Entergy Texas, Inc.

2012 Energy Efficiency Plan and Report

Substantive Rule § 25.181 and § 25.183

March 30, 2012

Project No. 40194

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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"):

- 25 % of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2012.

- 30 % of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2013,

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:

- Executive Summary highlights Entergy's reported achievements for 2011 and Entergy's plans for achieving its 2012 and 2013 projected energy efficiency savings.

Energy Efficiency Plan

- 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 (2006-2011).
- Section VI compares Entergy's projected energy and demand savings to its reported and verified savings by program for calendar year 2011.
- Section VII details Entergy's incentive and administration expenditures for the previous five years (2006-2011) broken out by program for each customer class.
- Section VIII compares Entergy's actual and budgeted program costs from 2011 broken out by program for each customer class.
- 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 EEPR.

EXECUTIVE SUMMARY

The Energy Efficiency Plan portion of this EEPR details Entergy's plans to achieve a 25% reduction in its annual growth in demand of residential and commercial customers by December 31, 2012, and a 30% reduction in its annual growth in demand of residential and commercial customers by December 31, 2013 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% capacity factor. The goals, budgets and implementation plans that are included in this EEPR reflect the 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.

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)
2012	12.1	25 %	3.03	5,309	13.52	24.51	$7,977
2013	12.1	30%	3.6	6,307	13.52	24.51	$7,977

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
- Home Performance with Energy Star MTP
- Commercial Solutions Standard Offer Program
- Home Performance with Energy Star® Market Transformation Program

The Energy Efficiency Report portion of this EEPR demonstrates that, in 2011, Entergy successfully implemented Standard Offer Programs (SOP) and Market Transformation Programs (MTP) required by Public Utility Regulatory Act (PURA) § 39.905 that met Entergy's 20% energy efficiency savings goal by procuring 16,236 kW in demand savings, and 27,288,098 kWh in energy savings. These programs included the Residential Standard Offer Program (RES SOP),

[1] Average Growth in Demand figures are from Table 4; Projected Savings from Table 5; Projected Budget from Table 6. All kW/MW and kWh/MWh figures in this Table and throughout this EEPR are given "at Meter."
[2] Calculated using a 20% capacity factor for 2012 and for 2013.
[3] Peak demand reduction and energy savings for the current and following calendar year that Entergy is planning and budgeting for in the EEPR.

Commercial Solutions Market Transformation Program (COM SOL MTP), Schools Concerned with Reducing Energy (SCORE)/City Smart Market Transformation Program, Load Management Standard Offer Program (LM SOP), the Hard-to-Reach Standard Offer Program (HTR SOP), and the Energy Star for Homes MTP. In addition, Entergy also started a new program, the Home Performance with Energy Star Market Transformation Program.

ENERGY EFFICIENCY PLAN

I. 2012 Programs

2012 Program Portfolio

Entergy plans to implement four market transformation and three standard offer programs in 2012 These include: the Texas SCORE /City Smart MTP, the Commercial Solutions MTP, Load Management SOP, Residential SOP, Hard To Reach SOP, and Energy Star MTP. The Home Performance with Energy Star MTP is the newest program offering in Entergy's program inventory. These programs have been structured to comply with approved PUCT rules governing 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: 2012 Energy Efficiency Program Portfolio

Program	Target Market	Application
Residential SOP	Residential	Retrofit
Commercial Solutions MTP	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
Texas SCORE /City Smart Pilot MTP	Large Commercial (K-12 schools); Municipality and County Entities	New Construction, Retrofit
Home Performance with Energy Star MTP	Residential	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.ENTERGYefficiency.com. The Web site will be the primary method of communication used to provide potential Project Sponsors with program updates and information. Entergy will also sponsor webinars, conference calls, and live meetings with current and potential Project Sponsors to make sure all program participants have the most up-to-date information on the program.

Residential Standard Offer Program (RES SOP)

Program Design

The RES SOP for 2012 targets residential customers. 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 to install comprehensive measures 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. A major difference in the 2012 program as compared to the 2011 program offering is the reduced number of Project Sponsors under contract. In 2011, there were almost 40 different Project Sponsors participating in the program. In 2012, the number of contracts offered has been eight, allowing for better administrative control and visibility of Project Sponsors all year. By decreasing the number of Project Sponsors, the amount of money allocated to each Project Sponsors will increase in order to improve the likelihood that there will be Project Sponsors working in Entergy's service territory all year, rather than risk the possibility of running out mid-year. In addition, implementation of the program has been brought back in house instead of using a third party, anticipating a reduction in the administration costs..

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;
- 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. As in the RES SOP, a major difference in the 2012 program as compared to the 2011 program offering is the reduced number of Project Sponsors under contract. In 2011, there were almost 40 different Project Sponsors participating in the program. In 2012, the number of contracts offered has been eight, allowing for better administrative control. By decreasing the number of Project Sponsors, the amount of money allocated to each Project Sponsors will increase in order to improve the likelihood that there will be Project Sponsors working in Entergy's service territory all year, rather than risk the possibility of running out of available funds by mid-year. In addition, implementation has been brought back in house instead of using a third party, anticipating a reduction in the administration costs..

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;
- 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

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;
- Participates in state-wide outreach activities as may be available;
- Conducts workshops and webinars 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 in new construction applications, which provide verifiable demand and energy savings.

Implementation Process

Entergy 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 Entergy's website is updated frequently to reflect participating builders 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 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;
- 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 Programs (Texas SCORE)

Program Design 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, 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.

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 and webinars to explain virtues of the program and necessary information to begin or continue participation;
- Participates in regional or area outreach; 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. The calendar year 2012

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 activities.
- Targets several large commercial customers during the program.
- Conducts workshops to explain elements such as responsibilities of the customers, project requirements, incentive information, and the application and reporting process.

Home Performance with Energy Star Market Transformation Program (HPwES MTP)

Program Design

The Home Performance with Energy Star MTP will target residential customers in existing homes that are interested in bringing their homes up to the Energy Star standards. The program calls for certified Home Energy Rating Service providers to provide the customer with an analysis of their home and make recommendations to bring it up to Energy Star standards. The program calls for extensive outreach, training, education, and incentives to attract customers, certified Home Energy Rating Service companies, and qualified contractors to the program.

Implementation Process

ICF International has been contracted to implement the program. Local contractors will be brought into the program by an extensive outreach program and training. Public awareness of the program will be sought by educational seminars, local and regional promotions by Entergy, and promotions by participating contractors and Home Energy Raters.

Outreach and Research Activities

Program awareness will be made possible by:

- Contractor Workshops
- Educational seminars for customers
- Local and regional promotions by Entergy
- Contractor promotions.

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 Standard Offer and Market Transformation Programs that will be available to eligible customer classes.

Table 3: Summary of Customer Classes

Customer Class	Number of Customers
Commercial	44,849
Residential	362,115
Hard-to-Reach [4]	117,687

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, 2012 goal is based on the average annual growth in peak demand from 2005 to 2011. The demand goal for 2012 is based on meeting 25% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2012. The demand goal for 2013 is based on meeting 30% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2013. The corresponding energy savings goals are determined by applying a 20% capacity factor to the applicable demand goals for 2012 and 2013.

Table 4 presents historical annual growth in demand for the previous five years that is used to calculate demand and energy goals. Although demand has been down for the last few years due to Hurricane Ike and a poor economy, 2011 reflected an increase in retail sales.

[4] According to the U.S. Census Bureau's 2010 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 362,115, the number of HTR customers is estimated at 117,687.

Table **5** presents the projected demand and energy savings broken out by program for each customer class for 2012 and 2013. Projected savings reflect Entergy's calculated goals and Entergy's continued commitment to provide emphasis on the needs of its low income customers.

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

		Summer Peak (mW)	Weather Adjust. Summer Peak (mW)	Summer Peak (gWh)	Weather Adjust. Summer Peak (gWh)	Growth (%)	5 Year Rolling Historic Prescribed Method		Goal (%)	Goal (MW)	Max Goal (MW)	Final Adj. Line Loss
												0.07
TX Peak (R&W)	1995	2776	2614									
	1996	2764	2708									
	1997	2928	2818									
	1998	3221	3009									
	1999	3205	3114									
	2000	3338	3143									
TX Peak (Retail only)	2001	2827	2925									
TX Peak (Res. & Com)	2002	2311	2498									
	2003	2484	2354			-5.78%						
	2004	2569	2612			10.94%						
	2005	2471	2391			-8.45%						
	2006	2530	2572			7.55%						
	2007	2663	2587	9455	9547	0.61%	1.07%	27.4	10%	2.74	2.74	2.55
	2008	2567	2617	9688	9759	1.15%	0.98%	25.2	15%	3.79	3.79	3.52
	2009	2534	2414	9578	9541	-7.77%	2.36%	61.8	15%	9.27	9.27	8.62
	2010	2642	2701	10116	10233	11.91%	1.38%	-33.3	20%	-6.66	-6.66	-6.20
	2011	2787	2592	10429	10374	-4.03%	2.69%	72.7	20%	14.53	14.53	13.52
Forecast	2012		2605			0.49%	0.37%	9.7	25%	2.42	14.53	13.52
	2013		2654			1.90%	0.35%	9.1	30%	2.73	14.53	13.52

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

2012	Projected	Savings
Customer Class and Program	**kW**	**kWh**
Commercial	**8,950**	**13,112,000**
Commercial Solutions MTP	1,800	6,533,000
Load Management SOP	5,200	-
SCORE/City Smart MTP	1,950	6,579,000
Residential	**3,940**	**7,711,000**
Residential SOP	2,240	5,765,000
Energy Star Homes MTP	1,600	1,546,000
Home Performance with Energy Star	100	400,000
Hard-to-Reach	**1,100**	
Hard-to-Reach SOP	1,100	**3,687,000**
Total Annual Savings Goals	**13,990**	**24,510,000**
2013	**Projected**	**Savings**
Customer Class and Program	**kW**	**kWh**
Commercial	**8,950**	**13,112,000**
Commercial Solutions MTP	1,800	6,533,000
Load Management SOP	5,200	-
SCORE/City Smart MTP	1,950	6,579,000
Residential	**3,940**	**7,711,000**
Residential SOP	2,240	5,765,000
Energy Star Homes MTP	1,600	1,546,000
Home Performance with Energy Star	100	400,000
Hard-to-Reach	**1,100**	
Hard-to-Reach SOP	1,100	**3,687,000**
Total Annual Savings Goals	**13,990**	**24,510,000**

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 are broken down by customer class, program, and the different budget categories: incentive payments, administration, and research and development (R&D). Entergy Texas added an additional budgeting "category" 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

2012	Incentives	Admin	R&D	Total Budget
Commercial	**$2,815,907**	**$230,000**	**$0**	**$3,045,907**
Commercial Solutions MTP	$1,243,754	$100,000	$0	$1,343,754
Load Management SOP	$328,400	$30,000	$0	$358,400
SCORE/City Smart MTP	$1,243,753	$100,000	$0	$1,343,753
Residential	**$3,256,793**	**$250,000**	**$0**	**$3,506,793**
Residential SOP	$2,196,793	$145,000	$0	$2,341,793
Energy Star Homes MTP	$605,000	$60,000	$0	$665,000
Home Performance with Energy Star	$455,000	$45,000	$0	$500,000
Hard-to-Reach	**$1,324,200**	**$100,000**	**$0**	**$1,424,200**
Hard-to-Reach SOP	$1,324,200	$100,000	$0	$1,424,200
Total Annual Savings Goals	**$7,396,900**	**$580,000**	**$0**	**$7,976,900**

2013	Incentives	Admin	R&D	Total Budget
Commercial	**$2,815,907**	**$230,000**	**$0**	**$3,045,907**
Commercial Solutions MTP	$1,243,754	$100,000	$0	$1,343,754
Load Management SOP	$328,400	$30,000	$0	$358,400
SCORE/City Smart MTP	$1,243,753	$100,000	$0	$1,343,753
Residential	**$3,256,793**	**$250,000**	**$0**	**$3,506,793**
Residential SOP	$2,196,793	$145,000	$0	$2,341,793
Energy Star Homes MTP	$605,000	$60,000	$0	$665,000
Home Performance with Energy Star	$455,000	$45,000	$0	$500,000
Hard-to-Reach	**$1,324,200**	**$100,000**	**$0**	**$1,424,200**
Hard-to-Reach SOP	$1,324,200	$100,000	$0	$1,424,200
Total Annual Savings Goals	**$7,396,900**	**$580,000**	**$0**	**$7,976,900**

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 (2007-2011) calculated in accordance with Substantive Rule § 25.181.

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

Calendar Year	Actual Weather Adjusted Demand Goal (MW)	Actual Weather Adjusted Energy Targets (MWH)
2011[5]	12.4	21,725
2010[6]	10.6	18,571
2009[7]	10.6	18,571
2008[8]	4.5	7,936
2007[9]	3.744	6,552

[5] 2011 budget taken from Table 10 in current EEPR.
[6] 2010 budget taken from Table 10 in the EEPR, Project No. 39366.
[7] 2009 budget from Energy Efficiency Report (EER) filed under Project No. 38212.
[8] 2008 budget from EER, Project No. 36956.
[9] 2007 budget from EER, Project No. 35626.

VI. Projected, Reported and Verified Demand and Energy Savings

Table 8: Projected versus Reported and Verified Savings for 2011 and 2010 (at Meter)

2011	Projected	Savings	Reported and Verified Savings	
Customer Class and Program	mW	mWh	mW	mWh
Commercial	**6.2**	**11,774**	**11.1**	**10,366**
Commercial Solutions MTP	1.3	6,200	1.3	3,034
Load Management SOP	3.0	-	6.6	-
SCORE/City Smart MTP	1.9	5,574	3.2	7,332
Residential	**4.4**	**6,250**	**3.9**	**8,820**
Residential SOP	2.2	4,200	2.7	6,257
Energy Star Homes MTP	2.0	1,600	0.9	2,187
Solar PV MTP	0.1	150	0.2	367
Home Performance with Energy Star	0.1	300	0.1	9
Hard-to-Reach	**1.8**	**3,700**	**1.2**	**3,049**
Hard-to-Reach SOP	1.8	3,700	1.2	3,049
Total Annual Savings Goals	**12.4**	**21,724**	**16.2**	**22,235**

2010	Projected	Savings	Reported and Verified Savings	
Customer Class and Program	mW	mWh	mW	mWh
Commercial	**4.2**	**7,183**	**7.4**	**14,349**
Commercial Solutions MTP	1.1	3,448	1.6	7,100
Load Management SOP	1.9	-	2.8	-
SCORE/City Smart MTP	1.2	3,735	3.0	7,249
Residential	**5.1**	**8,916**	**4.5**	**13,617**
Residential SOP	2.7	4,729	2.1	4,555
Energy Star Homes MTP	2.0	3,504	1.9	1,464
Solar Photovoltaic MTP	0.1	101	0.1	277
Premium Lighting MTP	0.3	582	0.4	7,321
Hard-to-Reach	**1.3**	**2,472**	**1.3**	**2,472**
Hard-to-Reach SOP	1.3	2,472	1.3	3,472
Total Annual Savings Goals	**10.6**	**18,571**	**13.2**	**31,438**

VII. Historical Program Expenditures

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

Table 9: Historical Program Incentive and Administrative Expenditures for 2007 through 2011(000's)

	2011		2010		2009		2008		2007	
2006 through 2010	Incent	Admin	Incent	Admin	Incent	Admin	Incent	Admin	Incent	Admin
Commercial	**2201**	**171**	**2345**	**240**	**2012**	**118**	**470**	**64**	**638**	**71**
Large Commercial MTP	783	83	1093	95	1079	68	93	16	**638**	**71**
Load Management SOP	253	15	134	53	85	10	47	12	**NA**	**NA**
SCORE MTP	1165	73	1118	92	848	40	330	36	**NA**	**NA**
Residential	**2682**	**226**	**2661**	**286**	**2624**	**85**	**952**	**104**	**625**	**70**
Residential & Small Commercial SOP	1529	105	1439	100	1694	40	448	49	**323**	**36**
Energy Star® Homes MTP	582	62	431	78	457	25	256	27	**302**	**34**
Solar Photovoltaic MTP	**521**	**29**	454	72	93	10	NA	NA	NA	NA
Statewide CFL Pilot MTP	50	30	337	36	380	10	248	28	NA	NA
Hard-to-Reach	**1208**	**104**	**1401**	**99**	**2072**	**79**	**823**	**50**	**810**	**90**
Hard-to-Reach SOP	1208	104	1401	99	2072	79	823	50	**810**	**90**
Low Income Weatherization SOP	NA	NA	N/A	N/A	875	5	341	34	**1,169**	**0**
Total Expenditures	**6091**	**501**	**6407**	**625**	**6708**	**282**	**2245**	**218**	**2073**	**231**

VIII. Program Funding for Calendar Year 2011

As shown in

Table **10**, Entergy spent a total of $6.591 million on all of its energy efficiency programs in 2011. The total forecasted budget for 2011 was $7.456 million.

Table 10: Program Funding for Calendar Year 2011 (Dollar amounts in 000's)

2011	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	**$2,692**	**74**	**$2,201**	**$171**	**$2,372**	**$320**	**$0**
Commercial Solutions MTP	$1,210	42	$783	$83	$866	$344	$0
Load Management MTP	$250	9	$253	$15	$268	-$18	$0
Score MTP	$1,232	23	$1,165	$73	$1,238	-$6	$0
Residential	**$3,142**	**3671**	**$2,682**	**$226**	**$2,907**	**-$137**	**$372**
Residential SOP	$1,650	2829	$1,529	$105	$1,634	$16	$0
Energy Star® Homes MTP	$550	803	$582	$62	$643	-$93	$0
Solar Photovoltaic MTP	$490	24	$521	$29	$550	-$60	$0
Home Performance w/ Energy Star MTP	$452	15	$50	$30	$80	$0	$372
Hard-to-Reach	**$1,622**	**1392**	**$1,208**	**$104**	**$1,312**	**$0**	**$310**
Hard-to-Reach SOP	$1,622	1392	$1,208	$104	$1,312	$0	$310
Total Expenditures	**7,456**	**5137**	**6,091**	**501**	**6,591**	**183**	**682**

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.

The economic recession played a major impact the Energy Star® Homes Program in 2011. 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 2011 as in 2010, but an aggressive marketing campaign was enacted to attract new builders. Without this marketing push, 2011 would have been a weak year for certifying residential new construction. With the marketing push, ETI was able to attract 26 builders and had 803 homes completed. The savings was .877 mW and 2.2 mWh. ICF International has been retained in the same capacity as Program Implementer for 2012.

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, especially man-power, to the program. Entergy was experiencing significant dropout numbers from Project Sponsors who secured the SOP offerings but failed to either start or complete their projects before their milestone dates, causing them to lose project funding. 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 effectively manage the various projects. In addition, CLEAResult was able to add a significant amount of technical expertise to customers who were unsure of some of the new technologies, especially in lighting and HVAC. Many of the smaller commercial customers, less than 150 kW of demand usage, started to participate in the program, where they had not participated in the past. As a result, 42 different commercial customers participated in the program and achieved 1.3 mW of demand savings and 3.03 mWh of energy savings.

Schools Concerned with Reducing Energy (SCORE/City Smart)MTP

In 2011, Entergy had great success with the SCORE/City Smart MTP. School districts and governmental entities targeted by the program had great success in reducing their demand and energy consumption. Program participants are touting the value of the program and recommending participation to others. In 2011, Entergy saved 3.2 mW and 7.33 mWh through the program. Many projects that were scheduled for several years down the road are now being moved up to be completed earlier due to 'Energy Efficiency Business Plan" that is part of the program. Due to this, the program is on track to be very successful for several years to come.

Home Performance with Energy Star (HPwES) MTP.

In 2011, Entergy rolled out the Home Performance with Energy Star MTP. Entergy Texas was experiencing a large number of inquiries from customers who wanted to update their existing homes to become Energy Star compliant. Many had disposable income necessary to improve their home's efficiency to the 2099 International Energy Conservation Code (IECC), but did not know where to begin. The HPwES provides them with a roadmap to achieve that level of efficiency. The home is first analyzed by a certified Home Energy Rating System (HERS) company and then provides the customer a hierarchy of energy efficient measures that can be installed in the home from most to least cost effective. Entergy Texas provides an incentive to the customer should they decide to install at least three of those measures. Six contractors were recruited to participate in the program along with several Home Energy Rating Services companies to provide the initial analysis. The program ran into a large hurdle with the onset of the long, hot weather and the

drought in Texas. Most of the contractors were air conditioning firms and were overly burdened with service work from the overtaxed air conditioning units. The program was put on the back burner until the contractors could catch up. The program did deliver 39.2 kW and 90 kWh and has gained a tremendous amount of momentum going into 2012.

Solar Photovoltaic (SOLAR) MTP

The Entergy Solar PV Pilot Program is a market transformation initiative that offers customers financial incentives for installations of solar electric (photovoltaic) systems interconnected on the customer's side of the electric service meter. The program started in 2009 and has been a part of Entergy's energy efficiency program offerings in 2009, 2010, and 2011. Incentives offered by the program are provided as a post-installation rebate and are intended to reduce the upfront costs of installing solar photovoltaic panels; high initial costs have been identified as a primary barrier to customer acceptance of solar technologies. The incentive can be utilized by most customers in addition to an available federal tax credit. In addition to demand and energy savings achieved from the installations, the program aims to transform the market by increasing the number of qualified companies offering installation services in the utilities' service area, and by decreasing the average installed cost of systems by creating economies of scale. The program generated 229.19 kW and 366,704 kWh of savings with almost 30 projects completed. Over 70 qualified solar installers were signed up in the program serving interested customers across the company's service territory. The incentive offered in 2009 was $4.50 per dc-watt but was down to around $2.00 in 2011.

The Entergy Solar PV Program had a 2011 incentive budget of $450,000. Incentive funds were offered to residential and non-residential customers. The program's high savings costs coupled with the cost caps in the energy efficiency rules has caused the program not be offered in 2012. The cost of the Solar Program was around $2,400 per kW of savings as compared to the Hard-to-Reach SOP, which was around $1,064 per kW of savings. Historically speaking, the Hard-to-Reach SOP has generally been the most costly of all the energy efficiency programs.

X. Current Energy Efficiency Cost Recovery Factor (EECRF)

Entergy applied for its third Energy Efficiency Cost Recovery Factor (EECRF) rate schedule on May 1, 2011. The EECRF was approved for $8,617,684 and Entergy began implementation of the rider on January 1, 2012.

Revenue Collected

Entergy has billed out $10,244,970 as of December 31, 2011 under the EECRF.

Over- or Under-recovery

Entergy was approved to collect $9,733,086 through the EECRF in 2011. Entergy collected $10,244,970. Entergy over-recovered $511,704. The over-recovery will be returned to Entergy's customers when it files its next Energy Efficiency Cost Recovery Factor on May 1, 2012.

XI. Performance Bonus

In 2011, the energy efficiency programs offered by Entergy and implemented under Substantive Rule 25.181 achieved demand reductions of 16.2 MW, which is 130.65% of its mandated goal calculated according 25.181(e), and annual energy savings of 22,226 MWh, exceeding their mandated energy goal of 21,725. The present value of the avoided costs that these savings will produce over the lives of the measures responsible for them is $19,045,132. Given the $6,590,853 costs of the programs, this equates to $12,454,279 in net benefits from Entergy's 2011 programs.

Taking 1% of the net benefits for every 2% that Entergy exceeded its goal results in $1,926,396, which figure is well above the bonus maximum of 20% of its program costs, or $1,318,171. Thus, Entergy's performance bonus for 2011 is $1,318,171. See Appendix D for performance bonus calculation details.

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XII. Potential Financial Impacts of Project No. 39764, Rulemaking Proceeding to Amend Energy Efficiency Rules

Under the current PUCT rule making Project No. 39674, several proposed changes to the Substantive Rule § 25.181 will increase the current proposed budget estimate outlined in this report and are referenced below:

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

These costs have not been calculated due to the on-going rulemaking proceeding; however, a detailed cost breakdown of the above referenced services will be incorporated into the EECRF when the new rule is adopted.

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 (kWs), 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 2011

Appendix A: Reported Demand and Energy Reduction by County 2011

	Energy Star MTP		Residential SOP		Hard-to-Reach SOP		Photovoltaic MTP	
County Report	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Brazos	20.09	53,272	166.55	457,204	19.41	40,458		
Chambers	5.44	13,122	27.86	91,452	8.51	34,110		
Galveston			15.83	151,438				
Grimes	1.38	3,815	140.16	610,395	84.29	109,448	3.26	6,016
Hardin	4.81	10,347	82.22	188,025	34.42	1,557,810		
Harris	109.46	263,111						
Jasper	2.49	5,398					15.14	26,304
Jefferson	104.54	320,824	1,441.23	2,312,007	611.07	15,093	7.28	13,536
Leon			1.28	5,540				
Liberty	3.83	10,894	2.49	6,744	5.39	15,093		
Madison	3.04	2,991	1.96	5,310	0.04	2,260		
Milam			1.52	5,349				
Montgomery	591.44	1,389,036	614.53	1,776,604	323.59	968,704	134.24	205,168
Orange	10.01	25,125	222.04	541,950	140.01	283,611	43.32	71,104
Polk	1.28	4,035						
Robertson							4.18	7,776
San Jacinto	2.99	8,374			0.94	3,937		
Tyler			6.57	42,982				
Walker	16.11	76,786	8.60	62,291	3.18	18,837	21.78	36,800
Totals	877	2,187,130	2,733	6,257,291	1,231	3,049,361	229.194	366,704.0

	Commercial Sol MTP		SCORE/City Smart MTP		Load Management SOP		Home Performance w Energy	
County Report	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Brazos/Burleson								
Chambers			30.56	67,017				
Galveston								
Grimes			51.15	128,007				
Hardin	13.93	61,529					11.16	26,053
Harris			24.70	73375	23			
Jasper								
Jefferson	853.78	3,828,491	1,981.73	6,211,947	3,919		22.92	52,600
Leon								
Liberty			10.69	17,990				
Madison			19.06	47710				
Milam								
Montgomery	342.39	1,665,653	916.60	2,417,765	1,638		1.65	2,331
Orange	32.64	144,927	177.03	572,805	490		3.47	8,588
Robertson								
San Jacinto								
Trinity								
Tyler	13.23	39,327						
Walker			11.16	39,304	589			
Totals	1,255.97	5,739,927	3,222.68	9,575,920	6,658.00	0	39.20	89,572

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 couple of counties that need some additional attention The primary challenge for them is their lack of proximity to where the Project Sponsors are located. These counties are:

- Madison
- Robertson

For 2012, 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: OPTIONAL SUPPORT DOCUMENTATION

Performance Bonus Calculation Details

Energy Efficiency Performance Bonus Calculator			
	kW	kWh	
2011 Goals	12,400	21,724,800	
2011Savings			
Reported/Verified Total (including HTR)	16,236	22,226,431	
Reported/Verified Hard-to-Reach	1,233	3,049,361	
2011 Program Costs	$6,590,853		
2011 Performance Bonus	$1,318,171		

	kW	kWh
Goal for All (25.181) Programs	12,400	21,724,800
	kW	kWh
Reported/Verified Savings for All (25.181) Programs	16,236	22,226,431
	kW	% of Total Demand Reduction Goal
HTR Reported/Verified for All (25.181) Programs	1,233	10%
Total Cost of All Programs	$6,590,853	

	% of Total Demand Reduction from HTR
	8%

Capacity Factor	20.00%	
Escalation Rate	2.00%	
Discount Rate	7.00%	weighted average cost of capital
Avoided Cost kW/yr	$80.00	

Savings due to Measures with EUL other than 10 years						
Measure Reported/Verified Savings	kW	kWh	Effective. Useful Life	PV (Avd Capacity Cost)	PV (Avd Energy Cost)	PV (Avoided Costs)
Load Management	6,658	0	1	$ 76.26	$ 0.061	$ 507,750.28
	kW	kWh	Effective. Usefeul Life	PV (Avd Capacity Cost)	PV (Avd Energy Cost)	PV (Avoided Costs)
Energy Star Homes	877	2,187,129	23	$ 1,089.13	$ 0.871	$ 2,860,718.72
	kW	kWh	Effective Useful Life	PV (Avd Capacity Cost)	PV (Avd Energy Cost)	PV (Avoided Costs)
Solar PV	229	366,704	30	$ 1,243.66	$ 0.995	$ 649,642.29

Avoided Cost kWh	$0.064	A.
PV(Avd Capacity Cost) 9	$620.690	$606.14
PV(Avd Energy Cost)	$0.497	0.484913285
Measure Life Avg. Yrs	10	

Bonus Calculation

130.94%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
102.31%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
$18,719,716	Total Avoided Cost (Reported kW * PV(Avoided Capacity Cost) + Reported kWh * PV(Avoided Energy Cost),
$6,590,853	Total Program Costs
$12,128,863	Net Benefits (Total Avoided Cost - Total Expenses)

Bonus

$1,876,061	Calculated Bonus (((Achieved Demand Reduction/Demand Goal - 100%) / 2) * Net Benefits)
$1,318,171	Maximum Bonus Allowed (20% of Program Costs)
$1,318,171	*Bonus (Minimum of Calculated Bonus and Bonus Limit)*