

AEP Texas Central Company

2012 Energy Efficiency Cost Recovery Factor

2010 Goal Achievement and Performance Bonus Calculation

TCC achieved a peak demand reduction of 26,962 kW and 57,665,024 kWh in energy savings from its portfolio of energy efficiency programs in 2010. TCC's minimum demand reduction goal was 12,930 kW, and its energy savings goal was 22,657,000 kWh in 2010. The total present value of the avoided costs associated with these demand reductions and energy savings is \$39,284,107. TCC's total costs for the 2010 program year were \$12,898,287. The resulting net benefits are \$26,385,820.

TCC's achievement represents 208.5% of its 2010 demand reduction goal and 254.5% of its 2010 energy savings goal, qualifying it for a performance bonus per Substantive Rule 25.181(h). TCC's calculated performance bonus is \$14,317,317; however, its maximum bonus allowed is \$2,579,657 which is 20% of its total 2010 energy efficiency expenditures (Subst. R.25.181(h)(3)). The following table summarizes TCC's achievements and bonus calculation.

	<u>kW</u>	<u>kWh</u>
2010 Goals	12,930	22,657,000
2010 Savings		
<i>Reported/Verified Total (including HTR and measures with <10yr EUL)</i>	26,962	57,665,024
<i>Reported/Verified Hard-to-Reach</i>	3,997	
2010 Program Costs		\$12,898,287
2010 Performance Bonus		\$ 2,579,657

Performance Bonus Calculation

208.52%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
254.51%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
\$39,284,107	Total Avoided Cost (Reported kW * PV(Avoided Capacity Cost) + Reported kWh * PV(Avoided Energy Cost))
\$12,898,287	Total Program Costs
\$26,385,820	Net Benefits (Total Avoided Cost - Total Expenses)

Bonus Calculation

\$14,317,317	Calculated Bonus ((Achieved Demand Reduction/Demand Goal - 100%) / 2) * Net Benefits
\$2,579,657	Maximum Bonus Allowed (20% of Program Costs)
\$2,579,657	Bonus (Minimum of Calculated Bonus and Bonus Limit)

(From TCC's 2011 EEPR, page 40, Project No. 39105, filed April 1, 2011)

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