



Control Number: 33884



Item Number: 16

Addendum StartPage: 0

**AEP Southwestern Electric Power
Energy Efficiency Report
April 1, 2007**

RECEIVED
2007 APR -2 PM 3:01
PUBLIC UTILITY COMMISSION
PUBLIC RELATIONS CLERK

Project No. 33884



**AEP Southwestern Electric Power
Energy Efficiency Report
for Calendar Year 2006**

I. Executive Summary

AEP Southwestern Electric Power (SWEPCO) implemented and administered standard offer programs (SOPs) in 2006 based on PUCT approved templates. These programs included the Residential and Small Commercial Standard Offer Program (RES SOP), Commercial and Industrial Standard Offer Program (C&I SOP), and Hard-to-Reach Standard Offer Program (HTR SOP). In addition, SWEPCO also continued the administration of the HomeSavers targeted low-income weatherization program (operated by the Texas Department of Housing and Community Affairs), Texas SCORE (Schools Conserving Resources), and the Energy Efficiency Improvement Program (EEIP) for Not-for-Profit (NFP) Agencies.

All customers in all customer classes served by SWEPCO in its Texas service territory thereby had access to energy efficiency options and alternatives through these programs that are described in more detail in this Report. The resultant demand reduction impacts from SWEPCO's efforts in 2006 account for 895 kW (.895 MW) of reduced peak electric demand, and over 4 million kWh (4,000 MWh) of energy use reduction may be attributed to these programs collectively during the subject calendar year. Due to projected negative load growth, SWEPCO did not have a positive demand reduction goal for 2006. Individual program and total energy efficiency results are further described in this Report.

Also in 2006, Summit Blue Consulting conducted the Independent Audit of Texas Energy Efficiency Programs for calendar years 2003 and 2004. The AEP companies, AEP Texas North Company (TNC), AEP Texas Central Company (TCC) and Southwestern Electric Power Company (SWEPCO) audit results were reported collectively. Results of the final report showed that peak demand savings as reported by the AEP companies for 2003 and 2004 were 98.6% and 98.7% accurate.

II. Actual Growth in Demand

SWEPCO's actual growth in demand for calendar year 2006 was 35,000 kW.

III. Projected Annual Growth in Demand & Corresponding Energy Efficiency Goal

Year	Projected Growth in Demand kW (at meter)	Energy Efficiency Goal kW (at meter)	Estimated Energy Savings (kWh)
2007	4,450	445	1,411,913

The Energy Efficiency Goal and Estimated Energy Savings shown in the table above are the energy efficiency goal and estimated energy savings as outlined in SWEPCO's Energy Efficiency Plan (EEP) for 2007, to be achieved by January 1, 2008.

IV. Comparison of Projected Savings to Reported Savings

CALENDAR YEAR 2006

Program	Projected Savings		Contracted Savings		Reported Savings	
	kW	kWh	kW	kWh	kW	kWh
Standard Offer Programs						
C&I SOP	610	4,817,000	782	4,290,800	446	2,626,307
RES SOP	460	1,254,000	376	898,700	319	822,955
HTR SOP	60	196,000	NAP	NAP	60	234,079
Market Transformation Program						
TX SCORE Pilot MTP	500	750,000	500	750,000	0	0
Other Programs						
HomeSavers ¹	50	408,000	NAP	NAP	53	470,850
EEIP	20	54,000	NAP	NAP	17	43,314
Total	1,700	7,479,000	1,658	5,939,500	895	4,197,505

NAP (Not applicable)

¹ This program is administered by the Texas Department of Housing and Community Affairs.

V. Program Funding

CALENDAR YEAR 2006

Program	Total Budget per 2006 EEP	Funds Expended (Incentives)	Funds Expended (Admin.)	Funds Committed (Not Expended)	Funds Remaining (Not Committed)
Standard Offer Programs					
C&I SOP	\$393,231	\$669,635	\$28,377	\$77,844	\$0
RES SOP	\$275,000	\$153,504	\$19,508	\$12,475	\$81,521
HTR SOP	\$70,000	\$56,219	\$9,273	\$2,305	\$4,477
Market Transformation Program					
TX SCORE Pilot MTP	\$261,769	\$194,997	\$14,949	\$40,000	\$595
Other Programs					
EEIP	\$100,000	\$99,807	\$4,804	\$0	\$11,240
HomeSavers	\$400,000	\$385,532	\$14,873	\$0	\$0
M&V Auditor					
M&V Auditor	NAP	NAP	\$5,470	NAP	NAP
Total	\$1,500,000	\$1,559,694	\$97,254	\$132,624	\$97,833

NAP (Not applicable)

VI. Explanation of a Total Program Cost Decrease of More than 10%

The Total Program Cost did not decrease more than 10% during 2006.

VII. Most current information available for ongoing and completed Energy Efficiency Programs by Customer Class

CALENDAR YEAR 2006

Customer Class	Number of Customers	Project Expenditures	Reported Savings	
			kW	kWh
Commercial & Industrial				
C&I SOP	6	\$698,012	446	2,626,307
TX SCORE Pilot MTP	0	\$209,946	0	0
Total (by class)	6	\$907,958	446	2,626,307
Residential				
RES SOP*	712	\$173,012	312	814,683
Total (by class)	712	\$173,012	312	814,683
Small Commercial				
RES SOP*	2	NA	7	8,272
EEIP	8	\$104,611	17	43,314
Total (by class)	10	\$104,611	24	51,586
Hard-to-Reach				
HTR SOP	192	\$65,492	60	234,079
HomeSavers	129	\$400,405	53	470,850
Total (by class)	321	\$465,897	113	704,929
Total	1,049	\$1,651,478	895	4,197,505

NA (Not Available)

*Specific expenses were not tracked by individual customer classes within the RES SOP.

VIII. Most current information available for ongoing and completed Energy Efficiency Programs by County

CALENDAR YEAR 2006

COMMERCIAL AND INDUSTRIAL SOP

County	Reported Savings	
	kW	kWh
Bowie	166.6	993,620
Gregg	125.8	537,160
Panola	29.0	123,861
Shelby	124.6	971,666
Total	446.0	2,626,307

RESIDENTIAL & SMALL COMMERCIAL SOP

County	Reported Savings	
	kW	kWh
Bowie	18.6	28,821
Camp	1.1	3,220
Cass	1.2	1,580
Gregg	170.7	502,479
Harrison	91.5	151,960
Rusk	4.2	9,363
Titus	8.0	17,552
Upshur	19.7	104,401
Wood	3.5	3,579
Total	318.6	822,955

HARD-TO-REACH SOP

County	Reported Savings	
	kW	kWh
Gregg	49.3	213,626
Harrison	4.2	6,731
Titus	3.9	5,396
Wood	3.0	8,326
Total	60.4	234,079

ENERGY EFFICIENCY IMPROVEMENT PROGRAM FOR NFP AGENCIES

County	Reported Savings	
	kW	kWh
Bowie	3.4	5,681
Gregg	9.5	31,550
Harrison	1.3	1,661
Shelby	2.8	4,422
Total	17.0	43,314

HOME\$AVERS

County	Reported Savings	
	kW	kWh
Bowie	5.8	51,100
Camp	4.5	40,150
Cass	4.9	43,800
Gregg	24.0	215,350
Harrison	2.0	18,250
Marion	2.0	18,250
Morris	0.8	7,300
Panola	1.6	14,600
Rusk	1.3	10,950
Shelby	3.3	29,200
Titus	1.2	10,950
Wood	1.2	10,950
Total	52.6	470,850

IX. Pilot Market Transformation Program Details and Milestones

The AEP Texas SCORE Pilot Market Transformation Program was introduced in the fall of 2005 to a targeted audience of K-12 public schools. The program will provide structure and planning support for public schools to succeed in becoming more energy efficient. It will also utilize regional and national programs and identify a number of public sector programs in order to help these entities leverage the tools and support already available to them.

CLEAResult, Inc. is the implementer for this program. The estimated savings to be achieved are 775,000 kWh of annual energy savings and 600 kW of peak demand reduction by December 1, 2007.

Implementation of the program is based on the five tasks identified below, carrying it from program design through the final reporting of savings. Currently, the program is in Tasks 2 and 3. Savings are expected to be identified and reported in Tasks 4 and 5. As a result, program expenditures are higher at this stage of the implementation process as compared to savings reported.

- Task 1: Program Design
- Task 2: Outreach
- Task 3: Benchmarking and Master Planning
- Task 4: Audits and Training
- Task 5: Program Management and Reporting

As of December 31, 2006, fifteen customer meetings have been held and five customers have agreed to participate in the pilot program.

X. Description of proposed changes in the Energy Efficiency Plan

In 2007, SWEPCO will include in its Energy Efficiency Plan a specific budget set aside for Energy Efficiency Research and Development, as allowed in PURA Sec. 39.905 (e).

XI. Inspection Results by Program

C&I SOP

All retrofit projects in the C&I SOP are inspected prior to equipment removal and also after the new measures are in place. All new construction projects are inspected after the project is complete.

Multiple application submittals and reviews, along with 100% of the projects being inspected, allow for discrepancies to be identified and modified/corrected during this whole process prior to project completion. If any discrepancies are identified at the completion of the project, the incentives and energy savings impacts are adjusted and reported accordingly.

EEIP SOP

Upon receipt of a proposal in the EEIP, bids are reviewed to verify that proposed measures qualify and will produce peak demand and energy savings. A pre-inspection verifies that the original measure is in place and qualifies for replacement. Upon completion of the project, invoices are reviewed to verify consistency with the approved bids and are then submitted for payment.

HomeSavers

TDHCA submits invoices to SWEPCO that include a copy of the EASY Audit performed for each weatherized home. Each reported address is verified with the SWEPCO customer database. All pertinent mathematical calculations leading to the request for payment are recalculated for accuracy. This check is done on the TDHCA invoice, as well as the agency figures. Adjustments are made to the final payment to reflect any necessary corrections.

RES and HTR SOPs

The RES SOP and HTR SOP impacts were verified by completing a statistically valid number of site inspections to ensure that reported measures were installed and are capable of meeting their intended function.

Inspections for the RES SOP and the HTR SOP in the aggregate, produce approximately an 85% confidence and $\pm 10\%$ precision. (The confidence and precision for individual sponsors may be lower depending on whether the sponsor participates in the large or small component of the program).

Measures that do not meet the measure installation standards of the RES SOP or the HTR SOP are failed. The resulting impact is a proportional reduction of kW and kWh impacts and corresponding incentive payment.

The following information has been drawn from SWEPCO's RES and HTR SOP databases.

	Number of Sites Inspected	% Of Sites Inspected	Number of Installations Inspected	% Of Installations Inspected	% Of Incentive Reductions due to Inspection Failures	% Of Total kW Reductions due to Inspection Failures
RES SOP	106	14.85%	148	14.19%	1.39%	1.80%
HTR SOP	31	15.90%	64	16.45%	7.18%	7.39%

XII. Other Information

REPORTED SAVINGS BY MONTH

Month	Reported Savings	
	kW	kWh
January	26.7	162,788
February	0.0	0
March	9.8	87,600
April	0.0	0
May	0.0	0
June	8.4	40,326
July	186.2	832,906
August	21.5	139,382
September	199.1	771,296
October	155.9	1,053,713
November	186.8	884,293
December	100.2	225,201
Total	894.6	4,197,505