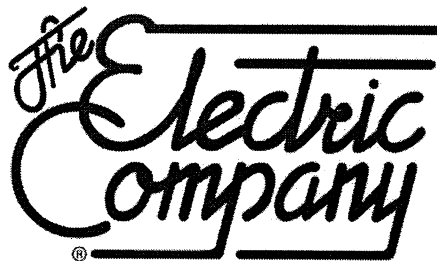

El Paso Electric Company

2010 Energy Efficiency Plan and Report

Substantive Rule § 25.181 and § 25.183

April 1, 2010

Project No. 37982



El Paso Electric

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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 a 20% reduction of the electric utility's total annual growth in demand by December 31, 2009, through market-based standard offer programs ("SOPs") and limited, targeted, market transformation programs ("MTPs"). Based on current requirements, it is assumed that each electric utility will also be required to achieve a 20% reduction of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2010.

The EE Rule includes specific requirements related to the implementation of SOPs and MTPs by investor-owned electric utilities. These requirements 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 has been developed in a manner that will 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.

- The Executive Summary highlights EPE's reported achievements for 2009 and EPE's plans for achieving its 2010 and 2011 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 EEPR.
- 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 demand savings goals and energy targets for the previous five years (2005-2009).
- Section VI compares EPE's projected energy and demand savings to its reported and verified savings by program for calendar years 2008 and 2009.
- Section VII details EPE's incentive and administration expenditures for the previous five years (2005-2009) broken out by program for each customer class.
- Section VIII compares EPE's actual and budgeted program costs for 2009 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.
- 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 EEPR.
- Appendix C – Description of EPE's existing energy efficiency contracts and obligations.
- Appendix D provides data, explanations, or documents supporting other sections of the EEPR.

EXECUTIVE SUMMARY

The Energy Efficiency Plan portion of this EEPR details EPE’s plans to achieve a 20% reduction in its annual growth in demand of residential and commercial customers by December 31, 2010. In the process, EPE will also address the corresponding energy savings goal, which is calculated based upon its demand savings goal using an assumed 20% 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 providers and customer participation in the various energy efficiency programs. A summary of annual goals and budgets is presented in Table 1.

The Energy Efficiency Report portion of this EEPR shows that in 2009 EPE implemented Standard Offer Programs and Market Transformation Programs required by the PURA § 39.905, achieving a demand reduction in excess of its actual growth in demand. The company achieved the mandated goal equal to 20% of its five-year average growth in demand calculated using actual peaks for its Texas retail system. The SOP and MTP programs included the Residential Standard Offer Program (Residential SOP), Small Commercial Standard Offer Program (Small Commercial SOP), Commercial and Industrial Standard Offer Program (C&I SOP), Hard-to-Reach Standard Offer Program (Hard-to-Reach SOP), Statewide CFL Pilot Market Transformation Program, Texas Schools and Cities Conserving Resources Pilot Market Transformation Program (Texas SCORE Pilot MTP) and the Energy Saver Program. New programs added in 2009 included the Large Commercial & Industrial Solutions Pilot Program (Large C&I Solutions MTP), Residential and Small Commercial Solutions Pilot Program (Residential and Small Commercial Solutions Pilot MTP), Hard-to-Reach Solutions Pilot Program (Hard to Reach Solutions Pilot MTP), Living Wise Educational (Living Wise Educational MTP) and the Load Management Standard Offer Program (Load Management SOP).

Table 1: Summary of 2009 Actual Goals, Savings and Budget and 2010/2011 Projected Goals, Savings, and Budgets (at Meter)¹

Calendar Year	Average Growth in Demand (MW)	MW Goal (% of Growth in Demand)	Demand (MW) Goal	Energy (MWh) Goal ²	MW Savings ³	MWh Savings ^{2,3}	Budget (000’s)
2009 ²	28.00	20%	5.68	9,945	5.845	17,908	\$3,379
2010 ³	37.86	20%	7.57	13,265	9.10	17,310	\$4,390
2011 ³	43.80	20%	8.76	15,348	8.96	20,713	\$3,830

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 Goals for 2009 are from EPE’s EEPR as filed on April 1, 2009 (Project No. 36689); Savings for 2009 are found in the Report section of this document.

³ Projections for 2010 and 2011 are detailed in the Plan section of this document. Projections for 2011 are initial estimates and may be updated in the future.

In order to reach the above projected savings for 2010, EPE proposes to implement the following standard offer and market transformation programs:

Large Commercial SOP

Small Commercial SOP

Load Management SOP

Residential SOP

Hard-to-Reach SOP

LivingWise MTP

Texas SCORE Pilot MTP

Energy Saver Program (TDHCA)

In addition, EPE will implement the following pilot market transformation programs:

Appliance Recycling MTP

PV/Solar MTP

Large C&I Solutions Pilot MTP

Residential and Small Commercial Solutions Pilot MTP

Hard-to-Reach Solutions Pilot MTP

The Energy Saver Program is a continuation of a previous program for which EPE renewed a contract with the Texas Department of Housing Community Affairs (TDHCA) in late 2007.

EPE has entered into an agreement with Resource Action Programs to continue the implementation of its Texas LivingWise Educational MTP.

EPE has also entered into a contract with CLEAResult Consulting, Inc. to continue implementation of its Texas SCORE Pilot MTP and to continue implementation of the three “Solutions” pilot market transformation programs.

ENERGY EFFICIENCY PLAN

I. 2010 Programs

A. 2010 Program Portfolio

El Paso Electric Company (EPE) plans to implement thirteen SOPs and MTPs. These programs have been structured to comply with recently passed rules governing pilot program design and evaluation. EPE will also operate 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: 2010 Energy Efficiency Program Portfolio

Program	Target Market	Application
Commercial SOP (Large and Small)	Large and Small Commercial	Retrofit; New Construction
Large C&I Solutions Program Pilot MTP	Commercial	Retrofit; New Construction
TX SCORE Pilot MTP	City, County Governments & Schools	Retrofit; New Construction
Load Management SOP	Commercial, Non-profit, Government & Schools	Load Management
Residential SOP	Residential	Retrofit; New Construction
Residential & Small Commercial Solutions Pilot MTP	Residential and Small Commercial	Retrofit; New Construction
LivingWise Educational MTP	Residential	Retrofit
Hard-to-Reach SOP	Residential Hard-to-Reach	Retrofit; New Construction
Hard-to-Reach Solutions Program	Residential Hard-to-Reach	Retrofit; New Construction
Energy Saver (TDHCA)	Residential Hard-to-Reach	Retrofit
New Programs for 2010		
Appliance Recycle MTP	Residential	Retrofit; New Construction
PV/Solar MTP	Residential and Commercial	Retrofit; New Construction

The Statewide CFL program was terminated at the end of 2009 due to the dramatic drop in price of CFLs.

EPE reserves the option of offering additional SOPs or MTPs, if templates for new programs 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 Standard Offer Program (Commercial SOP)

The Commercial SOP targets small and large commercial customers. Incentives are paid to qualified project sponsors for certain measures installed in new or retrofit applications, which provide verifiable demand and energy savings.

The small commercial component of the Commercial SOP targets small commercial customers with a maximum individual demand of ≤ 100 kW individual or <250 kW sum of commonly-owned metered accounts. Incentives are paid to project sponsors for certain measures that provide verifiable demand and energy savings installed in new or retrofit applications. Small commercial customers with a demand of 50 kW or greater can act as their own project sponsor and receive incentives for the installation of energy efficiency measures.

The large commercial component of the Commercial SOP targets large commercial customers with a maximum individual demand of >100 kW. Incentives are paid to project sponsors or large commercial customers who act as their own project sponsor for certain measures that provide verifiable demand and energy savings installed in new and retrofit applications.

While the Commercial SOP is one program that includes projects for small and large commercial customers, separate incentive reservation systems are in place, and the project budgets and savings are tracked and reported separately.

Residential Standard Offer Program (Residential SOP)

The Residential SOP provides incentives to project sponsors for the retrofit installation of a wide range of measures that provide verifiable demand and energy savings.

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

Hard-to-Reach customers are defined by P.U.C. SUBST. R. 25.181 as customers with an annual household income at or below 200% of federal poverty guidelines. The Hard-to-Reach SOP provides incentives for the comprehensive retrofit 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 Texas SCORE MTP, an energy smart schools program in its service territory in 2010. 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.

Energy \$aver Program

EPE renewed its Energy \$aver Program contract in 2007 with the Texas Department of Housing Community Affairs (TDHCA) to provide energy-saver refrigerators to low-income customers and low-income weatherization services and to pay for administration costs associated with those. 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 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 include El Paso County and portions of Hudspeth and Culberson Counties.

TDHCA reports measure installation data from which EPE calculates kW and kWh savings based on deemed savings values approved by the PUCT.

Large C&I Solutions Pilot Program (MTP)

Though SOPs can be useful to initiate energy efficiency projects, they often do not create sustained energy efficiency activity and permanent change in the marketplace. This is because the SOPs are geared toward incentivizing vendors to sell and install projects, instead of providing the direct support, tools, and training necessary for customers and contractors to independently evaluate energy efficiency opportunities, secure budgets through their internal financial planning processes, or oversee those opportunities to their completion. This absence of direct intervention to address market barriers is one of the reasons why SOPs are not as successful in some markets as others.

To address these barriers, EPE offered its commercial and industrial customers a Large C&I Solutions Pilot MTP in addition to its Large C&I SOP starting in 2009. The Solutions program offers customers both cash and non-cash incentives. The cash incentives are at a lower \$/kW than SOP, with the difference used to provide non-cash incentives that include technical assistance, education on financing energy efficiency projects, and communications services. The Solutions program helps companies that do not have the in-house capacity or expertise to 1) identify, evaluate, and undertake efficiency improvements; 2) properly evaluate energy efficiency proposals from vendors; and/or 3) understand how to leverage their energy savings to finance projects.

Residential and Small Commercial Solutions Pilot Program (MTP)

SOPs experience more success when a strong contractor base exists that has experience participating in residential and small commercial SOPs. As with large commercial SOPs, residential and small commercial are geared toward incentivizing vendors to sell and install projects, instead of providing the direct support, tools, and training necessary for customers and contractors to independently evaluate energy efficiency opportunities, secure budgets through their internal financial planning processes, or oversee those opportunities to their completion. EPE's service area does not have a strong contractor base that is well-trained in promoting and installing energy efficiency measures for the residential and small commercial markets.

The climate in El Paso is also a contributing factor to the lack of participation in SOP programs. Because of the extensive use of evaporative cooling and the lack of refrigerated air in existing buildings, many of the efficiency measures used by residential contractors (A/C systems, duct sealing, infiltration reductions, and insulation) actually achieve lower energy savings per measure and as a result, contractors do not choose to participate in the SOP programs due to the reduced revenue potential.

To address these market gaps, starting in 2009, EPE offered its residential and small commercial customers a Residential and Small Commercial Solutions Pilot MTP in addition to its Residential and Small Commercial SOPs. The Residential and Small Commercial Solutions Pilot MTP offers customers both cash and non-cash incentives. The cash incentives are at a lower \$/kW than the SOPs, with the difference used to provide non-cash incentives for technical assistance, education on financing energy efficiency projects, and communications services. The program focuses on improving the efficiency and installation practices of products and services that residential consumers purchase and those local contractors install. In addition to capturing kW reductions, the implementer helps residential and small commercial contractors improve their ability to identify, evaluate, and sell efficiency improvements to home and small business owners and assist consumers in evaluating energy efficiency proposals from vendors.

Hard-to-Reach Solutions Pilot Program (MTP)

This program mirrors the Residential and Small Commercial Solutions Pilot MTPs described above. The low participation in the Hard-to-Reach SOP program offered by EPE is a direct reflection of the issues related to the Residential and Small Commercial Standard Offer Program. Programs that are only geared toward incentivizing vendors to sell and install projects will struggle unless contractors are sophisticated in how to use them. Instead, the HTR market requires providing the direct support, tools, and training necessary for customers and contractors to independently evaluate energy efficiency opportunities, secure budgets through their internal financial planning processes, and oversee those opportunities to their completion.

As in the Residential and Small Commercial SOP, the climate in El Paso is also a contributing factor to the low participation in the HTR SOP. Because of the use of evaporative cooling in existing buildings, many of the efficiency measures used by residential contractors (A/C systems,

duct sealing, and infiltration reductions) actually achieve lower energy savings per measure and as a result, contractors self-select out of SOP programs. Pursuant to PUCT Docket number 36778, the HTR program template and residential deemed savings values were modified “to allow electric utilities the flexibility of performing additional energy efficiency measures on homes with evaporative cooling.” As a result, effective August 27, 2009, EPE is permitted to incorporate the following HTR envelope measures in evaporative cooled homes: ceiling, wall and floor insulation, solar screens, and Energy Star windows.

Load Management Program (SOP)

The Load Management SOP allows participating Project Sponsors (customers or third-party sponsors) to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. Incentives are based on verified demand savings that customers of EPE are able to produce in response to notifications of voluntary curtailment events from EPE. Only commercial customers taking service at the distribution level and non-profit, government, and educational customers are eligible for the program. Customers are not required to produce a specific level of curtailed load but will receive payments only for the amount of curtailed load produced.

This program provides one of the most cost-effective opportunities to reduce peak summer demand by directly targeting demand reduction during peak hours. EPE will pay participating customers \$25 per kW of verified curtailed load during a scheduled curtailment and \$35 per kW of average verified curtailed load during all of the unscheduled curtailment events. Thus, each participant will be paid a total of approximately \$60 for each kW of load that is consistently curtailed through all requested events.

To qualify, participants are required to have a normal aggregate peak demand of 300 kW or greater, with each participating site having at least 300 kW normal peak demand and capable of curtailing at least 100 kW, be equipped with Interval Data Recorder meters, and be a non-residential customer of EPE taking service at the distribution level. Measurement and verification activities will be conducted for each project to verify incentive payments and program peak demand reduction. EPE will perform the verification process after any curtailment (scheduled or unscheduled) occurs. Demand savings and incentive payment amounts will be based on actual, verified load curtailments.

LivingWise Education Market Transformation Program

The LivingWise Educational MTP is a fully implemented program operated by Resource Action Programs of Modesto, CA. The Program is designed to generate immediate and long-term energy savings for the participants. The Program uses a school-based method that builds student knowledge, provides high efficiency devices to families and serves as an effective community outreach program.

The Program identifies and enrolls students and teachers within the EPE Texas service territory. The enrolled participants receive educational materials designed to build participant knowledge and demonstrate simple ways to save energy by not only changing habits but also changing devices. Materials meet state and national educational standards, which allow the Program to easily fit into teachers' existing schedules and requirements.

As part of the Program, children take home a Resource Action Kit that contains high efficiency energy savings devices. With the help of their parents, students install the devices in their homes and complete a home energy audit report. The LivingWise staff tabulates all responses, including home audits, teacher responses, student input, parent responses and generates a Program Summary Report.

EPE has not yet identified the electricity savings from the Resource Action Kits that may be counted towards EPE's 2010 goal.

C. New Programs for 2010

Appliance Recycling Pilot Program (MTP)

Program Description

The Appliance Recycling Pilot Program proposes incentives to encourage EPE residential customers to recycle their older, less efficient refrigerators or freezers rather than use them as secondary or backup units. Unlike other appliances, where the old units are usually scrapped when these are replaced, older refrigerators or freezers can stay connected for years after they have been removed from the kitchen and transferred to the basement or garage or to a used appliance dealer. Utility programs targeted at reducing the number of households with secondary refrigerators or freezers have proven to be cost-effective when properly administered. The Program will offer an eligible customer a \$30 incentive to permit EPE to remove and recycle one secondary refrigerator or freezer from his or her property. Though EPE's existing SOPs and MTPs have been effective in reducing demand and educating customers about the benefits of adopting efficient energy use practices, EPE believes a cost-effective appliance recycling program will provide additional demand reduction and energy savings to members of this customer class as well as reduce system-wide load and peak demand.

Program Design & Setup

The implementer will develop program rules, steps, requirements, and processes necessary to implement an effective program. In support of this effort, the implementer will be able to quickly adapt many of the various application and implementation forms, steps, audit processes, and other processes from similar programs. This will help reduce the time necessary to initiate the Program and help minimize program development costs. In addition, EPE will work with the implementer to

study the appropriateness of the incentive levels being offered through the Program, in addition to seeking out potential opportunities to coordinate the Program with federal or state initiatives that provide similar incentives for Energy Star refrigerators.

Marketing & Outreach

The implementer will lead the marketing and outreach efforts, with assistance from EPE, to create and execute a strategy to recruit program participants. The Program will be marketed to all of EPE's Texas residential customers, using materials determined by the implementer. Marketing activities will promote the availability of the Program, the potential energy savings to the customer, and the environmental benefits to the community. Mechanisms that can be used to promote the Program include: media advertising, direct mail (including bill stuffers), the EPE website, and informational articles in local print media.

Program Implementation

As a result of a competitive bid process, EPE selected JACO Environmental, Inc. (JACO) to implement the Program. JACO will provide nearly all turnkey services, including all of the services listed below. The implementation of the Program consists of the following tasks:

- marketing and promotion;
- customer service and scheduling;
- appliance collection, storage and transportation;
- appliance processing and materials recycling; and
- program tracking and reporting.

The Program will be marketed to all prospective participants, encouraging customers to contact the Program implementer, JACO, to schedule an appointment to pick-up the appliances. During the scheduling, the customer will be asked questions about the appliance's eligibility, discussed below, but final eligibility verification will occur at the time of pick-up, including ensuring that the appliance is operational. JACO will pick-up eligible equipment and transport it to a recycling center where the appliances will be disassembled and all components appropriately recycled or disposed. JACO will record and track all important program metrics and report them to EPE on a regular basis. JACO will also perform a measurement and verification of the Program that will primarily be based on a deemed savings approach, specifying savings as a function of a few key appliance characteristics, such as size and age. These deemed savings will be combined with actual program statistics to determine program savings and will be reviewed by EPE.

Solar PV Pilot Program (MTP)

Program Description

Despite the fact that the state of Texas is geographically inclined to support energy-efficient solar generation, it is estimated that only 1.05 MW of solar generation has been installed to date through solar programs sponsored by the Investor Owned Utilities in Texas. This is partly due to the high up-front costs of installing large solar generation systems. EPE hopes to encourage the installation of smaller residential or commercial solar photovoltaic (PV) distributed generation systems. The EPE Solar PV Incentive Program will encourage EPE customers to install solar PV distributed generation systems at their homes or businesses by offering incentives to off-set a portion of the up-front costs. In coordination with Frontier Associates and Clean Energy Associates (implementer), EPE has developed this pilot program to offer a \$2.50/watt incentive to a limited number of its Texas-based customers who install such systems.

Program Design & Setup

The implementer will develop program rules, steps, requirements, and processes necessary to implement an effective program. In support of this effort, the implementer will be able to quickly adapt many of the various application and implementation forms, steps, audit processes, and other processes from similar programs. This will help reduce the time necessary to get the Program started and help minimize program development costs. In addition, EPE will monitor the incentive levels offered in the Program to ensure the level is sufficient to encourage participation, while maintaining cost-effectiveness.

Program Manual

To maintain program consistency throughout the implementation process, the implementer will develop a program manual for EPE. The manual will contain program rules, steps, guidelines, and limitations. The implementer and EPE will provide the manual to participating contractors in the program, EPE staff, the implementer's team, and other parties as determined by the EPE Program Manager or as requested by the customer (i.e.. the customer's vendor and/or consultant).

Marketing & Outreach

EPE's marketing and outreach plan will consist primarily of creating public awareness of the Program and providing support to participating project installers through marketing materials that describe the Program. EPE and the implementer are also in the process of simplifying the process by which incentive funding is requested and distributed. Also, the Program manual will provide a single source from which customers and installers can get information related to Program requirements and procedures. Other mechanisms that may be used to promote the Program include: media advertising, direct mail (including bill stuffers), the EPE website, and informational articles in local print media.

Program Implementation

The Program will begin in spring 2010 at the proposed incentive level and will last for an initial two-year period. The Program will provide maximum flexibility for participation among eligible customers. The implementation team will establish an application process, similar to those previously designed and managed for other investor-owned utilities in Texas. Additionally, progress reports on program activities and any projects behind schedule will be submitted to EPE on a monthly basis. The implementers will maintain records of all program activities to measure the program's effectiveness; Program results will be measured by the number of customers that utilize the incentives to install new solar PV distributed generation systems at their homes or businesses. Strict quality assurance and measurement and verification requirements will be included in the Program.

D. General Implementation Process

Program Implementation

EPE will conduct activities to implement Energy Efficiency Programs in a non-discriminatory and cost effective manner. For 2010, EPE intends to implement programs by following the activity schedule outlined below. Activity for 2011 will be similar.

EPE will supplement its 2010 program announcements by continuing to inform the EESP community of pertinent news and updates throughout 2010. EPE will post program notices on its energy efficiency website, offer local and Internet-based workshops (if necessary), and broadcast email notices to various energy service company associations. After announcing the 2010 programs, EPE will open its website application pages to assist EESPs in preparing project applications in April 2010. The application process gives sponsors feedback on whether particular projects are eligible and the level of incentives for which they may qualify. In April 2010, EPE will begin to allow 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 savings, 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.

Guidelines within 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:

EPE maintains www.epelectricefficiency.com and www.epelectric.com. EPE's websites 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 sites;

EPE offers outreach workshops for SOPs and MTPs. EPE invites members of the air conditioner contractor community, weatherization service providers, lighting vendors, energy efficiency vendors/contractors 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 processes;

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

EPE gauges EESP interest in its workshops by the amount of participation. If warranted, EPE will offer workshops dedicated to specific programs;

EPE 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;

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

EPE participates in state-wide outreach activities as may be available and attends appropriate industry-related meetings to generate awareness and interest.

F. Existing DSM Contracts or Obligations

EPE's Energy Saver Program contract with the Texas Department of Housing Community Affairs (TDHCA) provides energy-saving refrigerators to low-income customers and low-income weatherization services and pays for administration costs associated with those programs. 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 MTP and the three "Solutions" Pilot MTPs.

In addition, EPE has a contract with Resource Action Programs to implement its LivingWise Educational MTP. The contract is for the 2009-2010 school year; the program will be implemented in Spring 2010.

II. Customer Classes

There are approximately 247,253 residential accounts in the EPE service area (2009 data). Residential, including hard-to-reach accounts, contributed 31% of residential and commercial peak demand and 36% of residential and commercial revenues (2009 data). The commercial segment consists of 30,661 accounts, which contributed 69% of residential and commercial peak demand (2009). The small commercial segment, which includes common-ownership meters serving commercial and governmental customers 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 21,392 accounts. This group contributed 8% of residential and commercial revenues. Another 9,269 accounts make up the large commercial segment. This group contributed 56% 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's percent contribution to system peak and revenues. 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 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 Texas System Peak (%)	Contribution to Texas Revenues (%)	Number of Texas Customers
Total Commercial	69%	64%	30,661
Small Commercial	7%	8%	21,392
Total Residential	31%	36%	247,253
Hard-to-Reach ⁴	14%	16%	128,572

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, 2010 goal reflects the average annual growth in peak demand from 2005 to 2009. The demand goal for 2010 is based on meeting 20% of the electric utility's average annual growth in demand of residential and commercial customers by December 31, 2010. The demand goal for 2011 is based on meeting 20% of the electric utility's average annual growth in demand of residential and commercial customers by December 31, 2011. The corresponding energy savings goals are determined by applying a 20% 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 2010 and 2011. Projected savings for 2010 and 2011 reflect the budget allocations designed to meet EPE's goals required by the Energy Efficiency Rule (Substantive Rule § 25.181).

⁴ According to the U.S. Census Bureau's 2009 Current Population Survey (CPS), 52% of El Paso County's families fall below 200% of the poverty threshold. Applying that percentage to EPE's residential customer base of 247,253, the number of HTR customers is estimated at 128,572.

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	Weather Adjusted	Actual	Weather Adjusted ⁴	Actual	Weather Adjusted ⁴	Actual			Weather Adjusted ⁴
2004	893	893	842	842	5,105,776	5,105,776	4,656,639	4,656,639	NA	NA
2005	931	931	876	876	5,172,749	5,172,749	4,715,347	4,715,347	34	NA
2006	949	949	888	888	5,256,908	5,256,908	4,774,249	4,774,249	12	NA
2007	1,029	1,029	964	964	5,441,567	5,441,567	4,927,769	4,927,769	76	NA
2008	1,029	1,029	967	967	5,315,521	5,315,521	4,824,984	4,824,984	3	NA
2009	1,126	1,126	1,031	1,031	5,519,565	5,519,565	4,910,662	4,910,662	64	NA
2010	NA	NA	NA	NA	NA	NA	NA	NA	NA	38
2011	NA	NA	NA	NA	NA	NA	NA	NA	NA	44

“NA” = Not Applicable; Growth for 2004 over 2003 and average growth for 2004-2009 are not applicable to any of the calculations or goals in this EEPR. Energy efficiency goals are calculated based upon the actual historical growth in demand for the five most recent years, so peak demand and energy consumption forecasts for 2010 and 2011 are not applicable.

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

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)

2010	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	6,956	8,363,592
Commercial SOP	1,007	4,099,541
Small Commercial SOP	131	563,087
Large C&I Solutions Program	1,000	438,096
TX SCORE Pilot MTP	1,352	3,262,868
Load Management	3,465	0
Residential	1,727	8,183,384
Residential SOP	190	1,015,657
Residential & Small Commercial Solutions Program	800	1,999,999
Living Wise	0	0
Appliance Recycle Program	690	5,077,296
PV/Solar Program	47	90,432
Energy Star Homes	0	0
Hard-to-Reach	416	763,134
Hard-to-Reach Solutions Program	300	469,843
Hard-to-Reach SOP	51	293,292
Energy Saver (TDHCA)	65	0
Total	9,099	17,310,110
2011	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	6,806	11,649,315
Commercial SOP	1,007	4,099,541
Small Commercial SOP	131	563,087
Large C&I Solutions Program	850	3,723,820
TX SCORE Pilot MTP	1,352	3,262,868
Load Management	3,465	0
Residential	1,727	8,183,385
Residential SOP	190	1,015,657
Residential & Small Commercial Solutions Program	800	2,000,000
Living Wise	0	0
Appliance Recycle Program	690	5,077,296
PV/Solar Program	47	90,432
Hard-to-Reach	426	880,595
Hard-to-Reach Solutions Program	375	587,303
Hard-to-Reach SOP	51	293,292
Total	8,959	20,713,295

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).

The number of customers in each of the customer classes and each class's percent contribution to system peak and revenues shown in Table 3 were primary determinants in budget allocations for those classes. EPE first ensured that the 5% goal for hard-to-reach customers was met and then allocated the remaining funding between the residential, hard-to-reach, and commercial classes at levels that fell between those that would match the allocation of funds to the contribution to revenues by class and those that would match the contribution to demand savings by each class to the contribution to system peak by class. A variety of additional factors and assumptions also went into the decision process.

Hard-to-reach customers are residential customers at or below 200% of the federal poverty guidelines. This is estimated to be approximately 52% 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 costs include reserve margins and line losses).

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

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

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.

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 SOPs and MTPs that will be available to all customer classes.

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)⁷

2010	Incentives	Admin	R&D	Total Budget
Commercial	\$1,762	\$69	\$0	\$1,831
Commercial SOP	\$324	\$36	\$0	\$360
Small Commercial SOP	\$90	\$10	\$0	\$100
Large C&I Solutions Program	\$542	\$0	\$0	\$542
TX SCORE Pilot MTP	\$598	\$0	\$0	\$598
Load Management	\$208	\$23	\$0	\$231
Residential	\$1,556	\$32	\$0	\$1,588
Residential SOP	\$149	\$17	\$0	\$166
Residential & Small Commercial Solutions Program	\$553	\$0	\$0	\$553
Living Wise	\$327	\$0	\$0	\$327
Appliance Recycle Program	\$386	\$0	\$0	\$386
PV/Solar Program	\$141	\$16	\$0	\$157
Hard-to-Reach	\$402	\$8	\$0	\$410
Hard-to-Reach Solutions Program	\$326	\$0	\$0	\$326
Hard-to-Reach SOP	\$76	\$8	\$0	\$84
Sub-Total	\$3,720	\$110	\$0	\$3,830
Energy Saver (TDHCA)	\$557	\$3,000	\$0	\$560
Total Budgets	\$4,277	\$113	\$0	\$4,390
2011	Incentives	Admin	R&D	Total Budget
Commercial	\$1,762	\$69	\$0	\$1,831
Commercial SOP	\$324	\$36	\$0	\$360
Small Commercial SOP	\$90	\$10	\$0	\$100
Large C&I Solutions Program	\$542	\$0	\$0	\$542
TX SCORE Pilot MTP	\$598	\$0	\$0	\$598
Load Management	\$208	\$23	\$0	\$231
Residential	\$1,556	\$32	\$0	\$1,588
Residential SOP	\$149	\$17	\$0	\$166
Residential & Small Commercial Solutions Program	\$553	\$0	\$0	\$553
Living Wise	\$327	\$0	\$0	\$327
Appliance Recycle Program	\$386	\$0	\$0	\$386
PV/Solar Program	\$141	\$16	\$0	\$157
Hard-to-Reach	\$402	\$8	\$0	\$410
Hard-to-Reach Solutions Program	\$326	\$0	\$0	\$326
Hard-to-Reach SOP	\$76	\$8	\$0	\$84
Total Budgets	\$3,720	\$110	\$0	\$3,830

⁷ Research & Development expenditures were budgeted for the Energy Star New Homes Program in 2009. These funds will be spent in 2010; however they are not shown in this table.

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

Table 7 documents EPE's actual demand goals and energy targets for the previous five years (2005-2009) calculated in accordance with P.U.C. SUBST. R. 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 Goals and Targets (MWh)
2009 ⁸	5.68	9,945
2008 ⁹	3.79	6,634
2007 ¹⁰	2.7	10,970
2006 ¹¹	1.63	5,005
2005	NA	NA

VI. Projected, Reported and Verified Demand and Energy Savings

Table 8 presents EPE's projected and actual savings for the 2008 and 2009 program years. EPE's 2009 programs produced annual savings of 5.8 MW and 17,908 MWh and 2008 programs produced annual savings of 2.9 MW and 12,494 MWh.

The demand and energy savings from EPE's programs increased considerably from 2008 to 2009, so much so that the programs achieved EPE's goal of 9,945 MWh of energy savings and 5.68 MW of demand reduction.

EPE surpassed its goal for demand reduction by approximately 120 kW. Without the addition of the load management program to its energy efficiency portfolio, EPE would not have met its goal, producing approximately 4.5 MW of savings.

⁸ Actual weather-adjusted MW and MWh goals as reported in EPE's Energy Efficiency Plan and Report (EEPR) filed in April of 2009 under Project No. 36689.

⁹ Actual weather-adjusted MW and MWh goals as reported in EPE's Energy Efficiency Plan and Report (EEPR) filed in June of 2008 under Project No. 35440.

¹⁰ Actual weather-adjusted numbers from EEP, Project No. 33884.

¹¹ Actual weather-adjusted numbers from EEP, Project No. 32107.

Table 8: Projected versus Reported and Verified Savings for 2009 and 2008 (at Meter)

2009	Projected Savings		Reported and Verified Savings	
	MW	MWh	MW	MWh
Commercial	4.090	18,113	5.108	14,270
Commercial SOP	1.878	11,752	1.677	6,824
Small Commercial SOP	0.210	900	0.000	0
Large C&I Solutions Program	0.650	2,848	0.642	4,049
TX SCORE Pilot MTP	1.352	2,614	1.408	3,397
Load Management	0	0	1.381	0
Residential	1.152	3,625	0.460	2,624
Residential SOP	0.395	1,077	0.139	745
Statewide CFL	0.087	874	0.089	886
Residential & Small Commercial Solutions Program	0.670	1,675	0.232	993
LivingWise	0	0	0	0
Hard-to-Reach	0.447	1,261	0.277	1,014
Hard-to-Reach Solutions Program	0.285	446	0.064	77
Hard-to-Reach SOP	0.077	258	0.054	309
Energy Saver (TDHCA)	0.085	557	0.159	628
Total	5.689	23,000	5.845	17,908
2008	Projected Savings		Reported and Verified Savings	
	MW	MWh	MW	MWh
Commercial	3.078	10,402	2.449	10,211
Large Commercial & Industrial SOP	1.543	6,762	1.177	7,365
Residential and Small Commercial SOP	0.285	1,223	0.000	0
TX SCORE Pilot MTP	1.250	2,417	1.272	2,846
Residential	0.617	2,916	0.284	1,470
Residential and Small Commercial SOP	0.599	2,569	0.188	513
Statewide CFL Pilot MTP	0.018	347	0.096	957
Hard-to-Reach	0.195	796	0.186	813
Hard-to-Reach SOP	0.195	306	0.126	423
TDHCA	0.092	490	0.059	389
Total	3.982	14,114	2.919	12,494

VII. Historical Program Expenditures

This section documents EPE's incentive and administration expenditures for the previous five years (2005-2009) broken out by program for each customer class. Note that this table does not present research and development expenditures; as a result, spending for the Energy Star New Homes Study is not included here. R&D expenditures for 2009 can be found in Table 10.

Table 9: Historical Program Incentive and Administrative Expenditures for 2005 through 2009 (000's)¹²

Programs	2009			2008			2007			2006			2005		
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	
Commercial	\$1,611,899	\$73,654	\$886,295	\$20,194	\$371,602	\$22,943	\$95,288	\$10,588	\$0	\$0	\$0	\$0	\$0	\$0	
Comm SOP	\$558,906	\$21,367	\$377,418	\$15,522	\$315,694	\$19,291	\$95,288	\$10,588	see RES	see RES	see RES	see RES	see RES	see RES	
Small Comm SOP	\$0	\$15,597	\$0	\$4,672	\$0	\$3,652	see RES	see RES	see RES	see RES	see RES	see RES	see RES	see RES	
Large C&I Solutions	\$427,432	\$0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
SCORE Pilot MTP	\$560,761	\$0	\$508,877	\$0	\$55,908	\$0	NA	NA	NA	NA	NA	NA	NA	NA	
Load Management	\$64,800	\$36,690	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Residential	\$713,381	\$48,618	\$157,573	\$9,814	\$0	\$7,321	\$131,868	\$14,652	\$0	\$0	\$0	\$0	\$0	\$0	
Residential SOP	\$108,391	\$18,019	\$101,055	\$9,814	\$0	\$7,321	\$131,868	\$14,652	NA	NA	NA	NA	NA	NA	
Statewide CFL MTP	\$38,794	\$27,143	\$56,519	\$0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Res & Small Comm Solutions	\$299,553	\$0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Living Wise	\$266,643	\$0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
ES New Homes	\$0	\$3,456 ¹³	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Hard-to-Reach	\$205,333	\$19,295	\$457,291	\$41,699	\$98,983	\$60,977	\$305,549	\$33,950	\$124,688	\$17,179	\$124,688	\$17,179	\$124,688	\$17,179	
HTR Solutions	\$130,382	\$0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Hard-to-Reach SOP	\$74,951	\$19,295	\$124,863	\$15,699	\$98,983	\$11,977	\$305,549	\$33,950	NA	NA	NA	NA	NA	NA	
Sub-Total	\$2,530,613	\$141,567	\$1,501,159	\$71,707	\$470,585	\$91,241	\$532,705	\$59,190	\$124,688	\$17,179	\$124,688	\$17,179	\$124,688	\$17,179	
Energy Saver	\$679,930	\$27,000	\$332,428	\$26,000	\$553,612	\$49,000	NA	NA	NA	NA	NA	NA	NA	NA	
Total	\$3,210,543	\$168,567	\$1,833,587	\$97,707	\$1,024,197	\$140,241	\$532,705	\$59,190	\$124,688	\$17,179	\$124,688	\$17,179	\$124,688	\$17,179	

¹² 2009 expenditures taken from Table 10 in the current EEPR; 2008 expenditures from EEPR filed in Project No. 36689; 2007 expenditures from EEPR filed in Project No. 35440; 2006 expenditures from Energy Efficiency Report (EER) filed in Project No. 33884; 2005 expenditures from EER filed in Project No. 32107; 2004 expenditures from EER filed in Project No. 30739.

¹³ This total includes \$1,650 of R&D dollars.

VIII. Program Funding for Calendar Year 2009

As shown in Table 10, EPE spent a total of \$3,379,110 on all of its energy efficiency programs in 2009, which was 12% less than the total forecasted budget for 2009 of \$3,858,385. 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.
- The Small Commercial SOP was not able to attract any project sponsors.
- The actual expenditures for administrative costs were considerably less than the amount budgeted.

Table 10: Program Funding for Calendar Year 2009¹⁴

	Total Projected Budget	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Actual Funds Expended (R & D)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining (Not Committed)
Commercial	\$1,808,383	201	\$1,611,899	\$73,654	\$0	\$1,685,553	\$0	\$122,830
Commercial SOP	\$669,139	70	\$558,906	\$21,367	\$0	\$580,274	\$0	\$88,866
Small Commercial SOP	\$159,788	0	\$0	\$15,597	\$0	\$15,597	\$0	\$144,191
Large C&I Solutions Program	\$430,456	30	\$427,432	\$0	\$0	\$427,432	\$0	\$3,024
TX SCORE Pilot MTP	\$549,000	99	\$560,761	\$0	\$0	\$560,761	\$0	-\$11,761
Load Management	-	2	\$64,800	\$36,690	\$0	\$101,490	\$0	-\$101,490
Residential	\$1,142,094	9,535	\$713,381	\$46,968	\$1,650	\$761,999	\$0	\$380,095
Residential SOP	\$235,640	264	\$108,391	\$18,019	\$0	\$126,410	\$0	\$109,230
Statewide CFL MTP	\$72,000	2,870	\$38,794	\$27,143	\$0	\$65,937	\$0	\$6,063
Residential & Small Commercial Solutions Program	\$544,854	83	\$299,553	\$0	\$0	\$299,553	\$0	\$245,301
EnergyStar® New Homes Study	\$85,000	-	\$0	\$1,806	\$1,650	\$3,456	\$0	\$81,544
Living Wise	\$204,600	6,318	\$266,643	\$0	\$0	\$266,643	\$0	-\$62,043
Hard-to-Reach	\$367,908	131	\$205,333	\$19,295	\$0	\$224,628	\$1,580	\$141,700
Hard-to-Reach Solutions Program	\$283,478	44	\$130,382	\$0	\$0	\$130,382	\$0	\$153,096
Hard-to-Reach SOP	\$84,430	87	\$74,951	\$19,295	\$0	\$94,246	\$1,580	-\$11,396
Sub-Total	\$3,318,385	9,867	\$2,530,613	\$139,917	\$1,650	\$2,672,180	\$1,580	\$644,625
Energy Saver (TDHCA)	\$540,000	763	\$679,930	\$27,000	\$0	\$706,930	\$0	-\$166,930
Total	\$3,858,385	10,630	\$3,210,543	\$166,917	\$1,650	\$3,379,110	\$1,580	\$477,695

IX. Market Transformation Program Results

TX SCORE MTP Program

EPE introduced the Texas SCORE Pilot MTP in 2007 as a pilot MTP that promotes a structured process to public school district and local governments to identify opportunities and implement energy efficiency measures. The program pays incentives to school districts and local government

¹⁴ Projected Budget from April 2009 EEPR filed in Project No. 36689.

entities for the installation of energy efficiency measures that reduce peak demand and energy use as well as non-cash incentive tools that identify their critical needs and promote best business practices.

As each entity commits to participating in the TX SCORE Pilot MTP, 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.

Opinion Dynamics Corporation conducted a Market Assessment and Baseline Study of the School and Local Government Markets to assist with the implementation and evaluation of the TX SCORE Pilot MTP. Specifically, the objective of the study was to “document the current status of school and local government energy density, key equipment, practices, and management within the aforementioned utility service territories.”¹⁵

Results from the baseline study clearly indicate that there is a strong interest in energy efficiency opportunities across these markets; approximately 80% noted that they were interested in learning how to save energy. However, the study also noted that although there was interest in efficiency, several market barriers prevented cities and schools from undertaking projects that would save both energy and money. The major market barriers identified by the study were (1) cost of energy efficient technologies, (2) difficulties with the budgeting and procurement processes for planning efficiency improvements, and (3) a lack of time, knowledge and resources to plan and execute such improvements. The baseline study also identified several opportunities for efficiency upgrades specific to local governments and schools. From specific measures such as lighting and HVAC system upgrades to improvements in operation and management, opportunities to provide information, resources and funding exist in both markets.

The TX SCORE Pilot MTP was designed to help schools and cities break through these types of market barriers. School administrators and city employees who are interested in energy efficiency, but simply lacking the technical expertise and time to implement projects can utilize the incentives and technical assistance provided by the program to implement efficiency upgrades.

The 2009 TX SCORE Pilot MTP had 99 projects with participating districts and local government agencies in the EPE service territory. 1.4 MW of peak demand reductions were achieved through the implemented energy efficiency measures.

Statewide CFL Pilot MTP

In 2009, El Paso Electric Company participated with seven other Texas investor-owned utilities in the Statewide “Make Your Mark” CFL Pilot MTP. This program, implemented by Ecos Consulting, Inc. (Ecos), encouraged the customers of the sponsor utilities to purchase CFLs instead

¹⁵ Opinion Dynamics Corporation, “Texas School and Local Government Energy Efficiency Market Assessment and Baseline Study.” February 2010.

of incandescent light bulbs by lowering prices and increasing the availability of CFLs at stores within the service area of the sponsors through upstream markdowns/buy-downs. Markdowns and buy-downs consist of providing payments to lighting manufacturers to provide products to retailers at lower prices, sometimes allowing retailers to carry products that they have not carried previously. The program also involved placing point-of-purchase marketing materials in participating stores that inform consumers about CFLs and encourage their purchase.

In 2009, the program increased participation over 2008 levels by discounting over 1.6 million CFLs statewide. An estimated 34,441 bulbs were sold to customers living within EPE's Texas service territory, which translates to estimated gross annual savings of 1,407,239 kWh and 141 kW during peak periods.

Frontier Associates was contracted to perform measurement and verification for the program. Frontier estimated the free-ridership and leakage associated with the program to affirm its cost-effectiveness under the Commission's rules.

Ecos obtained detailed information from lighting manufacturers about the bulbs that were discounted through the program. For each store participating in the program, the number of discounted bulbs sold at the store was recorded by stock keeping unit (SKU). This information was the starting point for Frontier's analysis.

Leakage from the program is defined in this case as the sale of CFLs that were discounted through the program to consumers that do not receive service from one of the sponsor utilities. The leakage was estimated on a store-by-store basis by evaluating the location of each participating store in relation to the sponsor utilities' service areas. It was estimated that less than half of one percent of the total program bulb sales were made to non-Texans and that less than 4% were sales to consumers living outside the utility service territories.

The free-ridership ratio is the fraction of participants that bought bulbs discounted through the program that would have purchased CFLs in the absence of the program. The Net-to-Gross (NTG) factor for free-ridership is then one minus the free-ridership ratio. Frontier estimated the NTG value in two ways using data collected from a random survey to Texas residents conducted in late 2008.

First, a so-called 'self-report' free-ridership ratio was determined from the answers to questions asked of CFL purchasers as to whether they would have bought the bulbs they bought if the price had been \$1, \$2, or \$3 higher per bulb. The program average bulb incentive was between \$1 and \$2 per bulb, so those respondents that indicated that they would have paid \$2 or \$3 more were considered free-riders. This method yielded a free-ridership ratio of 0.35 and a corresponding NTG of 0.65. This should be considered as a conservative estimate given that it ignores the effects of the program that are not related to price, like point-of-purchase marketing and increased CFL availability and visibility.

The second method used to estimate the free-ridership ratio was a statistical model referred to as a nested logit model. The model uses detailed survey results to attempt to isolate the effects of the

program on a respondent's decision to participate in the program. The NTG determined by this method was in the range of 0.7 to 0.8.

While Substantive Rule 25.181 does not require that reported savings be adjusted for free-ridership, the sponsor utilities felt that the unique program design and current market characteristics surrounding this program warranted special treatment. Given the uncertainties in determining free-ridership and the limited data available, the sponsor utilities chose to adopt a conservative estimate for the NTG of about 0.63 for reporting purposes. (This is an average value. Specifically, an NTG of 0.6 was used for the impacts of common wattage twist CFLs, while a value of 0.85 was used for specialty bulbs, such as high wattage twist bulbs and bulbs of other shapes.) The same NTG values used to report the program's net impacts for 2008 were used for 2009. These values are based on a comprehensive evaluation being performed for the California Public Utility Commission's update to the Database for Energy Efficient Resources (DEER) and will likely be used by California IOUs for 2009-2011 program planning. While California has had utility programs in place for years, the Statewide CFL Pilot MTP is the first large scale CFL program in Texas, and this NTG estimate is lower than both of those determined explicitly for the Texas program. Therefore, the sponsors should be confident that the program will be responsible for savings at least as great as the savings being reported.

Accounting for these adjustments, the Statewide CFL Pilot MTP provided over 1,044,000 CFLs to customers who would not have bought them otherwise. In EPE's service territory, the program's net annual impacts for 2009 were 885,710 kWh and 89 kW.

The potential for greater market change exists. As reported in ENERGY STAR's 2009 CFL Market Profile, 30% of homes nationwide have no CFLs in use and only 11% of all residential sockets contain a CFL. However, falling prices in the cost of CFLs in the past year has diminished the need for the incentives provided by the Program. Overall, the Program was spending over three dollars per bulb sold in order to bring the cost down to one dollar for the consumer; however, it was estimated that the cost of one 60 watt equivalent bulb was actually less than \$1. As a result of this price drop, the Program was discontinued at the end of the 2009 program year. EPE was proud to have participated in the Statewide CFL Pilot MTP.

Large Commercial & Industrial Solutions Pilot Program (MTP)

Though SOPs can be useful to initiate energy efficiency projects, they often do not create sustained energy efficiency activity and permanent changes in the marketplace. This is because SOPs are geared toward incentivizing vendors to sell and install projects, instead of providing customers the direct support, tools, and training necessary to independently evaluate energy efficiency opportunities, secure budgets through their internal financial planning processes, or oversee those opportunities to their completion. This absence of direct intervention to address market barriers is one of the reasons why SOPs are not as successful in some markets as others.

To address these barriers, EPE offered its commercial and industrial customers the Large C&I Solutions Pilot Program in addition to its SOP starting in 2009. This Program offers commercial electric distribution customers both cash and non-cash incentives for implementing energy efficiency improvements in 2009. Specifically, the Program includes technical assistance to help identify and evaluate energy-efficiency opportunities and administrative program management, cash incentive equal to \$271.80 per reduced peak kW) for new construction and retrofit projects that reduce peak demand, and communication support to help publicize community leadership and accomplishments in energy efficiency. EPE has partnered with CLEAResult Consulting, Inc. (CLEAResult) to administer the Program.

This Program was established to test a solutions approach toward garnering peak kW savings among large commercial customers. Key components of the solutions approach included: acting as a third party unbiased player to assist business customers in identifying energy efficiency opportunities, realizing the financial benefits associated with such opportunities, evaluating contractor bids, and conveying the social and financial benefits by way of internal and community-wide communications efforts. Results of the Program were substantial, as not only did the Program meet and exceed its established kW goal, but it also realized success in reaching out to the contracting community, along with affiliated architectural and engineering firms.

Thirty projects were completed under the Large C&I Solutions Program in 2009. Approximately 642 kW of peak demand reductions and 4 million kWh of energy savings were achieved as a result of the program.

In 2010, the Large C&I Solutions Pilot Program will continue working with business owners, expanding the scope of energy efficiency opportunity areas to include measurement and verification measures. The program will also aim to consolidate the identification of opportunities, recommended technologies, and the financial benefits, by creating and disseminating encompassing reports. The C&I Solutions Pilot Program will also expand outreach to active contractors, architectural firms, engineering firms, and other building industry players, to raise overall energy efficiency practices across the marketplace.

Residential & Small Commercial Solutions Pilot Program (MTP)

Similar to the Large C&I Solutions Pilot Program, starting in 2009, EPE offered its residential and small commercial customers a Residential and Small Commercial Solutions Pilot Program in order to account for the gaps associated with SOPs. The Residential and Small Commercial Solutions Pilot Program offers customers both cash and non-cash incentives. The cash incentives are at a lower \$/kW than the SOP, with the difference used to provide non-cash incentives for technical assistance, education on financing energy efficiency projects, and communications services. Specifically, the Program offers direct support, tools, and training necessary for participating contractors and their customers to identify, evaluate and undertake efficiency improvements, determine which improvements will have the greatest impact on energy consumption, comfort and

durability and help participants to better understand how to leverage energy savings to finance projects. Cash incentives are offered at \$460.89 per reduced peak kW directly to the contractor for new construction and retrofit projects that reduce peak demand. El Paso Electric has partnered with CLEAResult to administer the program.

Eighty-three projects were completed under the Residential and Small Commercial Solutions Pilot Program in 2009. Approximately 232 kW of peak demand reductions and 993,000 kWh of energy savings were achieved as a result of the program.

Looking toward 2010, the Residential and Small Commercial Solutions Pilot Program will continue working with established program contractors, as well as bring additional contractors into the fold, to train and support these entities in expanding the breadth of energy conservation measures installed per each customer transaction. Similarly, through expanded training on best practices and applicable business models, the program will gauge the manner by which overall energy efficiency practices and installations are affected across the marketplace. The 2010 program year will also see EPE pay particular attention to the savings derived from the Residential, and Small Commercial, markets respectively, as it may make programmatic sense to create stand alone programs for each segment in future program years.

Hard-to-Reach Solutions Pilot Program (MTP)

This program mirrors the Residential and Small Solutions Commercial Pilot Program described above. The low participation in the Hard-to-Reach SOP program offered by EPE is a direct reflection of the issues related to the Residential and Small Commercial Standard Offer Program. The program offers residential electric customers both cash and non-cash incentives for implementing energy efficiency improvements. Designed for residential customers whose households' total income is at or below 200% of the federal poverty guidelines, the hard-to-reach program will assist customers by identifying, evaluating and undertaking efficiency improvements, properly evaluating energy efficiency proposals from vendors, overseeing opportunities to their completion and understanding how to leverage their energy savings to finance projects.

EPE will provide the direct support, tools, and training necessary for low-income customers to independently evaluate energy efficiency opportunities, training for contractors on which efficiency options to recommend and the proper installation procedures, and conveying financing information to all parties so that customers and contractors understand the value of positive monthly cash flow from energy efficiency projects. The program will also work with area employers that employ low-income workers in order to develop employer loan programs so that low-income customers can overcome the first-cost barrier to energy efficiency. The program will help customers that do not have the capacity or expertise to: 1) identify, evaluate, and undertake efficiency improvements, 2) properly evaluate energy efficiency proposals from vendors, and/or 3) understand how to leverage their energy savings to finance projects.

Through the Hard-to-Reach Solutions Pilot Program, a substantial amount of information is gathered during implementation for the purposes of determining; 1) the total opportunity for energy efficiency among low-income customers; 2) the pace at which the program is able to influence energy efficiency investment actions by low-income customers; 3) what the key determinants are for energy efficiency investment decisions; 4) the funding mechanisms that consumers and businesses use to pay for energy efficiency projects; and 5) the metrics for energy efficiency projects (dollars saved, technologies installed, peak kW and kWh reduction, installation time, etc).

EPE has partnered with CLEAResult to administer the program. Cash incentives are offered at \$576 per reduced peak kW for new construction and retrofit projects that reduce demand.

Forty-four projects were completed under the Residential and Small Commercial Solutions Program in 2009. Approximately 64 kW of peak demand reductions and 77,000 kWh of energy savings were achieved as a result of the program.

LivingWise Educational Market Transformation Program

EPE implemented the LivingWise program as part of its 2009 energy efficiency portfolio. Fully implemented by Resource Action Programs (RAP) of Modesto, CA, the program is designed to generate immediate and long term energy savings for the participants. The program uses a school-based method that builds student knowledge, provides high efficiency devices to families and serves as an effective community outreach Program.

The Program identifies and enrolls students and teachers within the EPE Texas service territory. The enrolled participants receive educational materials designed to build participant knowledge and demonstrate simple ways to save energy, by not only changing habits, but also changing devices. Materials meet state and national educational standards, which allow the Program to easily fit into teachers' existing schedules and requirements.

In 2009, EPE's LivingWise Educational Program was used by 6,318 sixth grade students and 118 sixth grade teachers in the El Paso area. Energy savings were estimated by RAP, however a full measurement and verification of the program has not been conducted to date. EPE is investigating opportunities to accurately measure energy savings and demand reductions that result from the LivingWise Educational Program; EPE has yet to determine whether or not these savings will count toward the 2010 goal.

X. Current Energy Efficiency Cost Recovery Factor (EECRF)

EPE was unable to establish an EECRF in 2009 due to a rate freeze and previously 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. On September 12, 2008, the PUCT approved EPE's application in Docket 35612.

In December 2009 in Docket No. 37690, EPE requested that the PUCT grant EPE an initial EECRF to recover: (1) the projected energy efficiency costs for the last six months of 2010 and (2) the portion of the annual amortization expense of the energy efficiency costs deferred during the period from September 1, 2007 through June 30, 2010 for the last six months of 2010 based on a three-year amortization. EPE has requested that the initial EECRF be made effective on July 1, 2010 when the rate freeze will terminate.

Revenue Collected

Not Applicable

Over- or Under-recovery

Not Applicable

XI. Underserved Counties

EPE serves customers in three counties: Culberson, Hudspeth, and El Paso. The large majority of EPE's customers (approximately 92%) live in El Paso County, and as such, it is to be expected that the energy efficiency projects performed in El Paso would outnumber those performed in Culberson or Hudspeth.

Table 11: 2009 Energy Efficiency Activity by County

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	10,588	6006.	19,062,516
Hudspeth County	10	1.18	8,660
Culberson County	32	7.73	25,824
Total	10,630	6,015	19,097,000

XII. Bonus Calculation

EPE exceeded its demand goal of 5.68 MW and its energy goal of 9,945 MWh in 2009. However, EPE did not achieve savings in excess of 5% of the demand goals for hard-to-reach customers. This makes EPE ineligible for the energy efficiency performance bonus.

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) -- P.U.C. SUBST. R. 25.181 and 25.183, which are the sections of the PUCY's Substantive Rules that implement 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.

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

Table 12: Program Savings by County

Large Commercial & Industrial SOP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	70	1,677	6,824,000
Total	70	1,677	6,824,000

Small Commercial SOP

County	# of Customers	Reported Savings	
		kW	kWh
NA	NA	NA	NA
Total	0	0.0	0

Load Management SOP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	2	1,381	0
Total	2	1,381	0

Residential SOP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	264	139.3	744,589
Total	264	139.3	744,589

Hard-to-Reach SOP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	87	53.6	308,959
Total	87	53.6	308,959

CFL Pilot MTP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	2,870	89	885,710
Total	2,870	89	885,710

Large C&I Solutions Pilot MTP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	30	642	4,049,000
Total	30	642	4,049,000

Residential & Small Commercial Solutions Pilot MTP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	83	232	993,000
Total	83	232	993,000

Hard-to-Reach Solutions Pilot MTP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	44	64	77,000
Total	44	64	77,000

Texas SCORE Pilot MTP

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	99	1,408	3,397,000
Total	99	1,408	3,397,000

Energy \$aver TDHCA Refrigerator Replacement

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	589	69.5	510,074
Hudspeth	10	1.18	8,660
Culberson	24	2.83	20,784
Total	623	73.51	539,518

*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 \$aver TDHCA Weatherization

County	# of Customers	Reported Savings	
		kW	kWh
El Paso County	132	80.78	83,160
Hudspeth	0	0	0
Culberson	8	4.90	5,040
Total	140	85.68	88,200

*Based on PUCT approved Deemed Savings Figures
 630 kWh / Unit Savings Single Family Housing- Gas Heat
 4,258 kWh / Unit Savings Single Family Housing- Electric Resistance heat
 .612 kW / Unit Savings Single Family Housing- Gas Heat
 .612 kW / Unit Savings Single Family Housing- Electric Resistance heat
 212 kWh / Unit Savings Multi-family Housing- Gas Heat
 1,154 kWh / Unit Savings Multi-Family Housing- Electric Resistance Heat
 .18 kW / Unit Savings Multi-family Housing- Gas Heat
 .18 kW / Unit Savings Multi-Family Housing- Electric Resistance Heat

APPENDIX B: PROGRAM TEMPLATES

No additional information on new programs to report.

APPENDIX C: EXISTING CONTRACTS AND OBLIGATIONS

No additional information about Existing Contracts and Obligations to report.

APPENDIX D: OPTIONAL SUPPORT DOCUMENTATION

The following table provides a demonstration of the cost-effectiveness of the energy efficiency programs offered to customers in EPE's Texas service territory. This analysis uses the projected energy savings, demand reductions, and expenditures for energy efficiency programs given in El Paso Electric's Energy Efficiency Plan and Report filed April 1, 2009 in Project No. 36689. Benefits are conservatively capped at 10 years of measure life, except in the case of the CFL Program. To create a conservative estimate of the CFL Program Benefits only five year of benefits were included.

2009 Customer Class and Program	Projected Savings		Projected Costs				Benefits				Benefit- Cost Ratio
	kW	kWh	Incentives	Administrative	R&D	Total	Avoided Capacity Costs	Avoided Energy Costs	Total	Net Benefits	
Commercial	4,090	18,113,303	\$1,725,490	\$82,893	\$0	\$1,808,383	\$2,319,863	\$7,063,538	\$9,383,400	\$7,575,017	5.2
Comm SOP	1,878	11,752,064	\$602,225	\$66,914	\$0	\$669,139	\$1,065,390	\$4,582,883	\$5,648,273	\$4,979,134	8.4
Small Comm SOP	210	899,746	\$143,809	\$15,979	\$0	\$159,788	\$118,897	\$350,869	\$469,766	\$309,978	2.9
Large C&I Solutions Program	650	2,847,627	\$430,456	\$0	\$0	\$430,456	\$368,693	\$1,110,472	\$1,479,166	\$1,048,710	3.4
TX SCORE Pilot MTP	1,352	2,613,867	\$549,000	\$0	\$0	\$549,000	\$766,882	\$1,019,314	\$1,786,196	\$1,237,196	3.3
Residential	1,152	3,625,232	\$828,930	\$23,564	\$0	\$852,494	\$653,420	\$1,413,710	\$2,067,130	\$1,214,636	2.4
Residential SOP	395	1,076,505	\$212,076	\$23,564	\$0	\$235,640	\$223,816	\$419,798	\$643,614	\$407,974	2.7
Statewide CFL	87	873,727	\$72,000	\$0	\$0	\$72,000	\$28,820	\$198,115	\$226,936	\$154,936	3.2
Res & Small Comm Solutions	670	1,675,000	\$544,854	\$0	\$0	\$544,854	\$380,038	\$653,190	\$1,033,228	\$488,374	1.9
Hard-to-Reach	447	1,261,113	\$872,465	\$35,443	\$0	\$907,908	\$253,473	\$491,789	\$745,262	-\$162,646	0.8
HTR Solutions	285	446,350	\$283,478	\$0	\$0	\$283,478	\$161,658	\$174,060	\$335,718	\$52,240	1.2
HTR SOP	77	257,723	\$75,987	\$8,443	\$0	\$84,430	\$43,553	\$100,503	\$144,055	\$59,626	1.7
Energy Saver (TDHCA)	85	557,040	\$513,000	\$27,000	\$0	\$540,000	\$48,263	\$217,225	\$265,488	-\$274,512	0.5
Educational Programs and R&D	0	0	\$204,600	\$0	\$85,000	\$289,600	\$0	\$0	\$0	N/A	N/A
EnergyStar® New Homes Study	0	0	\$0	\$0	\$85,000	\$85,000	\$0	\$0	\$0	N/A	N/A
Living Wise	0	0	\$204,600	\$0	\$0	\$204,600	\$0	\$0	\$0	N/A	N/A
Totals	5,689	22,999,648	\$3,631,486	\$141,900	\$85,000	\$3,858,385	\$3,226,756	\$8,969,037	\$12,195,792	\$8,337,407	3.2

2010	Projected Savings			Projected Costs				Benefits				Benefit-Cost Ratio
	Customer Class and Program	kW	kWh	Incentives	Administrative	R&D	Total	Avoided Capacity Costs	Avoided Energy Costs	Total	Net Benefits	
Commercial	4,290	18,989,496	\$1,800,784	\$82,893	\$0	\$1,883,677	\$2,433,307	\$7,405,221	\$9,838,528	\$7,954,851	5.2	
Commercial SOP	1,878	11,752,064	\$602,225	\$66,914	\$0	\$669,139	\$1,065,390	\$4,582,883	\$5,648,273	\$4,979,134	8.4	
Small Commercial	210	899,746	\$143,809	\$15,979	\$0	\$159,788	\$118,897	\$350,869	\$469,766	\$309,978	2.9	
Large C&I Solutions Program	850	3,723,820	\$505,750	\$0	\$0	\$505,750	\$482,137	\$1,452,156	\$1,934,293	\$1,428,543	3.8	
TX SCORE Pilot MTP	1,352	2,613,867	\$549,000	\$0	\$0	\$549,000	\$766,882	\$1,019,314	\$1,786,196	\$1,237,196	3.3	
Residential	1,078	2,759,253	\$730,376	\$16,620	\$0	\$746,996	\$611,633	\$1,076,010	\$1,687,642	\$940,647	2.3	
Residential SOP	278	759,253	\$149,576	\$16,620	\$0	\$166,196	\$157,856	\$296,081	\$453,938	\$287,742	2.7	
Res & Small Comm Solutions	800	2,000,000	\$580,800	\$0	\$0	\$580,800	\$453,776	\$779,928	\$1,233,705	\$652,905	2.1	
Hard-to-Reach	540	1,422,697	\$958,237	\$36,443	\$0	\$994,680	\$306,310	\$554,801	\$861,111	-\$133,569	0.9	
HTR Solutions	375	587,303	\$350,250	\$0	\$0	\$350,250	\$212,708	\$229,027	\$441,735	\$91,485	1.3	
Hard-to-Reach SOP	77	257,723	\$75,987	\$8,443	\$0	\$84,430	\$43,553	\$100,503	\$144,055	\$59,626	1.7	
Energy Saver (TIDHCA)	88	577,671	\$532,000	\$28,000	\$0	\$560,000	\$50,050	\$225,271	\$275,321	-\$284,679	0.5	
Educational Programs and R&D	0	0	\$204,600	\$0	\$0	\$204,600	\$0	\$0	\$0	N/A	N/A	
Living Wise	0	0	\$204,600	\$0	\$0	\$204,600	\$0	\$0	\$0	N/A	N/A	
Totals	5,908	23,171,447	\$3,693,998	\$135,955	\$0	\$3,829,953	\$3,351,250	\$9,036,032	\$12,387,282	\$8,557,329	3.2	