2008. These programs are:

1. Military Housing (Market Transformation Program):
 - a. New single family homes
 - b. New multi-family facilities
 - c. New single family homes
 - d. New multi-family facilities
 - e. New small commercial facilities
2. Energy Star Homes New Construction in private sector (Market Transformation Program):
3. Quality HVAC Program for Installers (Market Transformation Program)
4. Refrigerator Recycling
5. Residential and Small Commercial SOP using a new template for buildings with evaporative air conditioning.
6. Hard-to-Reach SOP using a new template for low-income homes with evaporative air conditioning

EPE reserves the option of offering additional SOPS or MTPs, if new programs templates are developed or should the need arise or circumstances indicate that the energy efficiency goal could be more cost effectively met by so doing.

B. Existing Programs

Commercial and Industrial Standard Offer Program (C&I SOP)

The C&I SOP targets Large Commercial customers with a maximum demand of more than 100 kW. Incentives are paid to project sponsors for certain measures installed in new or retrofit applications, which provide verifiable demand and energy savings.

Residential and Small Commercial Standard Offer Program (RSC SOP)

The residential component of the RSC SOP provides incentives to Residential customers for the retrofit installation of a wide range of measures that provide verifiable demand and energy savings.

The small commercial component of the RSC SOP targets small commercial customers with a maximum individual demand of ≤ 100 kW individual or <250 kW sum of commonly-owned meters. Incentives are paid to project sponsors for certain measures installed in new or retrofit applications, which provide verifiable demand and energy savings.

Hard-to-Reach Standard Offer Program (HTR SOP)

Hard-to-Reach customers are defined by PUC Subst. R. $\$25.181$ as customers with an annual household income at or below 200% of federal poverty guidelines. The Hard-to-Reach SOP provides incentives for the comprehensive retrofit installation of a wide range of measures that reduce demand and save energy. This includes certain measures with less than a 10-year life (i.e. CFLs).

TX SCORE MTP

Consistent with SB712, which was passed by the Texas Legislature in 2005, and the Pilot Program Template adopted by the Public Utility Commission of Texas in November 2005, EPE will continue to support a pilot Energy Smart Schools and Cities MTP Program (TX SCORE MTP) in its service territory in 2007. EPE recognizes that public school districts and cities in Texas are experiencing the burden of high energy costs now more than ever. Further, a majority of school districts and cities lack the technical knowledge, first-hand experience, and management decision-making processes that are necessary for identifying, prioritizing, and completing projects that will improve their facilities' energy performance and reduce operating costs. Additional details of this newly-implemented program can be found in Appendix A.

Energy \$aver Program (TDHCA)

EPE provides funding to TDHCA, which utilizes the funds to support low-income weatherization and refrigerator programs implemented locally by the El Paso Community Action Program, Project Bravo and Big Bend Community Action. Texas counties in which EPE provides low-income programs are El Paso County and portions of Hudspeth and Culberson Counties.

TDHCA reports measure installation data, along with kW and kWh savings, based on deemed savings values approved by the PUCT.

C. New Programs for 2008

Statewide CFL MTP Program

Program design

El Paso Electric Company (EPE) will participate as one of the EUMMOT member utilities in the Residential Compact Fluorescent Lighting (CFL) Program. This statewide CFL program's primary goal is to produce reductions in electrical peak demand and energy usage through verifiable

incremental sales of ENERGY STAR qualified CFLs throughout the service areas of the EUMMOT sponsor utilities. These sales are to result from a combination of economic incentives and customer education that will remove the market barriers that block the purchase of CFLs and will help to permanently shift the Texas residential lighting market towards CFLs. The high levels of CFL sales and the grand promotional efforts in Texas make it difficult for this program to claim credit for 100% of documented increases in sales. As such, prospective implementers were encouraged to devise innovative strategies for ensuring that the program produces incremental sales of CFLs and minimizes free-ridership in a cost-effective and verifiable manner.

A detailed Program Description can be found in Appendix B: Program Templates.

Implementation process

The implementer will be coordinating with other promotional programs, such as the ENERGY STAR "Change a Light" Program and the Texas mayors' program, to increase the program's reach as well as to help find ways to ensure that this program produces incremental sales distinct from these other efforts. They will also attempt to enlist the help of Retail Electric Providers in promotional and educational efforts.

Outreach and Research activities

EPE has contracted with Frontier Associates LLC to manage implementation of the program. In turn, ECOS Consulting will serve as the implementation contractor. The following outreach activities will be carried out by the implementation contractor:

The implementer will promote the CFL program through various market intervention strategies, which will entail the use of point-of-purchase educational materials, advertising, and public and in-store special events, among other options.

Enlistment of retailers, distributors, and/or manufacturers, as well as coordination with the EPA's Change a Light Program, the mayors' challenge, other CFL campaigns, and Retail Electric Providers, will be utilized. The implementer will explain educational activities and literature. CFL educational materials will inform customers of the benefits of CFLs over incandescent light bulbs and the proper applications of CFLs. Additional educational efforts will include information about energy efficiency measures covered by EPE's other market transformation and standard offer programs.

The implementer will provide field representatives that visit the stores to ensure that the retailer has product and signage displayed and that the sales staff is aware and trained on the promotion information.

The implementer will manage the delivery of all incentives for the program. Rebate coupons and/or sales data will be collected and processed by the implementer, who will pass on relevant information to EPE on a monthly basis. The implementer is also responsible for the delivery of all educational and promotional materials. EPE will not provide advertising.

D. General Implementation Process

Program Implementation

EPE will conduct activities to implement Energy Efficiency Programs in a non-discriminatory and cost effective manner. For 2008, EPE intends to implement programs by following the activity schedule outlined below. Activity for 2009 will be similar.

EPE will supplement its 2008 program announcements by continuing to inform the EESP community of pertinent news and updates throughout 2008. EPE will post program notices on its energy efficiency Web site, offering local and Internet-based workshops (if necessary), and broadcasting email notices to various energy service company associations. Information regarding the 2008 budget year was broadcast during the last quarter of 2007. After announcing the 2008 program, EPE opened its Web site application pages to assist EESPs in preparing project applications in December 2007. The application process gives sponsors feedback on whether particular projects are eligible and the level of incentives for which they may qualify. In early January 2008, EPE began allowing sponsors to submit their applications. Applications will be accepted and reviewed in the order of receipt. Qualified EESPs will be offered contracts to implement projects. After contract execution, the EESP can begin implementation and reporting of measures. All projects must be completed and results reported to EPE before December 1 of the program year.

Program Tracking

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

Measurement and Verification

Many of the projects implemented under these programs will report demand and energy savings utilizing "deemed savings estimates" already approved by the PUCT. If deemed savings have not been approved for a particular installation, such savings will be reported using an approved measurement and verification approach.

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

A PUCT-approved deemed savings estimate is not available for the energy efficiency measures included in an eligible project; or

An EESP has elected to follow the protocol because it believes that measurement and verification activities will result in a more accurate estimate of the savings associated with the project than would application of the PUCT-approved deemed savings value.

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

E. Outreach and Research Activities

EPE anticipates that outreach to a broad range of EESP and market segments will be necessary in order to meet the savings goals required by PURA §39.905. EPE markets the availability of its programs in the following manner:

Maintains www.epelectricinefficiency.com. EPE's Web site will be the primary method of communication used to provide potential Project Sponsors with program updates and information. It contains detailed information regarding requirements for project participation, project eligibility, end-use measure eligibility, incentive levels, application procedures, and current available funding. All application forms required for project submission are available for download on the Site.

Offers separate outreach workshops for each SOP. EPE invites members of the air conditioner contractor community, weatherization service providers, lighting vendors, big box retailers, and national energy service companies to participate in the workshops. These workshops explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

As part of EPE's outreach efforts, EPE will also continue to coordinate with the National Association of Energy Service Companies (NAESCO) to notify all its members about EPE's Standard Offer Programs.

Gauges EESP interest in online telephone broadcast of its workshops. If warranted, EPE will offer such workshops for each of its programs.

Coordinates the timing of its various workshops so as to avoid overlapping schedules with other utilities. This will increase accessibility to EESPs who may work in several areas.

Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;

Attends appropriate industry-related meetings to generate awareness and interest;

Participates in state-wide outreach activities as may be available;

F. Existing DSM Contracts or Obligations

EPE's renewed its Energy Saver Program contract with the Texas Department of Housing Community Affairs (TDHCA) to provide energy-saving refrigerators to low-income customers, low-income weatherization services and to pay for administration costs associated with those

programs expire at the end of December 2010. EPE's current contract with the TDHCA specifies that unspent funds will continue to be rolled over into subsequent years until the contract with TDHCA expires in December 2010.

EPE also has a contract with CLEAResult Consulting, Inc. to implement EPE's Texas SCORE Pilot MTP. The contract is for a 16 month pilot program that was signed in September 2007 and to end December 2008.

II. Customer Classes

There are approximately 239,512 residential accounts in the EPE service area (2007 data). Residential, including hard-to-reach accounts, contributed 34.7% of residential and commercial peak demand and 42.5% of residential and commercial revenues (2007 data). The commercial segment consists of 28,216 accounts, which contributed 65.3% of residential and commercial peak demand (2007). The small commercial segment, which includes common-ownership meters serving commercial and governmental with multiple accounts using equal to or less than 250 kW and individual commercial/governmental accounts equal or less than 100 kW, is composed of approximately 20,145 accounts. This group contributed 7.3% of residential and commercial revenues. An additional 8,071 accounts make up the large commercial segment. This group contributed 50.2% of residential and commercial revenues.

Customer classes targeted by EPE's energy efficiency programs are the Commercial, Residential, and Hard-to-Reach customer classes. Table 3 summarizes the number of customers in each of the customer classes and each class' percent contribution to system peak. Program budgets are set, and then allocated to customer classes, by examining this customer data, historical program results, economic trends, and the requirements of PUCT Substantive Rule § 25.181 (EE Rule) requirements. Among other things, the EE Rule establishes annual energy efficiency goals, requires that no less than 5% of the utility's total demand goal should be achieved through programs for hard-to-reach customers, and states that funding for SOP and MTP programs must be allocated in an equitable manner. For a more detailed discussion of these and additional factors that went into the budget allocation process, see *Program Budgets* in Section IV.

Table 3: Summary of Customer Classes

Customer Class	Contribution to System Peak (%)	Number of Customers
Commercial	65%	28,216
Residential	24%	161,671
Hard-to-Reach ⁴	11%	77,841

⁴ According to the U.S. Census Bureau's 2007 Current Population Survey (CPS), 32.5% of Texas families fall below 200% of the poverty threshold. Applying that percentage to EPE's residential customer base of 239,512, the number of HTR customers is estimated at 77,841.

III. Projected Energy Efficiency Savings and Goals

As prescribed by Substantive Rule § 25.181, EPE's demand goal is specified as a percent of its historical five-year average growth in demand. As an example, the December 31, 2008 goal reflects the average annual growth in peak demand from 2003 to 2007. The demand goal for 2008 is based on meeting 15 % of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2008. The demand goal for 2009 is based on meeting 20 % of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2009. The corresponding energy savings goals are determined by applying a 20 percent capacity factor to the applicable demand goals.

Table 4 presents historical annual growth in demand for the previous five years that is used to calculate demand and energy goals. Table 5 presents the projected demand and energy savings broken out by program for each customer class for 2008 and 2009. Projected savings for 2008 and 2009 reflect the budget allocations designed to meet EPE's goals required by the Energy Efficiency Rule (Substantive Rule § 25.181).

Table 4: Annual Growth in Demand and Energy Consumption (at Meter)

Calendar Year	Peak Demand (MW)			Energy Consumption (MWh)				Growth (MW)	Average Growth (MW) ⁵	
	Total System		Residential & Commercial		Total System		Residential & Commercial			
	Actual	Actual Weather Adjusted ⁶	Actual	Actual Weather Adjusted ⁶	Actual	Actual Weather Adjusted ⁶	Actual			Actual Weather Adjusted ⁶
2002	854	854	562	562	4,933,198	4,933,198	2,916,354	2,916,354	NA	NA
2003	854	854	565	565	4,998,864	4,998,864	2,973,770	2,973,770	3	NA
2004	870	870	594	594	5,126,562	5,126,562	3,020,934	3,020,934	29	NA
2005	908	908	622	622	4,933,198	4,933,198	3,117,591	3,117,591	28	NA
2006	923	923	630	630	4,998,864	4,998,864	3,118,568	3,118,568	8	NA
2007	989	989	669	669	5,126,562	5,126,562	3,215,866	3,215,866	39	NA
2008	NA	NA	NA	NA	NA	NA	NA	NA	NA	21
2009	NA	NA	NA	NA	NA	NA	NA	NA	NA	21

"NA" = Not Applicable; Growth for 2002 over 2001 and average growth from 2002-2007 are not applicable to any of the calculations or goals in this EEPR. Energy efficiency goals are calculated based upon the actual historical weather-adjusted growth in demand for the five most recent years, so peak demand and energy consumption forecasts for 2008 and 2009 are not applicable.

⁵ Average historical growth in demand over the prior 5 years for residential and commercial customers adjusted for weather fluctuations.

⁶ Previous PUCT orders have ruled that EPE's consumption is unaffected by weather and that weather normalization is not required. The PUCT has approved using "non-normalized" weather in the following dockets: 1981,5700,6350,7460, 9945, and 12700. Calculations used to produce the following goals reflect these rulings.

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

2008	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	3,078	10,401,384
C&I SOP	1,543	6,761,586
Residential and Small Commercial SOP	285	1,223,131
TX SCORE Pilot MTP	1,250	2,416,667
Residential	617	2,915,878
Residential and Small Commercial SOP	599	2,569,372
Statewide CFL	18	346,505
Hard-to-Reach	287	796,036
Hard-to-Reach SOP	195	306,069
Energy \$aver (TDHCA)	92	489,967
Total Annual Savings Goals	3,982	14,113,298
2009	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	3,780	13,214,503
C&I SOP	2,027	8,880,216
Residential and Small Commercial SOP	401	1,720,544
TX SCORE Pilot MTP	1,352	2,613,743
Residential	948	4,336,108
Residential and Small Commercial SOP	929	3,989,603
Statewide CFL	18	346,505
Hard-to-Reach	323	865,892
Hard-to-Reach SOP	228	357,080
Energy \$aver (TDHCA)	96	508,812
Total Annual Savings Goals	5,051	18,416,504

IV. Program Budgets

Table 6 presents total proposed budget allocations required to achieve the projected demand and energy savings shown in Table 5. The budget allocations are broken down by customer class, program, and the different budget categories: incentive payments, administration, and research and development (R&D). EPE added an additional budgeting “class” for R&D to account for R&D expenditures that are not affiliated with a specific customer class or program.

The number of customers in each of the customer classes and each class’ percent contribution to system peak shown in Table 3 were a primary determinant in budget allocations for those classes. EPE first ensured that the 5% goal for hard-to-reach customers is met and then allocated the remaining

funding between the residential, hard-to-reach, and commercial classes at levels roughly proportional to their contribution to system peak. A variety of additional factors and assumptions also went into the decision process, including the following:

Incentives are capped at the following percentages of the utility's full avoided costs: residential customers at 50%; small commercial customers at 50%; large commercial and industrial customers at 35%; military base customers at 35%; large commercial or industrial customers requiring an environmental adder at 42%; and Hard-to-Reach customers at 90%.

Hard-to-reach customers are residential customers at or below 200% of the federal poverty guidelines. This is estimated to be approximately 32.5% of EPE's total residential load in Texas (see Footnote 4).

Avoided costs for all utilities are set at \$80 per kW per year and 5.5 cents per kWh (these estimates include reserve margins and line losses).

EPE will cap administrative costs to 10% of the utility's total budget.

A 10% discount factor is used to calculate the present value of the avoided cost associated with a project over its 10-year life, and a 3% inflation rate is assumed.

Unless otherwise prescribed by rule, each energy efficiency project is assumed to have a 10-year life. The impacts associated with a particular project are equal in each of the 10 years.

EPE will apply load factor caps, as allowed by PUC Subst. R. §25.181, which may limit incentives to below the allowed full incentive levels in some applications.

For simplicity, it is assumed that an EESP that completes an energy efficiency project in a given year receives all the incentives associated with that project in the same year.

It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the marketplace, the potential interest that a customer class may have toward a specific program and the overriding objective of meeting the legislative goal. EPE will offer a portfolio of Standard Offer and Market Transformation Programs that will be available to all customer classes.

The 2008 budget is based on the allocation submitted with the 2007 Energy Efficiency Plan. Additionally, the budget amounts shown below for 2008 are based on EPE's actual peak demand from 2007; whereas in EPE's 2007 Energy Efficiency Plan, they were based on forecasted peak demand. Should funds not be reserved and used as prescribed by program milestones, EPE will reallocate those unused funds to maximize contribution towards our energy efficiency goal.

Table 6: Proposed Annual Budget Broken Out by Program for Each Customer Class (000's)

2008	Incentives	Admin	R&D	Total Budget
Commercial	\$1,510	\$105	\$0	\$1,615
C&I SOP	\$750	\$83	\$0	\$833
Residential and Small Commercial	\$195	\$22	\$0	\$217
TX SCORE Pilot MTP	\$564	\$0	\$0	\$564
Residential	\$442	\$49	\$0	\$541
Residential and Small Commercial	\$411	\$46	\$0	\$456
Statewide CFL	\$32	\$4	\$0	\$35
EnergyStar® New Homes Study	\$0	\$0	\$50	\$50
Hard-to-Reach	\$670	\$17	\$0	\$687
Hard-to-Reach SOP	\$150	\$17	\$0	\$167
Energy Saver (TDHCA) ⁷	\$520	\$0	\$0	\$520
Research and Development	\$0	\$0	\$15	\$15
PUC Potential Study	\$0	\$0	\$15	\$15
Total Annual Savings Goals	\$2,622	\$171	\$15	\$2,858
2009	Incentives	Admin	R&D	Total Budget
Commercial	\$1,870	\$140	\$0	\$2,010
C&I SOP	\$985	\$109	\$0	\$1,094
Residential and Small Commercial	\$275	\$31	\$0	\$306
TX SCORE Pilot MTP	\$610	\$0	\$0	\$610
Residential	\$669	\$74	\$0	\$744
Residential and Small Commercial	\$638	\$71	\$0	\$709
Statewide CFL	\$32	\$4	\$0	\$35
Hard-to-Reach	\$715	\$19	\$0	\$734
Hard-to-Reach SOP	\$175	\$19	\$0	\$194
Energy Saver (TDHCA) ⁷	\$540	\$0	\$0	\$540
Research and Development	\$0	\$0	\$10	\$10
PUC Potential Study	\$0	\$0	\$10	\$10
Total Annual Savings Goals	\$3,254	\$234	\$10	\$3,498

⁷ Pursuant to an agreement between EPE and TDHCA in accordance to PUC Dockets 19545 & 32289.

ENERGY EFFICIENCY REPORT

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

Table 7 documents EPE's actual demand goals and energy targets for the previous five years (2003-2007) calculated in accordance with Substantive Rule § 25.181.

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

Calendar Year	Actual Weather Adjusted Demand Goal (MW)	Actual Weather Adjusted Energy Targets (MWh)
2007 ⁸	2.70	10,970
2006 ⁹	1.63	5,005
2005 ¹⁰	NA	NA
2004	NA	NA
2003	NA	NA

VI. Projected, Reported and Verified Demand and Energy Savings

Table 8 presents EPE's projected and actual savings for the 2006 and 2007 program years. 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 for 2006 and 1.206 MW and 5,003 MWh for 2007.

⁸ Actual weather-adjusted MW Goals and MWh targets as reported in EPE's Energy Efficiency Plan (EEP) filed in April of 2007 under Project No. 33884.

⁹ Actual weather-adjusted numbers from EEP, Project No. 32107.

¹⁰ El Paso Electric Company did not become subject to the energy efficiency requirements of PURA § 39.905 and PUCT Substantive Rule § 25.181 until January 1, 2006. See PUCT Substantive Rule § 25.421(f). Prior to that date, EPE was exempt from these requirements pursuant to PURA § 39.102(c) due to the system-wide rate freeze that expired in 2005.

Table 8: Projected versus Reported and Verified Savings for 2007 and 2006 (at Meter)

2007	Projected Savings ¹¹		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	1.593	7,368	0.976	4,274
C&I SOP	1.323	6,211	0.976	4,274
Residential and Small Commercial SOP	0.270	1,157	0.000	0
TX SCORE Pilot MTP	NA	NA	0.000	0
Residential	0.540	2,319	0.000	0
Residential and Small Commercial SOP	0.540	2,319	0.000	0
Hard-to-Reach	0.209	721	0.230	729
Hard-to-Reach SOP	0.209	721	0.132	208
Energy Saver (TDHCA)	NA	NA	0.098	522
Total Annual Savings Goals	2.342	10,408	1.206	5,003
2006 ¹²	Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	0.945	3,427	0.530	2,572
C&I SOP	0.945	3,427	0.530	2,572
Residential and Small Commercial SOP	see RES SOP	see RES SOP	see RES SOP	see RES SOP
Residential	0.603	2,285	0.190	1,003
Residential and Small Commercial SOP	0.603	2,285	0.190	1,003
Hard-to-Reach	0.082	292	0.330	1,121
Hard-to-Reach SOP	0.082	292	0.330	1,121
Energy Saver (TDHCA)	TBD	TBD	TBD	TBD
Total Annual Savings Goals	1.630	6,004	1.050	4,696

¹¹ Projected savings from Energy Efficiency Plan (EEP) filed in April of 2007, Project No. 33884.

¹² Projected and Reported/Verified Savings from Energy Efficiency Report (EER) filed under Project No. 33884.

VII. Historical Program Expenditures

This section documents EPE's incentive and administration expenditures for the previous five years (2003-2007) broken out by program for each customer class.

Table 9: Historical Program Incentive and Administrative Expenditures for 2003 through 2007 (000's)¹³

Customer Class and Program	2007		2006		2005 ¹⁴		2004 ¹⁵		2003 ¹⁶	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
Commercial	\$372	\$23	\$95	\$11	\$0	\$0	\$0	\$0	\$631	\$32
C&I SOP	\$316	\$19	\$95	\$11	NA	NA	NA	NA	\$631	\$32
Residential and Small Commercial SOP	\$0	\$4	see RES	see RES	see RES	see RES	see RES	see RES	see RES	see RES
TX SCORE Pilot MTP	\$56	\$0	NA	NA	NA	NA	NA	NA	NA	NA
Residential	\$0	\$7	\$132	\$15	\$0	\$0	\$0	\$0	\$0	\$0
Residential and Small Commercial SOP	\$0	\$7	\$132	\$15	NA	NA	NA	NA	NA	NA
Hard-to-Reach	\$653	\$61	\$306	\$34	\$125	\$17	\$211	\$32	\$0	\$0
Hard-to-Reach SOP	\$99	\$12	\$306	\$34	NA	NA	NA	NA	NA	NA
Energy Saver (TDHCA)	\$554	\$49	NA	NA	\$125	\$17	\$211	\$32	NA	NA
Total Annual Savings Goals	\$1,024	\$91	\$533	\$59	\$125	\$17	\$211	\$32	\$631	\$32

¹³ 2007 budget taken from Table 10 in the current EEPR; 2006 budget from Energy Efficiency Report (EER) filed under Project No. 33884; 2005 budget from EER, Project No. 32107; 2004 budget from EER, Project No. 30739; 2003 budget from EER, Project No. 29440.

¹⁴ Not subject to PURA \$39,905 and PUC Subst. R. \$25.181.

¹⁵ Not subject to PURA \$39,905 and PUC Subst. R. \$25.181.

¹⁶ PUC Energy Grant Program expenditure funded by PUC (Grant No. 03-473-0017).

VIII. Program Funding for Calendar Year 2007

As shown in Table 10, EPE spent a total of \$1,115,000 on all of its energy efficiency programs in 2007, which was 30% less than the total forecasted budget for 2007 of \$1,644,635. The basis of this difference is attributed to the following factors:

- * Weatherization, duct efficiency and infiltration measures are not viable options in the Residential and Small Commercial and Hard-to-Reach Standard Offer Programs for the vast majority of customers because of the predominance of evaporative cooling in the region. Project Sponsors have not found a sufficient number of qualified homes with refrigerated air conditioning to install these measures.
- * Certain projects in the C&I SOP that were not completed in 2007 and rolled over to 2008 program year.
- * Other C&I SOP projects did not develop the savings as originally anticipated.

Table 10: Program Funding for Calendar Year 2007 (Dollar amounts in 000's)

2007	Total Projected Budget¹⁷	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Total Funds Expended	Funds Committed (Not Expended)	Funds¹⁸ Remaining (Not Committed)
Commercial	1,392	15	\$372	\$23	\$395	\$132	\$755
C&I SOP	\$1,126	15	\$316	\$19	\$335	\$132	\$566
Residential and Small Commercial SOP	\$210	0	\$0	\$4	\$4	\$0	\$189
TX SCORE Pilot MTP	56	0	\$56	\$0	\$56	\$0	\$0
Residential	\$421	0	\$0	\$7	\$7	\$0	\$379
Residential and Small Commercial SOP	\$421	0	\$0	\$7	\$7	\$0	\$379
Hard-to-Reach	\$862	796	\$653	\$61	\$714	\$0	\$134
Hard-to-Reach SOP	\$259	332	\$99	\$12	\$111	\$0	\$134
Energy Saver (TDHCA)	\$603	464	\$554	\$49	\$603	\$0	\$0
Total Annual Savings Goals	\$2,675	811	\$1,024	\$91	\$1,115	\$132	\$1,268

¹⁷ Projected Budget from the Energy Efficiency Plan (EEP) filed in April 2007 under Project No. 33884. Also includes unused funds from 2006 program year.

¹⁸ Funds remaining to not include administrative funds not expended.

IX. Market Transformation Program Results

TX SCORE MTP Program

EPE introduced the Texas Score Program in 2007 as a pilot program that promotes a structured process to K-12 school district and local governments to identify opportunities and implement energy efficiency measures. The program pays incentives to school districts and local government entities for the installation of energy efficiency measures that reduce peak demand and energy use as well as non-cash incentives tools that identify their critical needs and promote best business practices.

As each entity commits to participating in the TX SCORE program, benchmarking analysis is conducted for each facility identified. The benchmarking data compares energy performance within school district campuses and government facilities, and against a national average and state average. This data also serves as the program baseline data.

The 2007 TX SCORE program has approximately 17 participating districts and local government agencies in the EPE service territory. Each entity has been undergoing the benchmarking and planning process. The estimated program savings of 1.25 MW peak demand reduction are expected to be achieved through the implemented energy efficiency measures.

X. Current Energy Efficiency Cost Recovery Factor (EECRF)

EPE is unable to establish an EECRF in 2008 due to a rate freeze has filed an application for approval to defer the costs of complying with this section and recover the deferred costs through an energy efficiency cost recovery factor on the expiration of the rate freeze period.

Revenue Collected

Not Applicable

Over- or Under-recovery

Not Applicable

ACRONYMS

C&I	Commercial and Industrial
CCET	Center for the Commercialization of Electric Technologies
CFL	Compact Fluorescent Lamp
DR	Demand Response
DSM	Demand Side Management
EEP	Energy Efficiency Plan, which was filed as a separate document prior to April 2008
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report, which was filed as a separate document prior to April 2008
EE Rule	Energy Efficiency Rule, PUCT Substantive Rules § 25.181 and § 25.183
EPE	El Paso Electric Company
ERCOT	Electric Reliability Council of Texas
HTR	Hard-To-Reach
M&V	Measurement and Verification
MTP	Market Transformation Program
PUCT	Public Utility Commission of Texas
REP	Retail Electrical Provider
RES	Residential
SCORE	Schools Conserving Resources
SOP	Standard Offer Program

GLOSSARY

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

At Meter – Demand (kW/MW) and Energy (kWh/MWh) figures reported throughout the EEPR are reflective of impacts at the customer meter. This is the original format of the measured and deemed impacts which the utilities collect for their energy efficiency programs. Goals are necessarily calculated “at source” (generator) using utility system peak data at the transmission level. In order to accurately compare program impacts, goals and projected savings have been adjusted for the line losses (7%) that one would expect going from the source to the meter.

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

Commercial customer -- A non-residential customer taking service at a metered point of delivery at a distribution voltage under an electric utility’s tariff during the prior calendar year and a non-

profit customer or government entity, including an educational institution. For purposes of this section, each metered point of delivery shall be considered a separate customer.

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

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

Demand savings -- A quantifiable reduction in demand.

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

Energy efficiency measures -- Equipment, materials, and practices at a customer's site that result in a reduction in electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kilowatts (kW), or both. These measures may include thermal energy storage and removal of an inefficient appliance so long as the customer need satisfied by the appliance is still met.

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

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

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

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

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

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

Inspection -- Examination of a project to verify that an energy efficiency measure has been installed, is capable of performing its intended function, and is producing an energy 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 programs to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services, and practices, as described in this section.

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

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

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

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

Projected Demand and Energy Savings – Peak demand reduction and energy savings for the current and following calendar year that EPE is planning and budgeting for in the EEPR. Projected savings for 2008 and 2009 reflect the budget allocations designed to meet EPE’s goals required by the Energy Efficiency Rule (Substantive Rule § 25.181).

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

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

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

APPENDICES

APPENDIX A: REPORTED DEMAND AND ENERGY REDUCTION BY COUNTY

Large Commercial & Industrial (C&I) SOP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso	15	975.7	4,274,327
Large C&I SOP Total	15	975.7	4,274,327

Residential and Small Commercial (RSC) SOP

County	# of Customers	Reported Savings	
		kW	kWh
NA	NA	NA	NA
RSC SOP Total	NA	NA	NA

Small Commercial Component

County	# of Customers	Reported Savings	
		kW	kWh
NA	NA	NA	NA
RSC SOP Small Commercial	NA	NA	NA

Residential Component

County	# of Customers	Reported Savings	
		kW	kWh
NA	NA	NA	NA
RSC SOP Residential	NA	NA	NA

Hard-to-Reach (HTR) SOP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso	674	132.3	207,524
HTR SOP Total	674	132.3	207,524

Energy Saver TDHCA Refrigerator Replacement

County	# of Customers (Refrigerators)	Reported Savings	
		kW*	kWh *
El Paso County	314	46.42	256,702
Hudspeth County	11	1.3	9,526
Culberson County	18	2.12	15,588
Refrigerator Replacement Total	343	50	281,816

* Based on PUCT approved Deemed Savings Figures

- 866 kWh / Unit Savings Single Family Housing
- .118 kW / Unit Savings Single Family Housing
- 728 kWh / Unit Savings Multi-Family Housing
- .099 kW / Unit Savings Multi-family Housing

Energy Saver TDHCA Weatherization

County	# of Customers (Refrigerators)	Reported Savings	
		kW	kWh
El Paso County	100	39.60	198,200
Hudspeth County	13	5.148	25,766
Culberson County	8	3.168	15,856
Weatherization Total	121	48	239,822

APPENDIX B: PROGRAM TEMPLATES

Statewide CFL Pilot MTP Program Description

El Paso Electric Company (EPE) will participate as one of the EUMMOT member utilities in the Residential Compact Fluorescent Lighting (CFL) Program. This statewide CFL program's primary goal is to produce reductions in electrical peak demand and energy usage through verifiable incremental sales of ENERGY STAR qualified CFLs throughout the service areas of the EUMMOT sponsor utilities. These sales are to result from a combination of economic incentives and customer education that will remove the market barriers that block the purchase of CFLs and will help to permanently shift the Texas residential lighting market towards CFLs. The high levels of CFL sales and the grand promotional efforts in Texas make it difficult for this program to claim credit for 100% of documented increases in sales. As such, prospective implementers were encouraged to devise innovative strategies for ensuring that the program produces incremental sales of CFLs and minimizes free-ridership in a cost-effective and verifiable manner.

The implementer will be coordinating with other promotional programs, such as the ENERGY STAR "Change a Light" Program and the Texas mayors' program, to increase the program's reach as well as to help find ways to ensure that this program produces incremental sales distinct from these other efforts. They will also attempt to enlist the help of Retail Electric Providers in promotional and educational efforts.

As a safeguard against free-riders, the program has the additional objective of increasing participation in the EUMMOT sponsor utilities' other energy efficiency programs. The design of marketing and outreach activities will include an educational component aimed not only towards permanently shifting the residential lighting market in Texas towards CFLs, but also towards increasing residential customer awareness of energy efficiency measures and the associated utility programs. Every customer that takes advantage of another utility program as a result of the information provided through the CFL program improves the program's cost-effectiveness and effectively lowers free-ridership.

To review, the objectives of the program are as follows:

Motivate and help residential customers to replace incandescent lights with CFLs

To educate the consumer of the benefits of CFLs vs. incandescent lights and create a no-regret decision for the residential customer through incentives/discounts that make the purchase of a CFL at parity to that of an incandescent bulb.

Produce utility electricity savings through incremental sales of CFLs

Deliver additional efficiency messages through a coordinated CFL program

Expand customer awareness of the benefits of energy efficiency and direct them to participating vendors

Co-brand with willing "partners"

Offer “no-regret” partnership options

Engage municipal utilities and electric cooperatives in the statewide effort to expand program reach and effectiveness

Target Audience

The 2008 Residential Compact Fluorescent Lighting (CFL) Program Pilot MTP will target owners and renters of single-family homes, town-homes, and multifamily units such as apartments and condominiums residing in the sponsor utilities Texas service areas. The 2008 EPE Residential Compact Fluorescent Lighting (CFL) Program Pilot MTP will target those residential customers who live in EPE’s service area.

Non-Utility Sponsors/Participants

The 2008 Residential Compact Fluorescent Lighting (CFL) Program Pilot MTP will utilize a proven third-party implementer with a proven track-record, appropriate licenses, certifications and affiliations to meet Federal and local laws in the distribution and possibility of proper recycling and disposal of exhausted CFLs. The implementer will be encouraged to involve a wide-range of state-wide retailers to local community-based retailers and organizations that have the ability to create a call to action in addition to educating homeowners about the benefits and lower operating costs of CFLs.

Energy Savings

The estimated energy savings to be achieved by the 2008 CFL Program is 1.99 MW of peak load reduction and 37,750,000 kWh annual energy use reduction. EPE’s participation in this CFL Program is 1,330 kW of peak load reduction and 25,300,000 kWh annual energy use reduction. The goal of this program is to produce savings in the EPE service area related to EPE’s contribution to the overall program budget.

Program Design

The implementer will promote the CFL program through various market intervention strategies, which will entail the use of point-of-purchase educational materials, advertising, and public and in-store special events, among other options. The implementer must obtain sponsor approval for all promotional materials prior to their release. The implementer will have the option of using several methods that include: instant rebate or mail-in coupons allowing for the procurement of useful tracking data by requiring each participating customer to insert his/her name and electric service billing address in order for the incentive to be applied; markdowns in which low price bulbs are available at select stores in the service areas of the sponsors or mailing coupons to customers through Retail Electric Providers.

Enlistment of retailers, distributors, and/or manufacturers, as well as coordination with the EPA’s Change a Light Program, the mayors’ challenge, other CFL campaigns, and Retail Electric

Providers, will be utilized. The implementer will explain educational activities and literature. CFL educational materials will inform customers of the benefits of CFLs over incandescent light bulbs and the proper applications of CFLs. Additional educational efforts will include information about energy efficiency measures covered by EPE's other market transformation and standard offer programs.

The implementer will provide field representatives that visit the stores to ensure that the retailer has product and signage displayed and that the sales staff is aware and trained on the promotion information.

The implementer will manage the delivery of all incentives for the program. Rebate coupons and/or sales data will be collected and processed by the implementer, who will pass on relevant information to EPE on a monthly basis. The implementer is also responsible for the delivery of all educational and promotional materials. EPE will not provide advertising.

Research Plan

The implementer will provide tracking of sales in order to provide a means to prove that the sales are incremental and to ensure that they are distributed proportionally (with respect to budget) throughout EPE's service area.

The implementer will provide regular sales reports to inform sponsors of the status of the sales. The implementer will notify EPE one week in advance if sales are expected to exceed the designated amount. EPE is only obligated to provide funding for the designated sales estimate but may choose to increase the designated sales amount to accommodate the demand. The implementer will regularly provide EPE with information that facilitates the following:

1. Determining the program impacts, including energy savings (kWh) and demand reduction (kW), and program value to customers
2. Assessing the program's cost-effectiveness based on various economic tests
3. Assessing the effectiveness of program delivery mechanisms
4. Determining and assessing free-ridership issues

Ideally, this information would include the number of each type of bulb sold, the location of the sales, and the installation rates of the bulbs, the types of bulbs being replaced, and a percentage of purchases which can be attributed to the program. A breakdown of the sales by income level would be quite beneficial in claiming savings among low-income and hard-to-reach customers. Much of this data will be collected through a surveying process.

In addition, the implementer and/or third party evaluators will perform an annual evaluation in the 4th quarter of 2008 or by the first quarter of 2009 to determine the number of incremental sales in the EPE service area and thoroughly demonstrate that the sales were indeed incremental. It is crucial that EPE be able to claim accurate demand reduction and energy savings resulting from this program.

Any negative consumer attitudes towards the program will be documented, program design and delivery will be evaluated, and strategies will be developed to overcome any negative perceptions of the program.

Program Budget

The overall CFL Program Budget for 2008 is \$3,431,000. EPE's 2008 CFL Program Budget portion is \$35,000. These budget dollars have been allocated in combination with other EUMMOT utilities contributing to the Program.

Program Timeline

The 2008 Residential Compact Fluorescent Lighting (CFL) Program Pilot MTP will begin in the second quarter of 2008 and will continue through the end of 2008. Based on the 2008 pilot evaluation, the program is expected to be extended in 2009. The first quarter of the 2009 program year will focus on finalizing program details and refining the implementation process. The second through fourth quarters will consist of program implementation and the gathering of data for analysis. The final analysis of the pilot will be completed in December 2009 with a final program summary report being submitted to EUMMOT and the member utilities.

Impact on Other Programs

No EPE energy efficiency programs will be directly affected by this pilot program however there could be some minor impacts to the existing Energy Saver Program due to CFLs being an eligible measure. Additionally, educational efforts will include information about energy efficiency measures covered by EPE's other market transformation and standard offer programs.

APPENDIX C: EXISTING CONTRACTS AND OBLIGATIONS

No additional information about Existing Contracts and Obligations to report

APPENDIX D: OPTIONAL SUPPORT DOCUMENTATION

No Optional Support Documentation to Report