
Entergy Texas, Inc.
2017 Energy Efficiency Plan and Report
Substantive Rule § 25.181 and § 25.183

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Introduction

Entergy Texas, Inc. (ETI) presents this Energy Efficiency Plan and Report (EEPR) to comply with 16 Tex. Admin. Code (TAC) §§ 25.181 and 25.183, which together comprise the Energy Efficiency Rule (EE Rule) implementing Public Utility Regulatory Act (PURA) § 39.905. As mandated by this section of PURA, the EE Rule requires that each investor owned electric utility achieve the following minimum goals through market-based standard offer programs (SOPs), targeted market transformation programs (MTPs) or utility self-delivered programs:

- 25.181(e)(1) An electric utility shall administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:
- (A) The utility shall acquire no less than a 25% reduction of the electric utility's annual growth in demand of residential and commercial customers for the 2012 program year.
 - (B) Beginning with the 2013 program year, until the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire a 30% reduction of its annual growth in demand of residential and commercial customers.
 - (C) If the demand reduction goal to be acquired by a utility under subparagraph (B) of this paragraph is equivalent to at least four-tenths of 1 % its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year, the utility shall meet the energy efficiency goal described in subparagraph (D) of this paragraph for each subsequent program year.
 - (D) Once the trigger described in subparagraph (C) of this paragraph is reached, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.
 - (E) Except as adjusted in accordance with subsection (w) of this section, a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility pursuant to paragraph (2) of this subsection.

Energy Efficiency Plan and Report (EEPR) Organization

This EEPR consists of an executive summary, fourteen sections, and one appendix.

- The Executive Summary highlights ETI's reported achievements for 2016 and ETI's plans for achieving its 2017 and 2018 projected energy efficiency savings goals.

Energy Efficiency Plan (EEP)

- Section I describes ETI'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 ETI's previous EEP.
- Section II explains ETI's targeted customer classes, specifying the size of each class and the method for determining those sizes.
- Section III presents ETI's projected energy efficiency savings and goals for the prescribed planning period broken out by program for each customer class.
- Section IV describes ETI's proposed energy efficiency budgets for the prescribed planning period broken out by program for each customer class.

Energy Efficiency Report

- Section V documents ETI's actual weather-adjusted demand savings goals and energy targets for the previous five years (2012-2016) with actual demand reduction and energy savings achieved.
- Section VI compares ETI's projected energy and demand savings to its reported and verified savings by program for calendar years 2015 and 2016.
- Section VII documents ETI's incentive and administrative expenditures for the previous five years (2012-2016) broken out by program for each customer class.
- Section VIII compares ETI's actual program funding for 2016 compared to its 2016 budget broken out by program for each customer class.
- Section IX describes the results from ETI's MTP programs.
- Section X describes research and development costs and administrative costs.
- Section XI details ETI's current Energy Efficiency Cost Recovery Rider (EECRF).
- Section XII reflects ETI revenue collection through the 2015 EECRF.
- Section XIII breaks out the over/under-recovery of energy efficiency program costs.
- Section XIV details ETI's performance bonus calculation.

Acronyms – A list of abbreviations for common terms used within this document.

Appendices

- Appendix A – Reported kW and kWh Savings broken out by county for each program.

Executive Summary

The Energy Efficiency Plan portion of this EEPR details ETI’s plans to achieve its required reduction in its annual growth in demand of residential and commercial customers in 2017 and 2018. In the process, ETI 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 Budgets¹

Calendar Year	Average Growth in Demand	Peak Demand (MW at Source)	Goal Metric: 30% Growth	Goal Metric: 0.4% Peak Demand	Peak Demand Goal	Energy Goal	Projected Demand Reduction	Projected Energy Savings	Projected Budget (000’s)
	(MW at Source)		(MW at Meter)	(MW at Meter)	(MW at Meter)	(MWh at Meter)	(MW at Meter)	(MWh at Meter)	
2017	-19.0	2,651	-5.27	9.81	15.50	27,156	15.50	27,156	7,398
2018	21.8	2,701	6.05	10	15.50	27,156	15.50	27,156	7,714

Note: Goals are calculated by multiplying peak demand values at the source by the applicable goal metric (30% of growth or 0.4% of peak demand) and by the utility's line losses. Although ETI's 2018 goal is based on its previous year's goal, an example calculation at the source to at the meter conversion is shown below for 2018 using the 30% growth goal metric.

Example Goal Metric Calculation: $(21.8 \text{ MW} \times 30\%) \times (1 - 0.074787 \text{ line losses}) = 6.05 \text{ MW}$

Line loss number is based on the loss study in ETI's last completed rate case, Docket No. 41791.

¹ For 2017, all values are per Docket No. 45915. For 2018, Average Growth in Demand figures are from Table 4; Demand and Energy Savings Goals were determined pursuant to the “ratchet” requirements of 16 TAC § 25.181(e)(1)(E); Projected Savings are from Table 5; and Projected Budgets are from Table 6.

Energy Efficiency Plan

I. 2017 Programs

A. 2017 Program Portfolio

ETI plans to implement three MTPs and three SOPs in 2017. These include: the Commercial Solutions MTP, Load Management SOP, the Residential SOP, the Entergy Solutions High Performance Homes MTP, the A/C Distributor MTP, and the Hard-to-Reach SOP. All of these programs have been structured to comply with approved Public Utility Commission of Texas (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. ETI 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: 2017 Energy Efficiency Program Portfolios

Program	Target Market	Application
Commercial Solutions MTP	Commercial	New Construction; Retrofit; Behavioral; Midstream;
Load Management SOP	Commercial	Existing, Demand Response
Residential SOP	Residential	Retrofit
Entergy Solutions High Performance Homes MTP	Residential	New Construction
A/C Distributor MTP	Residential	New Construction, Retrofit
Hard-to-Reach SOP	Residential	Retrofit

The programs listed in Table 2 are described in further detail below. ETI maintains a website containing links to the program manuals, all of the requirements for project participation, and the forms required for project submission, at http://www.energy-texas.com/energy_efficiency. This website will be the primary method of communication used to provide potential Project Sponsors with program updates and information.

B. Existing Programs

1. Commercial Solutions Market Transformation (COM SOL MTP) Summary²

a) Program Description

The Commercial Solutions Market Transformation Program offers technical support and incentives for a suite of offerings that help eligible customers overcome the market barriers to adopt energy efficiency measures. Using a combination of utility staff, third-party program implementer expertise and the local network of qualified contractors, ETI helps customers identify energy efficiency opportunities, complete projects and capture savings for the program. This approach is flexible depending on customer, project type and market sector to effectively reach and deliver energy savings to the broadest audience possible. The COM SOL MTP program includes:

- A Commercial Solutions component designed to target small, medium and large for-profit commercial customers in the service territory (this includes midstream or contractor direct install component);
- A SCORE component to target local k-12 public school districts, universities and colleges in the service territory (including a Resource Management Services (RMS) component driving behavioral changes in public schools);
- A City Smart component to target local, state and federal governmental customers in the service territory;
- Prescriptive and custom measures to address standard or more unique, complex opportunities for energy savings; and
- A Midstream point-of-sale lighting component through local wholesale distributors to achieve long-term coincident peak demand reduction and annual energy savings.

b) Implementation Process

With this program offering, ETI will target the following customers for program participation:

- Small, medium and large commercial and small industrial businesses;
- Rural and urban public K-12 school districts, colleges, and universities;
- Local government including cities, counties, state and federal organizations; and
- Non-profit and institutional businesses such as religious institutions, private schools, and healthcare providers.

c) Outreach Activities

ETI markets the availability of this program in the following manner:

- Has contracts with third party implementer, CLEAResult Consulting, to provide for outreach and some training on the program;

² The Company's SCORE/City Smart program has been folded under the COM SOL MTP for administrative purposes and efficiencies, but data regarding costs and demand/energy savings related to SCORE/City Smart will continue to be tracked and reported separately in this EEPR and in the Company's EECRF filing as has been done in the past.

- Targets the number of customer participants;
- Conducts workshops and webinars to explain the benefits of the program and the necessary information needed to begin or continue participation;
- Participates in regional or area outreach opportunities;
- Attends appropriate industry related meetings to generate awareness and interest; and,
- Promotes awareness of the program through the company's website, social media, email blasts, radio promotions, and print media.

2. Load Management Standard Offer Program (LM SOP)

a) Program Design

The LM SOP will provide demand reduction solutions to a select, volunteer group of commercial customers served by ETI and pay incentives to the customers for verifiable demand reductions. To ensure grid reliability, the Load Balancing Authority (LBA) can call for these customers to curtail. The LBA is the entity that interacts with the Midcontinent Independent System Operator (MISO) and integrates resource plans ahead of time, making certain that the necessary generation is available and can flow smoothly to an area.

In 2015, several participating customers experienced meter issues that impacted ETI's ability to collect the IDR data necessary to calculate the baseline and event impacts. As a result of these issues, the EM&V contractor issued a guidance memo on November 24, 2015 that established the process of using customer-supplied data in lieu of program meter data to calculate claimed savings. The data must meet interval metering requirements presented in the current program year Technical Reference Manual, must include both the event day data and baseline data, and should only be used if the utility interval meter fails. In 2016, ETI's Energy Efficiency group worked with the Company's Interval Data Processing (IDP) and Field Metering groups to test customer meters before the scheduled test curtailment to verify that they were accurately recording interval data.

b) Implementation Process

ETI will recruit several select commercial customers to participate in the LM SOP. This program will manage the responsibility of examining actual demand savings, operating characteristics, program design, long range planning, and overall measure and program acceptance by the targeted customers. During the implementation process, ETI made potential customers aware that if the customer were to use backup generation as its method of curtailment, that their generators are assumed to adhere to both state and federal emission's guidelines.

c) Outreach Activities

ETI markets the availability of this program in the following manner:

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

- Promotes the awareness of its energy efficiency programs by rolling out new program promotions through its website, social media, email blasts, radio promotions, and print media.

3. Residential Standard Offer Program (RES SOP)

a) Program Design

The 2017 RES SOP targets residential customers who receive service from ETI. Participating Project Sponsors receive incentive payments for installing pre-approved measures that provide verifiable demand and energy savings. Project Sponsors are encouraged to install comprehensive measures in their projects, and only retrofit projects qualify for incentive payments. Deemed savings are accepted and widely used by Project Sponsors to measure and verify savings for projects submitted in this program. For 2017, ETI will provide incentives to Project Sponsors for installing LED lighting in addition to previously employed measures. The incentives will be offered at the standard incentive rate to encourage the implementation of this measure.

b) Implementation Process

ETI will continue implementing its RES SOP whereby any eligible Project Sponsor may submit an application for a project meeting the minimum program requirements. The program information on ETI's RES SOP website is updated frequently with participating Project Sponsor information and the incentives available for installing eligible measures. In 2017, ETI will select seven Project Sponsors to participate in the RES SOP in order to allow for the appropriate administrative control and visibility of Project Sponsors all year. The funding awarded to each Project Sponsor should increase the chances that there will be Project Sponsors working in ETI's service territory throughout the entire year and that available funds will not be exhausted by mid-year.

c) Outreach Activities

ETI markets the availability of this program in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential Project Sponsors interested and informed;
- Maintains internet website 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; and
- Promotes the awareness of its energy efficiency programs by rolling out new program promotions through its website, social media, email blasts, radio promotions, and print media.

4. Entergy Solutions High Performance Homes Market Transformation Program (ENTERGY SOL MTP)

a) Program Design

The ENTERGY SOL MTP uses the attributes of the Energy Star Homes type new construction program. The Program requires the involvement of a third party rating service to verify the home meets the current energy efficiency code in Texas, which is the 2015 International Energy Conservation Code (IECC). The pinnacle of the program is to reach Energy Star standards, but the program does allow for incentives for builders who exceed the IECC 2015 code but are not to the point where they want to meet the more rigorous Energy Star requirements.

b) Implementation Process

Any eligible builder may submit an application for a home to participate in the program. The program information on ETI's website is updated frequently to reflect participating builders and incentive amounts that are available.

c) Outreach Activities

ETI markets the availability of this program in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential builders interested and informed;
- Works with local code enforcement officials to make sure they understand the need for builders to follow the requirements as prescribed by IECC 2015 and identify where builders usually take short cuts to try and bypass the code;
- Maintains internet website 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; and
- Promotes the awareness of its energy efficiency programs by rolling out some program promotions through its website, social media, email blasts, radio promotions, and print media.

5. A/C Distributor MTP (AC DIST MTP)

a) Program Design

The A/C Distributor MTP helps promote the installation of higher efficiency air conditioning for residential customers throughout ETI's service territory. The program will pay incentives to the regional air conditioning distributors to reduce the cost of the higher efficiency rated equipment to the local dealers with the goal that the dealer will pass the reduced cost along to the customers.

b) Implementation Process

Any participating distributor or manufacturer may submit a qualifying batch of invoices to ETI for incentive payment, after a random sampling of inspections from each invoice is completed by either the company or another third party inspector.

c) Outreach Activates

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

- ETI's program implementer, ICF International, will leverage its current AC distributor and manufacturer contacts from a similar program with another utility to enroll them in the one offered by ETI. Most of the distributors and manufacturers that service most of ETI's territory are already participating in that program.
- Attends local dealer meetings to educate the dealer population on how to participate and how to fill out the necessary paperwork.

6. Hard To Reach Standard Offer Program (HTR SOP)

a) Program design

The HTR SOP targets low-income customers who receive distribution service from ETI with an income at or below 200% of the federal poverty level. Participating Project Sponsors receive incentive payments for installing eligible measures in retrofit fashion that provide verifiable demand and energy savings. For 2017, ETI will provide incentives to Project Sponsors for installing LED lighting in addition to previously employed measures. The incentives will be offered at the standard incentive rate to encourage the implementation of this measure.

b) Implementation Process

ETI will continue implementing its HTR SOP whereby any eligible Project Sponsor may submit an application for a project meeting the minimum program requirements. The program information on ETI's HTR SOP website is updated frequently with participating Project Sponsor information and the incentives available for installing eligible measures. In 2017, ETI will select seven Project Sponsors to participate in the HTR SOP in order to allow for the appropriate administrative control and visibility of Project Sponsors all year. By limiting the number of Project Sponsors allowed to participate in the program, ETI believes that there will be sufficient funds available to keep Project Sponsors working in ETI's service territory throughout the entire year and that program funding will not be exhausted by mid-year.

c) Outreach Activities

ETI markets the availability of this program in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet website 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; and
- Promotes the awareness of its energy efficiency programs by rolling out new program promotions through its website, social media, email blasts, radio promotions, and print media.

C. New Programs for 2018

ETI is not planning on running any new programs in 2018, but will be reviewing programs and measures that have been successful in other jurisdictions as possible inclusion in the programming inventory in the future. Proper notice and adherence to PUCT rules on launching a new program will be adhered to should that opportunity arise.

II. Customer Classes

Table 3: Summary of Customer Classes³

<i>Customer Class</i>	<i>Number of Customers</i>
<i>Commercial</i>	<i>48,275</i>
<i>Residential</i>	<i>388,143</i>
<i>Hard to Reach</i>	<i>51,282</i>

III. Projected Energy Efficiency Savings and Goals

As prescribed by 16 TAC § 25.181(e), a utility’s demand goal is specified as a percentage of its historical five-year average growth in demand and the corresponding energy savings goal is determined by applying a 20% capacity factor to the applicable demand goal. However, in accordance with the “ratchet requirements” of 16 TAC § 25.181(e)(1)(E), a utility’s demand goal for any particular year cannot be less than its goal for the preceding year. In ETI’s 2011 EECRF case, Docket No. 39366, ETI agreed with the other parties to a demand savings goal of 15.5 MW and an energy savings goal of 27,156 MWh. Due to the ratchet requirements, those goals have remained in place since 2012, and will again be the goals for 2017. Table 4 presents historical annual growth in demand for the previous five years that is used to calculate demand and energy goals.

³ Commercial and Residential figures obtained from actual historical data as of December 31, 2016; the Hard-to-Reach figure obtained from the 2015 US Census Bureau Current Population Survey.

Table 4: Annual Growth in Demand and Energy Consumption

Calendar Year	Peak Demand at Source (MW)				Energy Consumption at Meter (GWh)				Growth (MW)	Average Growth (MW) ¹
	Total System		Residential & Commercial		Total System		Residential & Commercial			
	Actual	Weather Adjusted	Actual	Weather Adjusted	Actual	Weather Adjusted	Actual	Weather Adjusted	Weather Adjusted	Weather Adjusted
2012	3,398	3,367	2,611	2,554	15,186	15,023	10,333	10,241	-38	NA
2013	3,602	3,704	2,808	2,851	15,945	16,743	10,410	10,443	297	NA
2014 [2]	3,256	3,321	2,653	2,650	18,706	18,828	11,838	11,830	-201	NA
2015[2]	3,540	2,933	2,776	2,609	16,268	16,311	10,625	10,624	-41	NA
2016 [2]	3,536	3,549	2,691	2,701	16,612	16,726	10,802	10,785	92	NA
2017	NA	NA	NA	NA	NA	NA	NA	NA	NA	-19.0
2018	NA	NA	NA	NA	NA	NA	NA	NA	NA	21.8

¹“Average growth” in demand over the prior 5 years is “NA” - Not Applicable - to any of the calculations or forecasts in this EEPR.

[2] Does not include premises that have opted-out from ETI’s energy efficiency programs.

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

Table 5 presents the projected demand and energy savings broken out by program for customer class for 2017 and 2018.

2017	Projected Savings	
Customer Class and Program	mW	mWh
Commercial	10.46	15,152
Commercial Solutions MTP	3.75	15,112
Load Management SOP	6.71	40
Residential	3.94	8,317
Residential SOP	2.24	6,371
Entergy Solutions High Performance Homes MTP	1.45	1,346
A/C Distributor MTP	0.25	600
Hard-To-Reach	1.10	3,687
Hard-to-Reach SOP	1.10	3,687
Total Annual Projected Savings	15.50	27,156
2018	Projected Savings	
Customer Class and Program	mW	mWh
Commercial	10.46	15,608
Commercial Solutions MTP	3.75	15,568
Load Management SOP	6.71	40
Residential	3.94	8,060
Residential SOP	2.14	5,836
Entergy Solutions High Performance Homes MTP	1.50	1,224
A/C Distributor MTP	0.30	1,000
Hard-To-Reach	1.10	3,488
Hard-To-Reach SOP	1.10	3,488
Total Annual Projected Savings	15.50	27,156

IV. Program Budgets

Table 6: Proposed Annual Budget Broken Out by Program for Each Customer Class

2017	Incentives	Admin	EM&V	EM&V	Total Budget
Commercial	\$2,932,466	\$312,845			\$3,245,311
Commercial Solutions MTP	\$2,578,157	\$265,232			\$2,843,389
Load Management SOP	\$354,309	\$47,613			\$401,922
Residential	\$2,610,517	\$258,881			\$2,869,398
Residential SOP	\$1,699,233	\$157,103			\$1,856,336
Entergy Solutions High Performance Homes MTP	\$560,807	\$67,906			\$628,713
A/C Distributor MTP	\$350,477	\$33,872			\$384,349
Hard-To-Reach	\$1,026,789	\$106,848			\$1,133,637
Hard-To-Reach SOP	\$1,026,789	\$106,848			\$1,133,637
R&D	\$0	\$150,000			\$150,000
EM&V	\$0	\$0			\$0
Total Annual Budgets	\$6,569,772	\$678,574			\$7,398,346
2018	Incentives	Admin	CY2017 EM&V Costs for Review of PY2016	CY2018 EM&V Costs for Review of PY2017	Total Budget
Commercial	\$3,026,978	\$301,550	\$58,609	\$53,270	\$3,440,408
Commercial Solutions MTP	\$2,651,478	\$253,937	\$43,216	\$47,500	\$2,996,132
Load Management SOP	\$375,500	\$47,613	\$15,393	\$5,770	\$444,276
Residential	\$2,656,919	\$274,862	\$33,091	\$32,773	\$2,997,645
Residential SOP	\$1,750,210	\$156,360	\$18,959	\$21,511	\$1,947,040
Entergy Solutions High Performance Homes MTP	\$577,649	\$72,680	\$8,557	\$4,437	\$663,323
A/C Distributor MTP	\$329,060	\$45,823	\$5,575	\$6,825	\$387,283
Hard-To-Reach	\$1,026,789	\$111,572	\$10,791	\$16,448	\$1,165,600
Hard-To-Reach SOP	\$1,047,325	\$113,246	\$10,791	\$16,448	\$1,187,809
R&D	\$0	\$110,000	\$0	\$0	\$110,000
EM&V	\$0	\$0	\$102,491	\$102,491	\$204,982
Total Annual Budgets	\$6,710,687	\$797,984	\$102,491	\$102,491	\$7,713,653

Energy Efficiency Report

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

Table 7 documents ETI’s demand and energy reduction goals for the previous five years (2012-2016) calculated in accordance with 16 TAC 25.181 and actual demand reduction and energy savings achieved.

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

Calendar Year	Actual Weather Adjusted Demand Goal (MW)	Actual Weather Adjusted Energy Goal (MWh)	Actual Demand Reduction (MW)	Actual Energy Savings (MWh)
<u>2016</u>	15.5	27,156	19.8	45,044
<u>2015</u>	15.5	27,156	18.1	39,688
<u>2014</u>	15.5	27,156	17.2	39,214
<u>2013</u>	15.5	27,156	19.1	36,996
<u>2012</u>	15.5	27,156	17.5	33,696

VI. Projected, Reported and Verified Demand and Energy Savings

Table 8: Projected versus Reported and Verified Savings for 2015 and 2016 (at Meter)

2015	<u>Projected Savings</u>		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	10.46	15,152	11.89	19,533
Commercial Solutions MTP	1.80	7,533	2.38	11,536
Load Management SOP	6.71	40	7.32	24
SCORE/City Smart MTP	1.95	7,579	2.19	7,940
Residential	3.94	8,317	5.12	16,353
Residential SOP	2.24	6,371	3.32	11,999
Entergy Solutions Premium Homes MTP	1.70	1,946	1.79	4,354
Hard-to-Reach	1.10	3,687	1.09	3,836
Hard-to-Reach SOP	1.10	3,687	1.09	3,836
Total	15.5	27,156	18.09	39,688
2016	<u>Projected Savings</u>		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	10.46	15,152	13.86	24,490
Commercial Solutions MTP	3.75	15,112	5.11	24,472
Load Management SOP	6.71	40	8.75	18
Residential	3.94	8,317	4.47	15,577
Residential SOP	2.24	6,371	3.38	12,162
Entergy Solutions Premium Homes MTP	1.50	1,446	0.95	3,017
AC Distributor MTP	0.20	546	0.14	398
Hard-to-Reach	1.10	3,687	1.42	4,977
Hard-to-Reach SOP	1.10	3,687	1.42	4,977
Total	15.50	27,156	19.75	45,044

VII. Historical Program Expenditures

This section documents ETI's incentive and administration expenditures for the previous five years (2012-2016) broken out by program for each customer class.

Table 9: Historical Program Incentive and Administrative Expenditures for 2012 through 2016 (in 000's)

2012 through 2016	2016		2015		2014		2013		2012	
	Incent	Admin	Incent	Admin	Incent	Admin	Incent	Admin	Incent	Admin
Commercial	2489	397	2610	466	2490	505	2778	398	2621	344
Commercial (Commercial Solutions) MTP	2211	335	1374	214	1144	218	1193	197	1039	162
Load Management SOP	279	62	234	54	210	59	225	26	248	36
SCORE/City Smart MTP	NA	NA	1002	198	1136	227	1360	175	1334	146
Residential	2453	285	2568	370	3041	497	3468	360	3219	360
Residential SOP	1697	189	1695	225	2189	316	2275	204	2192	192
Entergy Solutions Premium Homes MTP	460	71	867	145	852	1810	1193	156	NA	NA
A/C Distributor MTP	296	25	NA	NA	NA	NA	NA	NA	NA	NA
Energy Star® Homes MTP	NA	NA	NA	NA	NA	NA	NA	NA	696	102
Home Performance with Energy Star® MTP	NA	NA	NA	NA	NA	NA	NA	NA	331	66
Solar Photovoltaic MTP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Statewide CFL Pilot MTP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hard-to-Reach	1259	147	1023	166	1327	216	1324	139	1384	139
Hard-to-Reach SOP	1259	147	1023	166	1327	216	1324	139	1384	139
Total Expenditures	6202	829	6195	1001	6858	1217	7569	897	7224	843

VIII. Program Funding for Calendar Year 2016

2016	Total Projected Budget	Number of Customers Participating or Installations	Actual Funds Expended (Incentives)	Actual Funds Expended - Admin (Not Including EM&V, or EECRF Proceeding Costs)	R & D Costs	Actual Funds Expended - EM&V (Admin)	Actual Funds Expended - Utility EECRF Proceeding Costs (Admin)	Actual Funds Expended - Cities EECRF Proceeding Costs (Admin)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining (Not Committed)	10% Difference?
Commercial	\$3,268,952	919	\$2,489,404	\$248,283	\$56,199	\$60,554	\$21,468	\$10,228	\$2,886,137	\$0	\$382,815	
Commercial Solutions MTP + SCORE	\$2,792,325	911	\$2,210,564	\$211,676	\$49,904	\$44,658	\$19,063	\$9,083	\$2,544,949	\$0	\$247,376	8.9%
Load Management SOP	\$476,627	8	\$278,840	\$36,607	\$6,295	\$15,896	\$2,405	\$1,146	\$341,188	\$0	\$135,439	-28.4%
SCORE - added to Solutions MTP	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Residential	\$2,834,655	8,039	\$2,453,086	\$164,227	\$55,379	\$34,195	\$21,155	\$10,079	\$2,738,121	\$0	\$96,534	
Residential SOP	\$1,881,993	7,080	\$1,697,118	\$109,605	\$38,313	\$19,592	\$14,636	\$6,973	\$1,886,236	\$0	-\$4,243	-0.2%
Entergy Solutions Premium Homes MTP	\$592,416	840	\$459,519	\$45,477	\$10,374	\$8,843	\$3,963	\$1,888	\$530,063	\$0	\$62,353	10.5%
AC Distributor	\$360,246	119	\$296,449	\$9,146	\$6,692	\$5,761	\$2,557	\$1,218	\$321,823	\$0	\$38,423	10.7%
Hard-To-Reach	\$1,155,741	2,948	\$1,259,207	\$91,185	\$28,427	\$11,151	\$10,859	\$5,174	\$1,406,003	\$0	-\$250,262	
Hard-to-Reach SOP	\$1,155,741	2,948	\$1,259,207	\$91,185	\$28,427	\$11,151	\$10,859	\$5,174	\$1,406,003	\$0	-\$250,262	-21.7%
EM&V Costs	\$105,901											
Total	\$7,365,249	11,906	\$6,201,697	\$503,696	\$140,004	\$105,901	\$53,482	\$25,481	\$7,030,262	\$0	\$229,086	4.5%

Per 16 TAC § (n)(2)(Q), please note that there were four programs where the projected budget and actual total funds expended varied by more than ten percent: Load Management SOP (-28.4%); Entergy Solutions High Performance Homes MTP (10.5%), A/C Distributor MTP (10.7%); and Hard-to-Reach SOP (-21.7%).

Costs under the Entergy Solutions High Performance Homes MTP and A/C Distributor MTP were less than projected in 2016 because of assistance from the local HVAC Distributors who packaged ETI's incentives along with the Manufacturer's incentives to push higher efficient HVAC equipment in both new and existing markets. Actual spending for the Hard-to Reach SOP in 2016 was higher than projected due to an increased need to attract customers that have not already participated in the program. ETI also encouraged its contractors to install a more diverse number of measures in each premise by paying a premium to contractors that install more expensive measures like LED lighting when they install ceiling insulation. Actual spending for the Load Management SOP was also higher than projected in 2016 because of additional outreach efforts and related costs. ETI had lost some participants due to concerns regarding the enforcement of Clean Power Plan where demand response program participants that use backup generation would have to meet enhanced emission requirements and some felt that upgrades to their generators would be too expensive to participate.

IX. Market Transformation Program Results

Commercial Solutions (COM SOL) MTP

The primary objective of the Commercial Solutions MTP is to provide a conduit for ETI's commercial customers to install more energy efficient measures in their facilities, both new and existing. CLEAResult Consulting, Inc. was hired to provide their expertise in working with customers to make sure they are installing the most cost effective energy efficient measures by providing equipment recommendations, engineering oversight, consultations, benchmarking, and Cool Saver HVAC tune-ups. Under the school portion of the Commercial Solutions MTP, School districts and governmental entities targeted by the program have had great success in reducing their demand and energy consumption. Program participants are touting the value of the program and recommending participation to others. Many projects that were scheduled for several years down the road are now being moved up to be completed earlier due to the "Energy Efficiency Business Plan" that is part of the program. Cool Saver HVAC tune-ups were also provided to several of the school buildings to ensure the proper commissioning of the HVAC equipment. In addition, CLEAResult continues to have success working with several schools to control costs by using behavioral measures and techniques. The behavioral program will be offered to Lone Star College, Sam Houston State University, and Lamar University in 2017.

Entergy Solutions High Performance Homes (ENTERGY SOL) MTP

The ENTERGY SOL High Performance Homes MTP combines the attributes of an Energy Star Homes new construction program with the attributes of a Home Performance with Energy Star retrofit program. This combined program is logical because both programs are driven predominantly by Home Energy Rating Services (HERS). The HERS raters provide professional assessments on new and existing homes to bring them up to Energy Star standards. Incentives are paid to builders and contractors for installing certain measures in new construction applications that provide verifiable demand and energy savings. For the retrofit application, incentives can be paid to either the builder or contractor that installed the energy efficient measures.

ICF provided several training opportunities for local Code Enforcement Officials to learn about the energy efficiency codes and how to apply them, now that many cities are requiring third party inspections on new construction before a Certificate of Occupancy is given.

X. Research and Development and Administrative Costs

ETI continued a Research and Development (R&D) project in 2016 that will continue in 2017. The project involves the development of a database that will be the repository for all ETI's energy efficiency programs. Currently, ETI houses data with three different implementers, and it is cumbersome to gather data to submit to the EM&V contractor. Having all data reside in one location will make managing and reporting on the energy efficiency programs more effective.

ETI's Administrative Costs consist of employee salaries and benefits, EM&V costs for both the state's contractor as well as ETI, EECRF proceeding costs for filing and defending its program costs, marketing and advertising costs, Electric Utility Marketing Managers of Texas (EUMMOT) fees, and employee expenses used for training, QA/QC activities on program results from 3rd parties, and attending local energy efficiency conferences.

XI. Current Energy Efficiency Cost Recovery Factor (EECRF)

ETI applied for its EECRF rate schedule on May 1, 2016 in Docket 45915. The EECRF was approved for \$8,958,947 and ETI began implementation of the rider on January 1, 2017.

XII. Revenue Collected through EECRF (2016)

ETI's 2016 EECRF revenues as of December 31, 2016 were \$8,207,187.

XIII. Over/Under-recovery of Energy Efficiency Program Costs

ETI had an over-recovery of its 2016 energy efficiency programs of \$63,656, which should be returned in the 2018 EECRF.

XIV. Performance Bonus Calculation

In 2016, ETI's total spending on energy efficiency programs was \$7,030,262. This includes actual EM&V expenditures in 2015 and 2016 of \$105,901 for review of the 2015 program. However, for calculation of the performance bonus, the total program costs include the costs for review of the 2016 program (instead of the 2015 program), and those costs are \$102,491. As a result, the total program expenditures for the bonus calculation will not match the actual total program expenditures exhibited in the applicable tables above.

For the purposes of the performance bonus calculation, ETI's 2016 total program costs equaled \$7,026,852.

Under 16 TAC § 25.181, the calculation of the performance bonus is the lesser of:

Percentage of net benefits
Or
20% of program costs

Because ETI exceeded the 2016 goal by 27% for kW and 66% for kWh savings, ETI will request a performance bonus of \$2,040,398 as part of the 2016 EECRF filing.

Table 10: Performance Bonus Calculation

Program Year 2016		
Energy Efficiency Performance Bonus Calculator		
	kW	kWh
Demand and Energy Goals	15,500	27,156,000
Actual Demand and Energy Savings	19,739	45,044,145
<i>Reported/Verified Hard-to-Reach</i>	1,424	
Program Costs (excluding bonus)	\$7,026,852	
Performance Bonus	\$2,040,398	
9%	Hard-to-Reach Goal Met?	
Bonus Calculation Details		
127%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)	
166%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)	
TRUE	Met Requirements for Performance Bonus?	
\$27,430,833	Total Avoided Costs	
\$7,026,852	Total Program Costs (excluding bonus)	
\$20,403,981	Net Benefits	
\$2,789,994	Calculated Bonus $((\text{Achieved Demand Reduction}/\text{Demand Goal} - 100\%) / 2) * \text{Net Benefits}$	
\$2,040,398	Maximum Bonus Allowed (10% of Net Benefits)	

Acronyms

COM	Commercial
EEP	Energy Efficiency Plan, which was filed as a separate document prior to April 2009
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report, which was filed as a separate document prior to April 2009
EE Rule	Energy Efficiency Rule, 16 TAC §§ 25.181 and 25.183
EECRF	Energy Efficiency Cost Recovery Factor
HERS	Home Energy Rating Services
HTR	Hard-To-Reach
EM&V	Evaluation, Measurement and Verification
LM	Load Management
MTP	Market Transformation Program
PUCT	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act
RES	Residential
RFP	Request for Proposals
SCORE	Schools Concerned with Reducing Energy
SOP	Standard Offer Program

Appendix

