
Entergy Texas, Inc.
2010 Energy Efficiency Plan and Report
Substantive Rule § 25.181 and § 25.183

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Project No. 37982



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INTRODUCTION

Entergy Texas, Inc. (Entergy) presents this Energy Efficiency Plan and Report (EEPR) to comply with 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 December 31, 2007, 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.
- 20 % of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2010, since no new legislation or rule has been passed or adopted.

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. Entergy’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 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 Entergy’s reported achievements for 2009 and Entergy’s plans for achieving its 2010 and 2011 projected energy efficiency savings.

Energy Efficiency Plan (EEP)

- Section I describes Entergy’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 Entergy’s previous EEP.
- Section II explains Entergy’s targeted customer classes, specifying the size of each class and the method for determining those sizes.

- Section III presents Entergy’s projected energy efficiency savings for the prescribed planning period broken out by program for each customer class.
- Section IV describes Entergy’s proposed energy efficiency budgets for the prescribed planning period broken out by program for each customer class.

Energy Efficiency Report

- Section V documents Entergy’s actual weather-adjusted demand savings goals and energy targets for the previous five years (2005-2009).
- Section VI compares Entergy’s projected energy and demand savings to its reported and verified savings by program for calendar year 2009.
- Section VII details Entergy’s incentive and administration expenditures for the previous five years (2005-2009) broken out by program for each customer class.
- Section VIII compares Entergy’s actual and budgeted program costs from 2009 broken out by program for each customer class. It also explains any cost increases or decreases of more than 10 percent for Entergy’s overall program budget.
- Section IX describes the results from Entergy’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 Entergy’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 Entergy’s previous EEP.
- Appendix C – Description of Entergy’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 Entergy’s plans to achieve a 20 % reduction in its annual growth in demand of residential and commercial customers by December 31, 2010, and a 20 % reduction in its annual growth in demand of residential and commercial customers by December 31, 2011 and each year thereafter. In the process, Entergy 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 demonstrates that in 2009 Entergy successfully implemented Standard Offer Programs (SOP) and Market Transformation Programs (MTP) required by the Public Utility Regulatory Act (PURA) § 39.905 that met Entergy’s 20% energy efficiency savings goal by procuring 13,700 kW in demand savings, and 33,970,303 kWh in energy savings. These programs included the Residential Standard Offer Program (RES SOP), Commercial Solutions Market Transformation Program (COM SOL MTP), Schools Concerned with Reducing Energy (SCORE)/City Smart Market Transformation Program, Load Management Standard Offer Program, the Hard-to-Reach Standard Offer Program (HTR SOP), Statewide Compact Fluorescent Market Transformation Pilot Program, Entergy Assist Load Income Weatherization Program and the Energy Star for Homes MTP. In addition, Entergy also started a new pilot program, the Solar Photovoltaic Market Transformation Pilot 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 (GWh) Goal ²	Projected MW Savings ³	Projected GWh Savings _{2, 3}	Projected Budget (000's)
2010	-39.6	20 %	-7.92	-13.8	10.6	18.6	\$7,456
2011	-39.6	20 %	-7.92	-13.8	10.6	18.6	\$7,456

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 Entergy is planning and budgeting for in the EEPR. Goal as prescribed in Subst. R. 25.181(3)(D) where a demand goal cannot be less than the previous year.

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

- Residential SOP
- Hard-to-Reach SOP
- Load Management SOP
- Energy Star® Homes MTP
- Texas SCORE Pilot MTP
- Premium Lighting Pilot MTP
- Commercial Solutions Pilot Standard Offer Program
- Solar and Photo Voltaic Pilot Market Transformation Program.

ENERGY EFFICIENCY PLAN

I. 2010 Programs

A. 2010 Program Portfolio

Entergy plans to implement five market transformation and standard offer programs. In addition, four pilot programs will be funded in 2010: the Texas SCORE Pilot MTP, the Statewide Compact Fluorescent Lighting Pilot MTP, The Commercial Solutions Standard Offer Program, and the Solar and Photo Voltaic Market Transformation Pilot Program. These programs have been structured to comply with recently passed rules governing pilot program design and evaluation.

These programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. Entergy 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
Residential SOP	Residential	Retrofit
Commercial SOP	Commercial	New Construction, Retrofit
Hard-to-Reach SOP	Hard-to-Reach residential	Retrofit
Load Management SOP	Large Commercial	Retrofit
Energy Star® Homes MTP	Residential	New Construction
Solar Photo Voltaic MTP	Residential/Commercial	New Construction/Retrofit
Texas SCORE /City Smart Pilot MTP	Large Commercial (K-12 schools); Municipality and County Entities	New Construction, Retrofit
CFL and Premium Lighting MTP	Residential/Commercial	Retrofit

The programs listed in Table 2 are described in further detail below. Entergy maintains a Web site containing all of the requirements for project participation, the forms required for project submission, and the current available funding at www.ENERGYefficiency.com. The Web site will be the primary method of communication used to provide potential Project Sponsors with program updates and information.

B. Existing Programs

Residential Standard Offer Program (RES SOP)

Program Design

The RES SOP for 2009 targets only residential customers, whereas in the past the small commercial customers were also included in the program. Incentives are paid to Project Sponsors for certain eligible measures installed in retrofit applications, which result in verifiable demand and energy savings. Project Sponsors are encouraged in their projects. Deemed savings are accepted and widely used by Project Sponsors as measurable and verifiable savings for projects submitted in this program.

Implementation Process

Entergy will continue implementation of its RES SOP whereby any eligible project sponsor may submit an application for a project meeting the minimum requirements. The program information on Entergy's website is updated frequently to reflect participating Project Sponsors and incentive amounts that are available.

Outreach activities

Entergy markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet Web site with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest; and
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

Hard To Reach Standard Offer Program (HTR SOP)

Program design

The HTR SOP targets low income customers with an income of 200% of the federal poverty level. Incentives are paid to project sponsors for certain measures installed in retrofit applications which provide verifiable demand and energy savings.

Implementation process

Entergy will continue implementation of its HTR SOP whereby any eligible project sponsor may submit an application for a project meeting the minimum requirements. The program information on Entergy's website is updated frequently to reflect participating Project Sponsors and incentive amounts that are available.

Outreach activities

Entergy markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet Web site with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest; and
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

Commercial Solutions MTP (COM SOL MTP)

Program design

The COM SOL MTP targets Commercial customers. Incentives are paid to project sponsors for certain measures installed in new or retrofit applications, which provide verifiable demand and energy savings.

Implementation process

Entergy will continue implementation of its COM SOL MTP whereby any eligible project sponsor may submit an application for a project meeting the minimum requirements. The program information on Entergy's website is updated frequently to reflect participating Project Sponsors and incentive amounts that are available.

Outreach activities

Energy markets the availability of its programs in the following manner:

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

Energy Star Homes Market Transformation Program (ENERGY STAR MTP)

Program design

The ENERGY STAR MTP targets builders in residential new construction that build to the Environmental Protection Agency's Energy Star standards, which is 15% above the state building code. Incentives are paid to builders for installing certain measures new construction applications, which provide verifiable demand and energy savings.

Implementation process

Energy will continue implementation of its ENERGY STAR MTP whereby any eligible builder may submit an application for a home meeting the requirements. The program information on Energy's website is updated frequently to reflect participating builders and incentive amounts that are available.

Outreach activities

Energy markets the availability of its programs in the following manner:

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

Energy Smart Schools and City Smart Pilot Programs (Texas SCORE)

Program Design consistent with SB712, which was passed by the Texas Legislature in 2005, and with the Pilot Program Template adopted by the Public Utility Commission of Texas in November 2005, Entergy has chosen to offer Energy Smart Schools (referred to as Texas SCORE) and City Smart Programs in its service territory. Entergy recognizes that public school districts in Texas are experiencing the burden of high energy costs now more than ever. While energy costs have historically accounted for only about 3% of Texas school districts' total budgets, those costs have now soared into the 5 to 6% range. The same is true for city and county buildings. Further, a majority of school districts and city and county governments 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 schools' energy performance and reduce operating costs. Cash incentives as well as technical expertise are offered to participating customers who install eligible measures in either a new or retrofit project.

Implementation Process

With this program, Entergy has targeted its public school districts and local, state, and federal governments for participation in the program. The program facilitates the identification of potential demand and energy savings opportunities, general operating characteristics, long range energy efficiency planning, and overall measure and program acceptance by the targeted customer participants. Entergy partnered with several other utilities to fund a "Texas School and Local Government Energy Efficiency Market Assessment and Baseline Study". The study was commissioned to better understand the market characteristics of customer sector and to tweak our program offering to better meet this need. The executive summary of the study is presented in Appendix D.

Outreach Activities

Entergy markets the availability of the program in the following manner:

- Contracts with a third-party to implement outreach and planning activities;
- Targets a number of customer participants;
- Conducts workshops as needed to explain virtues of the program and necessary information to begin or continue participation;
- Participates in regional or area outreach when available; and
- Attends appropriate industry-related meetings to generate awareness and interest.

Load Management Standard Offer Program (LM SOP)

Program design

Entergy will implement the LM SOP under the approved PUCT template. The LM SOP will provide demand reduction solutions to a select group of customers for the calendar year 2010. Incentives will be paid to customers served by Entergy for certain measures installed in retrofit applications, which provide verifiable demand savings.

Implementation process

Under the program, Entergy will initially target several select customers for participation in the LM SOP. This program will facilitate the examination of actual demand savings, operating characteristics, program design, long range planning and overall measure and program acceptance by the targeted customers.

Outreach activities

Entergy will target the availability of its programs in the following manner:

- Contracts with a third-party project sponsor to implement outreach and planning activities;
- Targets several large commercial customers during the program; and
- Conducts workshops as necessary to explain elements such as responsibilities of the customers, project requirements, incentive information, and the application and reporting process.

Solar/Photovoltaic Market Transformation Pilot Program (SOLAR MTP))

Program design

The 2010 Solar MTP targets those customers, both residential and commercial, who are interested in reducing their energy costs by installing a solar alternative as a renewable energy source. The program calls for education, training, and incentives to attract customers to this renewable resource.

Implementation process

Entergy has contracted with Frontier Associates and Clean Energy Associates to design and implement a successful solar program by offering:

- Education on the use of solar technologies to reduce energy consumption for potential customers and Project Sponsors, and
- Training for Project Sponsors on proper applications, installation, marketing, and verification of savings from solar equipment.

Outreach activities

Solar advocates from all over the state will be made aware of Entergy's Solar MTP by the use of:

- Workshops held in various locations;
- Partnerships with educational institutions;
- Partnerships with state agencies; and
- Program details on Entergy's energy efficiency website.

Premium Lighting Pilot Market Transformation Program (PREM MTP)

Program design

Entergy participated as one of the EUMMOT member utilities in the compact fluorescent light bulbs (CFL) MTP Pilot 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. In 2010, Entergy will run a similar program on its own targeting the promotion of the higher efficiency lighting technologies such as higher efficient CFLs and LED lighting. An Implementer will be utilized to coordinate activities for the EUMMOT utilities.

Implementation process

Under the program, Entergy will target residential customers to migrate towards the acceptance of high efficient CFL's and LED lights as the standard form of lighting in their homes. The program will:

- Motivate and help residential customers to replace incandescent lights with high efficient CFLs and LED lights;
- Educate the consumer of the benefits of CFLs and LED lights vs. incandescent lights and create a no-regret decision for the residential customer through incentives/discounts that makes the purchase of the higher efficient light to that of an incandescent bulb;
- Produce utility electricity savings through incremental sales of higher efficient lights;
- Expand customer awareness of the benefits of energy efficiency and direct them to participating vendors;
- Co-brand with willing "partners"; and
- Offer "no-regret" partnership options.

Outreach and Research activities

The Implementer will provide all outreach necessary to obtain the needed program exposure to merchants, marketers, and manufacturers. In addition, all analysis will be done by Implementer as well.

C. New Programs for 2010

No new programs for 2010.

D. Suspended Program for 2010

Entergy has opted to not offer the Entergy Assist Program in 2010 and to suspend its offering indefinitely. Entergy Assist is a Low Income Weatherization Program that has been offered for over a decade in some form to customers with incomes at or below 125% of federal poverty guidelines. In 2009, the program was offered to Entergy's customers with Texas Association of Community Action Agencies (TACAA) contracted as the Implementer. TACAA failed to meet some performance milestones and Entergy opted to cancel the contract. In addition, the cost of savings generated was deemed too high as to continue the program. The cost per kW for Entergy Assist was about \$9,398 as compared to Entergy's Hard to Reach SOP which was around \$880 per kW in savings. The balance of the Entergy Assist Program funds was transferred to the Hard to Reach SOP.

The state of Texas will receive over \$326 million from the American Recovery and Reinvestment Act (ARRA) for low income weatherization, and agencies in Entergy's service territory will receive a good portion of it. This influx of funding must be spent over the next couple of years, Entergy's funding for Entergy Assist, which is a similar program with a funding level of around \$1.2 million, is immaterial in comparison. Entergy believes these programs would be in competition with other similarly situated programs and it would be in its best interest as well as its customers to not compete but to move money to other energy efficiency programs, mainly the Hard to Reach SOP. After the federal funding for low income weatherization has been exhausted, further analysis could be done to determine if Entergy Assist should again be offered.

II. Customer Classes

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

The annual demand goal will be allocated to customer classes by examining historical program results, evaluating economic trends, and taking into account Substantive Rule § 25.181, which states that no less than 5% of the utility's total demand goal should be achieved through programs for hard-to-reach customers. Table 3 summarizes the number of customers in each of the customer classes, which was used to determine budget allocations for those classes.

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

Table 3: Summary of Customer Classes

Customer Class	Number of Customers
Commercial	43,375
Residential	352,682
Hard-to-Reach ⁴	114,622

III. Projected Energy Efficiency Savings and Goals

As prescribed by Substantive Rule § 25.181, Entergy’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 is based on 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 annual growth in demand of residential and commercial customers by December 31, 2010. The demand goal for 2011 is also based on meeting 20% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2010. 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. The removal of industrial loads and reduced sales due to the impacts of Hurricanes Rita and Ike have significantly impacted Entergy’s savings goal. Industrial customers are only 1% of Entergy’s customer base but 19% of growth in demand, and over 30% in annual revenue. Growth in demand is now determined by a smaller segment of Entergy’s overall customer base, but a significant contributor to its load growth has been exempted from participation.

Table 5 presents the projected demand and energy savings broken out by program for each customer class for 2010 and 2011. Projected savings reflect Entergy’s calculated goals and Entergy’s continued commitment to provide emphasis on the needs of its low income customers.

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 Entergy’s residential customer base of 352,682, the number of HTR customers is estimated at 114,622.

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

Calendar Year	Peak Demand (MW)				Energy Consumption (MWh)				Growth (MW)	Average Growth (MW) [1]
	Total System		Residential & Commercial		Total System		Residential & Commercial			
	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual Weather Adjusted	Actual Weather Adjusted
2005	3,055	2,965	2,471	2,391	14,978,861	15,063,405	9,715,816	9,413,266	-221	NA
2006	3,112	3,160	2,530	2,572	15,383,259	15,359,498	9,451,106	9,444,649	181	NA
2007	3,269	3,183	2,663	2,587	15,522,096	15,457,959	9,454,931	9,546,936	15	NA
2008	3,192	3,224	2,567	2,617	15,625,211	15,767,996	9,688,365	9,758,758	30	NA
2009	3247	3160	2534	2414	15,377,357	15,412,215	9,577,555	9,540,902	-203	NA
2010	NA	NA	NA	NA	NA	NA	NA	NA	NA	-39.6
2011	NA	NA	NA	NA	NA	NA	NA	NA	NA	-39.6

[\[1\] Average historical growth in demand over the prior 5 years for residential and commercial customers adjusted for weather fluctuations.](#)

“NA” = Not Applicable; Average growth from 2005-2009 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 2010 and 2011 are not applicable.

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

2010⁵	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	4,200	7,183,200
Commercial Solutions MTP	1,100	3,447,936
Load Management SOP	1,900	0
Texas SCORE Pilot MTP	1,200	3,735,264
Residential	4,600	8,059,200
Residential SOP	2,210	3,871,920
Energy Star® Homes MTP	2,00	3,504,000
Solar/Photovoltaic Pilot MTP	90	101,000
Compact Fluorescent Lighting MTP MTP	300	582,280
Hard-to-Reach	1,800	3,153,600
Hard-to-Reach SOP	1,800	3,153,600
Total Annual Savings Goals⁶	10,600	18,571,200
2011	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	4,200	7,183,200
Commercial Solutions MTP	1,100	3,447,936
Load Management SOP	1,900	0
Texas SCORE MTP	1,200	3,735,264
Residential	4,600	8,059,200
Residential SOP	2,210	3,871,920
Energy Star® Homes MTP	2,000	3,504,000
Solar/Photovoltaic Pilot MTP	90	101,000
Compact Fluorescent MTP	300	582,280
Hard-to-Reach	1,800	3,153,600
Hard-to-Reach SOP	1,800	3,153,600
Total Annual Savings Goals	10,600	18,571,200

⁵ Entergy actually had negative growth in 2009. Per Table 4, Entergy had -203 mW of growth which would result in an actual goal of -40.6 mW and -13,876 mWh. Per Subst. R. 25.181(e)(1)(D) which states that ‘beginning in 2009, a utility’s demand reduction goal in megawatts for any year shall not be less than the previous year’s goal’. Therefore, Entergy is using its projected demand and energy goals as its actual.

⁶ Id.

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 for the Commercial class includes costs for SOPs as well as existing demand-side management (“DSM”) contracts. The budget allocations are defined by the overall projected demand and energy savings, the avoided costs of capacity and energy in Substantive Rule § 25.181, allocation of demand goals among customer classes, the incentive levels by customer class, and projected costs for existing DSM contracts. The budget allocations presented in Table 6 below is broken down by customer class, program, and the different budget categories: incentive payments, administration, and research and development (R&D). Entergy 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.

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

2010⁷	Incentives	Admin	R&D	Total Budget
Commercial	\$2,445	\$247	\$0	\$2,692
Commercial Solutions MTP	\$1,100	\$110	\$0	\$1,210
Load Management SOP	\$225	\$25	\$0	\$250
Texas SCORE MTP	\$1,120	\$112	\$0	\$1,232
Residential	\$2,890	\$252	\$0	\$3,142
Residential SOP	\$1,500	\$150	\$0	\$1,650
Energy Star® Homes MTP	\$500	\$50	\$0	\$550
Solar/Photovoltaic Pilot MTP	\$450	\$40	\$0	\$490
Statewide Compact Fluorescent MTP	\$440	\$12	\$0	\$452
Hard-to-Reach	\$1,479	\$143	\$0	\$1,622
Hard-to-Reach SOP	\$1,479	\$143	\$0	\$1,622
Total Budgets by Category	\$6,814	\$642	\$0	\$7,456
2011⁸	Incentives	Admin	R&D	Total Budget
Commercial	\$2,445	\$247	\$0	\$2,692
Commercial Solutions MTP	\$1,100	\$110	\$0	\$1,210
Load Management SOP	\$225	\$25	\$0	\$250
Texas SCORE MTP	\$1,120	\$112	\$0	\$1,232
Residential	\$2,890	\$252	\$0	\$3,142
Residential SOP	\$1,500	\$150	\$0	\$1,650
Energy Star® Homes MTP	\$500	\$50	\$0	\$550
Solar/Photovoltaic Pilot MTP	\$450	\$40	\$0	\$490
Statewide Compact Fluorescent MTP	\$440	\$12	\$0	\$452
Hard-to-Reach	\$1,479	\$143	\$0	\$1,622
Hard-to-Reach SOP	\$1,479	\$143	\$0	\$1,622
Total Budgets by Category	\$6,814	\$642	\$0	\$7,456

⁷ Entergy actually had negative growth in 2009. Per Table 4,110

Entergy had -203 mW of growth which would result in an actual goal of -40.6 mW and -13,876 mWh. Per Subst. R. 25.181(e)(1)(D) which states that ‘beginning in 2009, a utility’s demand reduction goal in megawatts for any year shall not be less than the previous year’s goal’. Therefore, Entergy is using its projected demand and energy goals as its actual.

⁸ Id.

ENERGY EFFICIENCY REPORT

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

Table 7 documents Entergy's actual demand goals and energy targets for the previous five years (2005-2009) 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) ⁹	Actual Weather Adjusted Energy Targets (MWh) ¹⁰
2009 ¹¹	10.6 ¹¹	18,571, ¹²
2008 ¹²	4.5	7,936
2007 ¹³	3.74	6,552
2006 ¹⁴	4.89	8,567
2005 ¹⁵	7.96	13,945

VI. Projected, Reported and Verified Demand and Energy Savings

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

2009 Customer Class and Program	Projected Savings		Reported and Verified Savings	
	MW	MWh	MW	MWh
Commercial	4.1	7,183	5.76	12,126
Commercial Solutions MTP	1.1	3,448	1.45	6808
Load Management MTP	1.8	0	1.81	0
SCORE MTP	1.2	3735	2.5	5,318
Residential	5.1	8935	5.49	15,689

⁹ 2009 budget taken from Table 10 in current EEPR; 2008

¹⁰ budget taken from Table 10 in the EEPR, Project No. 36689; 2007

¹¹ budget from Energy Efficiency Report (EER) filed under Project No. 33884; 2006

¹² budget from EER, Project No. 33884; 2005

¹³ budget from EER, Project No. 32107

¹⁴ Entergy actually had negative growth in 2009. Per Table 4, Entergy had -203 mW of growth which would result in an actual goal of -40.6 mW and -13,876 mWh. Per Subst. R. 25.181(e)(1)(D) which states that 'beginning in 2009, a utility's demand reduction goal in megawatts for any year shall not be less than the previous year's goal'. Therefore, Entergy is using its projected demand and energy goals as its actual.

¹⁵ Id.

Residential & I SOP	2.6	4,555	3.6	9,100
Energy Star® Homes MTP	2.11	3,697	1.36	1,189
Solar Photovoltaic MTP	0.09	101	0.04	531
Statewide CFL MTP	0.30	582	0.49	4,869
Hard-to-Reach	1.40	2,453	2.35	6,656
Hard-to-Reach SOP	1.10	1,927	2352	6426
Energy Assist	0.30	526	.09	230
Total Annual Savings Goals	10.60	18,571	13.66	33,970
2008	Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	0.81	2,109	1.618	3,447
Large Commercial SOP	0.35	1,265	0.209	800
Load Management MTP	0.2	0	0.504	0
SCORE MTP	0.26	844	0.905	2,647
Residential	0.9	2,343	2.802	6,817
Residential & Small Commercial SOP	0.3	781	1.094	2,768
Energy Star® Homes MTP	0.4	1,041	1.429	1,259
Statewide CFL MTP	0.2	521	0.279	2,790
Hard-to-Reach	0.99	2,578	1.11	3,097
Hard-to-Reach SOP	0.74	1,953	0.956	2,678
Low Income Weatherization SOP	0.25	625	0.154	419
Total Annual Savings Goals	2.7	7,030	5.53	13,361

VII. Historical Program Expenditures

This section documents Entergy's incentive and administration expenditures for the previous five years (2005-2009) broken out by program for each customer class.

Table 9: Historical Program Incentive and Administrative Expenditures for 2005 through 2009(000's)¹⁶

2005 through 2009	2009		2008		2007		2006	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
Commercial	2012	118	470	64	447	23	638	
Large Commercial SOP	1079	68	93	16	447	23	638	
Load Management SOP	85	10	47	12	NA	NA	NA	
SCORE Pilot MTP	848	40	330	36	NA	NA	NA	
Residential	2624	85	952	104	720	63	625	
Residential & Small Commercial SOP	1694	40	448	49	428	26	323	
Energy Star® Homes MTP	457	25	256	27	292	37	302	
AC Distributor MTP	NA	NA	NA	NA	NA	NA	NA	
Solar Photovoltaic MTP	93	10	NA	NA	NA	NA	NA	
Statewide CFL Pilot MTP	380	10	248	28	NA	NA	NA	
Hard-to-Reach	2947	84	1,164	84	1,711	96	1,979	
Hard-to-Reach SOP	2072	79	823	50	835	21	810	
Low Income Weatherization SOP	875	5	341	34	876	75	1,169	
Total Expenditures	7583	287	2586	252	2,786	182	3,242	

16. 2009 budget taken from Table 10 in current EEPR; 2008 budget taken from Table 10 in the EEPR, Project No. 36689; 2007 budget from Energy Efficiency Report (EER) filed under Project No. 33884; 2006 budget from EER, Project No. 33884; 2005 budget from EER, Project No. 32107.

VIII. Program Funding for Calendar Year 2009

As shown in Table 10, Entergy spent a total of \$7.870 million on all of its energy efficiency programs in 2009. The total forecasted budget for 2009 was \$7.456 million. Table 10: Program Funding for Calendar Year 2008 (Dollar amounts in 000's).

2009	Total Projected Budget	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining (Not Committed)
Commercial	2,440	60	2,011	118	2,129	337	105
Commercial Solutions MTP	1,120	29	1079	68	1147	(27)	0
Load Management MTP	200	3	85	10	95	0	105
Score Pilot MTP	1,120	28	848	40	888	232	0
Residential	2,737	27,164	2,624	85	2,709	(28)	0
Residential & Small Commercial SOP	1261	4057	1694	40	1,734	473	0
Energy Star® Homes MTP	476	886	457	25	482	6	(35)
Solar Photovoltaic MTP	500	8	93	10	103	(397)	0
Statewide CFL MTP	500	22,214	380	10	390	110	0
Hard-to-Reach	2,279	2,909	2,947	84	3,031	752	0
Hard-to-Reach SOP	1,069	2680	2,072	79	2,151	1,082	0
Entergy Assist	1,210	229	875	5	880	0	(330)
Total Expenditures	7,584	30,134	7,584	287	7,870	414	

IX. Market Transformation Program Results

Energy Star® MTP Program

The primary objective of this program is to achieve peak demand reductions and/or energy savings through increased sales of Energy Star® homes and products. Additionally, the program is designed to condition the market so that consumers are aware of and demand Energy Star® homes and products and builders have the technical capacity to supply them. A baseline study was conducted in the first quarter of 2007 to determine the existing level of efficiency typical of new home construction in Entergy's service territory. The study, which included homes built by builders participating in the Entergy's 2007 Energy Star® Homes Program but not included in the

program, showed the average Home Energy Rating System (HERS) Index for homes not in the program to be 91. This compares to a minimum qualifying Energy Star® Index of 85.

There were two significant changes to the 2007 EPA Energy Star® Program requirements. All homes must be certified using the HERS Index and a Thermal Bypass Inspection Checklist must be completed on each home. There is a perception among some builders that these new requirements will require additional costs and some elected not to participate in the Program in 2008. Therefore, the 2009 Program focused on the benefits of Energy Star® homes to builders and consumers in an effort to continue making an energy saving impact in the new home market.

The economic recession played a major impact the Energy Star® Homes Program in 2009. Builders were having trouble securing lines of credit to build additional homes and customers were having trouble getting mortgages for similar reasons. The result was that a similar number of homes were certified in 2009 as in 2008, but an aggressive marketing campaign was enacted to attract new builders. Without this marketing push, 2009 would have been disastrous in residential new construction. Entergy was able to attract 23 builders and had 885 homes completed. The savings was 1.4 mW and 1.2 mWh. ICF International has been retained in the same capacity for 2010.

Commercial Solutions MTP

The primary objective of changing from a SOP as has been implemented in the past to an MTP was to devote more resources, more man-power, to the program. Entergy was experiencing dramatic dropout numbers from Project Sponsors who grabbed up the SOP offerings, but failed to either start or complete their projects before their milestone dates, causing them to lose project funding. In addition, Hurricane Ike took a terrible toll on Entergy's service territory, causing most energy efficiency projects to be put on hold until other repairs could be made to just get the customer back on-line. Entergy hired CLEAResult Consulting as Implementer for the Commercial Solutions Program. CLEAResult was able to devote the necessary resources to recruit new customers to the program, and stay on top of the various projects. In addition, CLEAResult was able to add a significant amount of technical expertise to assist customers who were unsure of some of the new technologies, especially in lighting and HVAC. Many of the smaller commercial customers, fewer than 150 kW of demand usage, started to participate in the program, where they hadn't in the past.

Statewide CFL Pilot MTP

In 2009, Entergy participated with seven other Texas investor-owned utilities in the Statewide "Make Your Mark" CFL Pilot MTP. This program, implemented by Ecos IQ Consulting, encourages the customers of the sponsor utilities to purchase CFLs instead 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 206,070 bulbs were sold (or provided) to customers living within Entergy's service territory, which translates to estimated gross annual savings of 7,938,507 kWh and 794 kW during peak periods. This included sales in at least 4 independent retailer stores that had not participated in the program in 2008. The program also oversaw retailer training sessions, in-store and community outreach events, and the distribution of 5,500 free CFLs to customers served by Entergy.

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 a question that asked CFL purchasers if they would have bought the bulbs that 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 logic 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 0.7-0.8.

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 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 Entergy's service territory, the program's net annual impacts for 2009 were 4,868,871 kWh and 487 kW.

2009 Annual Summary Report - Entergy Solar PV Pilot Program

The Entergy Solar PV Pilot Program is a two-year market transformation initiative that offers customers financial incentives of \$2.50/watt for installations of solar electric (photovoltaic) systems interconnected on the customer's side of the electric service meter. These incentives cover approximately one-third of the installed cost of solar PV systems; an available federal tax credit can reduce customer costs by an additional 30 percent, bringing the simple financial payback to within 10-15 years. In addition to demand and energy savings achieved from the installations, the program aims to transform the solar distributed generation market by increasing the number of qualified companies offering installation services in Entergy's utility service area, and by decreasing the average installed cost of systems by creating economies of scale.

The Entergy Solar PV Pilot Program opened in June 2009 with an overall budget of \$500,000 in each 2009 and 2010, with 10 percent (\$50,000) of that amount allocated to program administration and 90 percent (\$450,000) allocated to direct incentives. In September 2009, the 2009 incentive budget was amended to \$350,000, reflective of a lack of projects projected to be completed by year end. Incentive funds were tracked by customer class, but no specific allocations were made among customer classes for the available funding, due to the limited amount of funding available. Figure 1 summarizes the program budget and actual costs for the 7 months that the program was open in 2009, and places those costs within the context of the 2 year pilot program plan.

Figure 1: 2009 Budget Summary for the Entergy Solar PV Pilot Program

Program Budget Summary	2009		2010		Program Total	
	Budget	Actual	Budget	Actual	Budget	Actual
Original Incentive Budget	\$450,000		\$ 450,000			
<i>Budget Amendment</i>	<i>-\$100,000</i>		<i>n/a</i>			
Final Incentive Budget	\$350,000	\$82,937	\$ 450,000	TBD	\$800,000	\$82,937
Administrative Costs	\$50,000	\$29,665	\$ 50,000	TBD	\$100,000	\$29,665
Total	\$400,000	\$112,602	\$ 500,000	\$ -	\$900,000	\$112,602

2009 Results Summary

The solar PV program saw significant demand in 2009, despite the fact that the program opened in June, leaving only 7 months of program activity in 2009. By the end of 2009, Entergy’s 2009 funds were fully committed, and over 40 percent of the 2010 funds were committed to projects.

Four residential projects and one commercial project were completed and paid.

The majority of projects completed in 2009 were residential. We expect greater participation by non-residential projects in 2010, due in part to the parallel availability of ARRA funding available to cities and other public entities. The table below summarizes the status of incentive funding as of the end of 2009.

Figure 2: Incentive Budget Summary for the Entergy Solar PV Program

2009 Budget, as amended	\$350,000
2010 Budget	\$450,000
Total	\$800,000

Incentives	\$	% of 2009 Budget	% of Total Budget
\$ Requested in 2009	\$542,787	155%	68%
\$ Committed in 2009	\$542,787	121%	68%
\$ Completed/Paid in 2009	\$82,937	10%	10%

2009 Project Completions

While only a few projects completed in 2009 in the PV program due to the late start date, all program funds are expected to be fully utilized by the end of 2010. Figure 3 shows detailed information on completed projects including total kW, total cost, and total incentives paid. It also contains program performance metrics such as incentive \$/watt and cost/watt. The eight projects which were completed in 2009 were as follows:

Residential – Five residential projects completed in Entergy’s service territory in 2009.

Non-residential - Two non-residential project completed in Entergy’s service territory in 2009.

Figure 3: Project Completions, Savings, and Performance Metrics in the Entergy Solar PV Pilot Program

Completions	Entergy		Total
	Residential	Non-residential	
Number of Installations:	5	2	7
Capacity Installed (kW-DC):	31.550	20.300	51.85
Total Cost (\$):	\$171,598	\$50,540	\$222,137
Incentives Provided (\$):	\$57,562	\$25,375	\$82,937
Performance Metrics			
Incentive \$/watt	\$1.82	\$1.25	\$1.60
Installed cost \$/watt	\$5.44	\$2.49	\$4.28
Savings			
kw Savings	24.13	18.91	43.04
kwh Savings	20,600	32,480	53,080

Other Pilot Program Results

In addition to the demand and energy savings achieved, the pilot program has created positive market transformation effects. These include the mobilization of companies in local areas and across the state to promote and install solar electric systems in underserved rural markets. Fifty-one companies have registered to serve the Entergy service territory, including 12 companies with employees certified by the North American Board of Certified Energy Practitioners (NABCEP), and two companies are based in the local Entergy market area.

X. Current Energy Efficiency Cost Recovery Factor (EECRF)

Entergy applied for its second Energy Efficiency Cost Recovery Factor (EECRF) rate schedule on May 1, 2009 in Docket No. 36956. The EECRF was approved for \$8.080 million and Entergy began implementation of the rider on January 1, 2010. Appendix E.

Revenue Collected

Entergy has billed out \$7,323,536.99 as of December 31, 2009 under its EECRF approved by the Commission. Entergy has collected no energy efficiency revenues under its base rates because Entergy has no energy efficiency program costs in its base rates. (Docket No. 34800).

Over- or Under-recovery

Entergy spent \$7,869,511.00 in its 2009 energy efficiency programs and collected \$7,323,536.99. Entergy under-recovered \$545,974.01 under the EECRF approved by the Commission.

XI. Performance Bonus

In 2009, the energy efficiency programs offered by Entergy and implemented under Substantive Rule 25.181 achieved demand reductions of 13.7 MW, which is 129.25% of their mandated goal calculated according 25.181(e), and annual energy savings of 33,970 MWh, exceeding their

mandated energy goal. The present value of the avoided costs that these savings will produce over the lives of the measures responsible for them is \$24,327,373. Given the \$7,869,511 costs of the programs, this equates to \$16,457,862 in net benefits from Entergy's 2009 programs.

Taking 1% of the net benefits for every 2% that Entergy exceeded its goal comes to \$2,406,574, which is well above the bonus maximum of 20% of their program costs, or \$1,573,902. Demand reductions from Hard-to-Reach programs constituted over 20% of their total demand reductions, so Entergy is eligible for the additional bonus of 10% of that \$157,390. Thus, Entergy's cumulative performance bonus for 2009 is \$1,731,292.42. See Appendix D for performance bonus calculation details.

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
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 Entergy is planning and budgeting for in the EEPR. These Projected savings reflect Entergy’s calculated goals and Entergy’s continued commitment to provide emphasis on the needs of its low income customers.

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 2009

Appendix A: Reported Demand and Energy Reduction by County 2009

Program	<u>Projected Savings</u>		<u>Contracted Savings</u>		<u>Reported Savings</u>		Number of Participants
	kW	kWh	kW	kWh	kW	kWh	
Res SOP	2,600	4,555,200.00	3,602.30	9,079,876	3,602.30	9,079,876	4,057
Brazos	--	--	119.68	286,353	119.68	286,353	154
Chambers	--	--	14.66	36,546	14.66	36,546	14
Galveston	--	--	11.27	50,988	11.27	50,988	9
Grimes	--	--	23.62	73,735	23.62	73,735	33
Hardin	--	--	29.02	80,948	29.02	80,948	31
Harris	--	--	9.83	2,707	9.83	2,707	9
Jasper	--	--	3.48	9,425	3.48	9,425	3
Jefferson	--	--	991.96	3,163,039	991.96	3,163,039	990
Liberty	--	--	123.67	326,729	123.67	326,729	181
Madison	--	--	67.39	177,334	67.39	177,334	75
Milam	--	--	1.59	5,806	1.59	5,806	1
Montgomery	--	--	1,850.84	3,821,640	1,850.84	3,821,640	2,154
Orange	--	--	96.62	315,693	96.62	315,693	99
San Jacinto	--	--	18.96	63,660	18.96	63,660	21
Trinity	--	--	9.41	23,370	9.41	23,370	7
Walker	--	--	230.30	664,973	230.30	664,973	276
Hard-to-Reach SOP	1,100	1,927,200	2,351.63	6,425,726	2,351.60	6,425,726	2,680
Brazos	--	--	44.79	124,602	44.79	124,602	49
Chambers	--	--	5.72	18,116	5.72	18,116	4
Galveston	--	--	2.81	11,499	2.81	11,499	2
Grimes	--	--	62.11	207,793	62.11	207,793	90
Hardin	--	--	64.14	220,734	64.14	220,734	64
Harris	--	--	2.71	4,578	2.71	4,578	2
Jasper	--	--	1.67	10,874	1.67	10,874	1
Jefferson	--	--	1164.13	2,916,035	1164.13	2,916,035	1110
Liberty	--	--	137.66	455,859	137.66	455,859	236
Madison	--	--	19.79	57,973	19.79	57,973	23

Montgomery	--	--	504.69	1,428,476	504.69	1,428,476	718
Orange	--	--	160.66	438,366	160.66	438,366	170
Polk	--	--	14.32	31,318	14.32	31,318	7
San Jacinto	--	--	0.85	3,818	0.85	3,818	1
Trinity	--	--	2.56	7,173	2.56	7,173	3
Tyler	--	--	13.39	48,097	13.39	48,097	12
Walker	--	--	149.63	440,415	149.63	440,415	188
Com. SOL MTP	1,100	3,447,936	1,450.58	6,808,268	1,450.58	6,808,268	29
Jefferson	--	--	775.79	3,017,327	775.79	3,017,327	15
Montgomery	--	--	621.29	3,391,931	621.29	3,391,931	13
Walker	--	--	53.5	399,010	53.5	399,010	1
Energy Star MTP	2110	3,696,720	1,361.20	1,186,826	1,361.20	1,186,826	886
Burleson	--	--	1.40	1,151	1.40	1,151	1
Galveston	--	--	2.11	1,715	2.11	1,715	2
Grimes	--	--	5.7	4,788	5.7	4,788	4
Hardin	--	--	56.42	47,587	56.42	47,587	44
Harris	--	--	81.57	70,565	81.57	70,565	48
Jefferson	--	--	25.26	22,697	25.26	22,697	12
Liberty	--	--	21.87	18,027	21.87	18,027	17
Madison	--	--	3.85	3,151	3.85	3,151	3
Milam	--	--	1.34	1,103	1.34	1,103	1
Montgomery	--	--	1,088.28	950,038	1,088.28	950,038	721
Newton	--	--	2.08	1,881	2.08	1,881	1
Orange	--	--	60.89	55,582	60.89	55,582	24
Polk	--	--	1.13	918	1.13	918	1
Robertson	--	--	1.23	1,004	1.23	1,004	1
San Jacinto	--	--	3.19	2,633	3.19	2,633	2
Trinity	--	--	1.31	1,073	1.31	1,073	1
Tyler	--	--	0.97	781	0.97	781	1
Walker	--	--	2.6	2,131	2.6	2,131	2
Load Management MTP	1,800	0	1,813	0	1,813	0	3
Jefferson	--	--	1,008	0	1,017	0	1
Montgomery	--	--	500	0	504	0	1
Walker	--	--	300	0	292	0	1
Statewide CFL MTP	300	582,280	487	4,868,871	487	4,868,871	22,214
Brazos	--	--	0.13	1,269	0.13	1,269	5
Burleson	--	--	0.69	6,916	0.69	6,916	26
Chambers	--	--	0.18	1,823	0.18	1,823	6
Grimes	--	--	0.72	7,234	0.72	7,234	27
Hardin	--	--	3.81	38,099	3.81	38,099	132
Jefferson	--	--	166.08	1,660,616	166.08	1,660,616	5,837
Liberty	--	--	7.92	79,172	7.92	79,172	263
Madison	--	--	0.91		0.91		

				9,051		9,051	33
Montgomery	--	--	270.82	2,707,847	270.82	2,707,847	14,691
Newton	--	--	0.15	1,547	0.15	1,547	6
Orange	--	--	28.8	287,922	28.8	287,922	943
San Jacinto	--	--	0.12	1,210	0.12	1,210	4
Trinity	--	--	0.03	311	0.03	311	1
Tyler	--	--	0.45	4,457	0.45	4,457	16
Walker	--	--	6.08	60,789	6.08	60,789	223
Waller	--	--	0.06	600	0.06	600	1
SCORE MTP	1,200	3,735,264	2,498.14	5,317,596	2,498.14	5,317,596	28
Hardin	--	--	229.02	532064	229.02	532064	4
Jefferson	--	--	921.24	2102747	921.24	2102747	8
Liberty	--	--	178.2	138754	178.2	138754	2
Montgomery	--	--	847.18	2148146	847.18	2148146	7
Orange	--	--	187.09	44081	187.09	44081	2
Walker	--	--	135.41	351804	135.41	351804	5
Solar PV MTP	90	101,000	43	53,080	43	53,080	5
Jefferson	--	--	3.9	4,020	3.9	4,020	1
Liberty	--	--	18.91	16,240	18.91	16,240	1
Montgomery	--	--	20.23	32,820	20.23	32,820	3
Low Income Weatherization	300	525,600	93.1	230,060	93.1	230,060	229
TOTAL	10,600	18,571,200	13,700	33,970,303	13,700	33,970,303	30,131

Underutilized Counties

Entergy serves parts of 26 counties, but not all are served at the retail level. Several parts are served at the wholesale level to either a municipality or to a cooperative. In addition, Entergy may only serve a small portion of a county. Many smaller counties, by way of population, when divided by several utilities, municipalities, or cooperatives, make the promotion of energy efficiency program not cost effective under current rules. Some of the counties that fall in this category are: Burleson, Falls, Jasper, Leon, Limestone, Milam, Polk, and Waller. However, there a few counties that need some additional attention paid. The only negative for them is their proximity to where the Project Sponsors are located. These counties are:

- Madison
- Robertson
- Tyler

For 2010, additional emphasis will be placed on attracting customers from these counties by working with Project Sponsors to promote the energy efficiency programs in these areas by other than current promotional practices or by rewarding Project Sponsors who work in these areas by paying more for installed measures.

APPENDIX B: PROGRAM TEMPLATES

APPENDIX C: EXISTING CONTRACTS AND OBLIGATIONS

APPENDIX D: OPTIONAL SUPPORT DOCUMENTATION

Performance Bonus Calculation Details

Energy Efficiency Performance Bonus Calculator		
	kW	kWh
2009 Goals	10,600	18,571,200
2009 Savings		
<i>Reported/Verified Total (including HTR)</i>	13,700	33,970,303
<i>Reported/Verified Hard-to-Reach</i>	2445	
2009 Program Costs		\$7,869,511
2009 Performance Bonus		\$1,731,292

APPENDIX D: OPTIONAL SUPPORT DOCUMENTATION

Performance Bonus Calculation

129.25%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
TRUE	Met Requirements for Performance Bonus?
\$24,327,373	Total Avoided Cost (Reported kW * PV(Avoided Capacity Cost) + Reported kWh * PV(Avoided Energy Cost))
\$7,869,511	Total Program Costs
\$16,457,862	Net Benefits (Total Avoided Cost - Total Expenses)
Pre-Bonus Calculation	
\$2,406,574	Calculated Pre-Bonus ((Goal Accomplishment kW > 100%) / 2) * Net Benefits
\$157,3902	Pre-Bonus Limit (20% of Program Costs)
\$157,3902	<i>Pre-Bonus (Minimum of Calculated Bonus and Bonus Limit)</i>
Extra Bonus Calculation	
17.85%	Percentage of Total Demand Reduction from HTR Programs
129.25%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
TRUE	Met Requirements for Extra Bonus?
\$ 157,390.22	<i>Extra Bonus (10% of Pre-Bonus if Reported Savings are 120% of Goal and HTR Reported Savings are 10% of Total Reported Savings)</i>
Bonus Calculation	
\$1,731,292.42	Bonus (Pre-Bonus + Extra Bonus)



**Texas School and Local Government Energy Efficiency Market
Assessment and Baseline Study**

Final Report

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Executive Summary

This report documents the results of Opinion Dynamics Corporation’s Market Assessment and Baseline Study of the School and Local Government Markets. This research was conducted for CLEAResult Consulting, Inc., and eight utilities—Oncor Electric Delivery, American Electric Power (AEP) Texas Central, AEP Texas North, AEP Southwestern Electric Power Company (SWEPCO), El Paso Electric Company, CenterPoint Energy, Texas New Mexico Power (TNMP), and Entergy Texas — to assist with the implementation and evaluation of the Educational Facilities Market Transformation Program and Government Facilities Market Transformation Program in Oncor territory and the SCORESM and CitySmartSM Market Transformation Programs in the remaining utility territories. The primary objective of this 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 (i.e., document baseline levels). Notably, baseline energy density data complements this study by providing actual energy usage numbers in addition to energy management characteristics. The energy density for the market can be calculated again in future studies and compared with the baseline as an indicator of program effectiveness.

This study incorporated a combination of:

1. Review and analysis of existing information for schools and cities (i.e., existing info on building characteristics, energy usage, and energy density) and
2. Original market research with schools and local governments.

Specifically, Opinion Dynamics conducted telephone interviews with a statistically significant sample 253 K-12 school districts, colleges, and local governments out of a population of 2,051. These included representatives of 107 K-12 schools (primarily public school districts), 15 representatives of colleges and universities, and 131 representatives from local governments, (i.e. counties or cities). In total, the results of this study represent 12% of the total market.

Market Assessment Findings

Over 80% of the market is at least somewhat interested in finding ways to save energy. However, the market faces many barriers to energy efficiency adoption, including its own processes and infrastructure for energy decision making. As such, there are many opportunities to help local governments and schools overcome obstacles to adopting energy efficient improvements through techniques such as market education, goal-setting, staffing, bill monitoring strategies, project guidelines and specifications, and monetary incentives.

For both schools and local governments (81% and 80% respectively), the most commonly stated obstacle to energy improvements is the cost of upgrading to energy efficient technology. However, over 90% of respondents indicated at least one additional non-cost barrier, with the top two being “the budget and procurement process for planning energy improvements” and “finding the time to identify, plan and execute energy improvements.” Specific findings regarding barriers include:

- Only 39% of schools and 27% of local governments note that they completely understand long-term energy efficiency benefits.
- Only one-third (33%) of local governments have staff with skills to identify energy improvements. Schools are better prepared, as nearly two-thirds (65%) have such staff.
- Awareness and familiarity with energy efficient technology options are often barriers in this marketplace. Less than half of schools are very familiar with T-5s, LED indoor, and LED outdoor lighting. Furthermore, less than 30% of the local governments are very familiar with T-8s, T-5s, and LED lighting.
- Setting financial metrics for energy measures is also critical for decision making, yet 72% of schools and 75% of local governments do not have payback requirements to reference for decision-making.
- While it may appear that most schools and local governments are monitoring their energy bills, the method and rigor under which they do so shows opportunity for vast improvement. Overall, most local governments (61%) and schools (48%) informally monitor their bills by simply looking at the bill each month without any sophisticated analytical software that looks for trends over time or signals them when an irregularity occurs.

The market welcomes resources and information to overcome its obstacles to improving energy efficiency:

- More than 80% of the market stated that “add-alternates”, contractor recommendations, and a written set of guidelines and specifications would help them to make energy decisions.¹⁷

¹⁷ An “add-alternate” in a request for proposals or bid document can obtain cost information an alternative that provides better energy performance.

- 83% of non-partner schools and 73% of non-partner local governments are interested in some type of program to help with energy improvements.
- Nearly two-thirds of respondents for schools and half of local governments noted that obstacles related to financing and budgeting could be overcome through support in finding financial resources such as grants, incentives, rebate programs, money, lowered costs, or cheaper prices. Respondents were also interested in finding out where they can access funding.
- Many respondents cited a need for cost analyses of energy efficient projects and products, which include opportunity cost, payback period, return on investment, and pricing information. One respondent noted the need for “some kind of tool whereby we could compare what we do now with other options, especially a tool that could compare return on investment.” Another noted that, “the biggest obstacle is making the calculations correct, being able to show the savings, [and] the payback that would be involved.”

Local Government Energy Baseline Findings

Local governments own and operate a wide variety of building types, and building characteristics within each local government vary greatly. As such, it is clear that energy management plans and baseline data need to be specific to the buildings that participate in any future program. This variability is demonstrated in some of the key characteristics of buildings, such as:

- The number of occupants per city or county building ranges from an average of 8 in warehouses up to an average of 984 in airports (overall average: 86 occupants).
- The weekly operating hours per city or county building range from an average of 44 hours in courthouses up to an average of 138 hours in water treatment plants and 147 in airports (overall average: 93 hours).
- The number of computers ranges from 3 on average in warehouses up to 114 in city halls (overall average: 28 per city or county building).

There is also a great variation in energy usage and cost:

- The average annual electricity consumption per local government building ranges from 58,384 kWh per year at maintenance shops to 3,079,796 at airports (overall average: 539,612 kWh per year).

There are also clear opportunities for efficiency upgrades in key areas such as lighting, HVAC systems, and operation and management. Our findings show that:

- Only half of local government respondents have adopted any type of efficient indoor lighting. The most common type is the use of CFLs (44%). In terms of fluorescent lighting, only 12% have T5s, and 22% have T8s. Although local governments say they have this type of lighting, they only have them in a few fixtures and there are many fixtures that can still be upgraded. The standard T8 lamp will represent baseline technology with the manufacturing ban on T12 magnetic ballasts going into effect this summer.
- Overall, 34% of local government cooling units are more than ten years old.
- Only half of local governments have regular operations and maintenance procedures for energy using equipment in all of their buildings. In fact, 27% of respondents have no

regular maintenance procedures at all. The most common procedures are regular and preventative maintenance for HVAC systems.

Other baseline data and opportunities for increasing efficiency are described in the report.

School Energy Baseline Findings

K-12 school districts and colleges also differ greatly in terms of building use types. School districts typically include classrooms, gyms, libraries, cafeterias, and offices. Colleges contain a wider variety of building types, with the most common being classrooms (100%), offices (87%), and gyms (87%), but also include social meeting spaces and dormitories.

Energy usage data show that high schools and combined schools (any school with a combination of grades such as all K-12 or K-8) use the most electricity and natural gas in comparison to middle schools and elementary schools. These school types are also the largest in terms of square footage and the number of students.

Energy usage data also show that dormitories, gyms, and social meeting spaces on college campuses use the most electricity and natural gas in comparison to other building types. These building types also tend to have greater operating hours, square footage, and occupants.

Specific findings for schools include:

- Three-quarters of the school market has adopted some type of efficient indoor lighting. The most common type is the use of T8s (78%) followed by CFLs (70%). Only 48% have T5s. Although many schools say they have T8s and T5s, most only have them in a few fixtures and there are many fixtures that can still be upgraded. Again, the standard T8 lamp will represent baseline technology with the manufacturing ban on T12 magnetic ballasts going into effect this summer.
 - The penetration rate of LED indoor lighting is 22% for K-12 schools and 27% for colleges¹⁸; the penetration rate of LED exit signs is 67% for K-12 schools and 87% for colleges; and the penetration rate of LED outdoor lighting is 19% for K-12 schools and 27% for colleges.
- Overall, one-third of K-12 and college cooling units are more than ten years old.
- More than eight in ten schools have regular operations and maintenance procedures for energy using equipment in all of their buildings. The most common procedures are regular and preventative maintenance for HVAC systems.

Other baseline data and opportunities for increasing efficiency in schools are described in the report.

¹⁸ Note that while CLEAResult has identified some school districts or local governments that have tested indoor LED, non-exit sign lighting applications, CLEAResult has not seen interior LED lighting installations in any school or city facility. School and city program partners have cited the technology as being too cost-prohibitive. The survey question for respondents was, “Do you have any of the following types of lighting in your buildings LED indoor lighting?” This question was asked of all respondents who said they were very or somewhat familiar with LED indoor lighting, and this followed the same question regarding LED exit sign lighting.