Evaluation, Measurement, and Verification of CPS Energy's FY 2026 DSM Portfolio

May 2026

FRONTIER energy
TETRA TECH
TEESI Engineering

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1. EXECUTIVE SUMMARY

CPS Energy's Sustainable Tomorrow Energy Plan (STEP) is an initiative that aims to reduce community demand by 410 MW, achieve 1 percent energy savings per year relative to energy sales, weatherize 16,000 single and 20,000 multifamily residences, and contribute to 1.85 million tons of avoided carbon over five years through programs designed to help customers save energy and money. Through this initiative, CPS Energy incorporated community input to shape the future of energy efficiency and conservation program offerings and identified the program outcomes that mattered most to the community. In addition to energy demand reduction, community stakeholders emphasized the importance of lowering bills, supporting those most in need, and advancing a low-carbon future.

This report encompasses all STEP-funded Demand-Side Management (DSM) program activity accounted for by CPS Energy within Fiscal Year (FY) 2026, which ran from February 1, 2025, through January 31, 2026. This report describes the evaluation, measurement, and verification (EM&V) methodology, process, and findings for CPS Energy's FY 2026 DSM programs. The primary focus was verifying annual energy and demand savings achieved. Additionally, the evaluation team reviewed program expenditures to assess cost effectiveness and made recommendations to enhance program design and implementation.

CPS Energy had a renewed focus on Weatherization programs in FY 2026, where the Casa Verde Weatherization program was re-launched with additional measures and new participation structure for single family homes. The Multifamily Weatherization program also saw significant participation increases after piloting in FY 2025. Among other Energy Efficiency programs, the New Homes Construction program delivered the highest energy and demand impacts for Residential Energy Efficiency, and Small Business Solutions was the leading contributor for Commercial Energy Efficiency.

The Bring Your Own Thermostat (BYOT) and Commercial & Industrial (C&I) programs were the top performers in the Demand Response (DR) sector. The BYOT DR program delivered the greatest energy impacts, while the C&I DR program led demand impacts. Under Emerging Technologies, the FlexEV program was revamped into a single offering and opened to more charger brands, and My Battery Rewards saw increased participation and more events called throughout the year.

Solar programs have seen a decline since the shift of federal incentive availability; all new rebated installations were in the commercial sector. For the residential sector, CPS Energy now focuses on providing solar education for residential customers through Build San Antonio Green and on promoting solar among hard-to-reach customers via community solar programs.

2. EVALUATION METHODS

2.1 EVALUATION CONTRACTOR

The independent evaluation, measurement, and verification (EM&V) team is comprised of Frontier Energy, Inc. (Frontier) and subcontractors Tetra Tech, Inc. (Tetra Tech) and Texas Energy Engineering Services, Inc. (TEESI). Frontier has proudly served as CPS Energy's independent third-party evaluator since 2015, partnering with the CPS Energy team to support the STEP program. Tetra Tech and TEESI joined the evaluation team in 2022.

Since 1999, Frontier has been a leading partner with electric and gas utilities in the design, implementation, and evaluation of energy efficiency, demand response, and renewable energy programs. Frontier has served as a primary consultant to the Texas electric investor-owned utilities, operating collaboratively as the Electric Utility Marketing Managers of Texas (EUMMOT). Through this partnership, Frontier has assisted with projects spanning the full energy efficiency program lifecycle, including regulatory filings, deemed savings development, program design, implementation, reporting, and evaluation.

As the longstanding statewide EM&V consultant to the Texas Public Utility Commission, Tetra Tech has collaborated with Frontier since 2013 to produce the Texas Technical Reference Manual (on which the CPS Energy Guidebook is based) and support the investor-owned utilities across a vast number of energy efficiency challenges and opportunities.

TEESI serves as the evaluation team's field verification and inspection lead. Since its inception in 1989, TEESI has served as one of the lead engineering firms by the State Energy Conservation Office (SECO) to conduct Preliminary Energy Audits (PEA) and third–party engineering reviews for the LoanSTAR program. TEESI's staff specializes in conducting energy assessments, design and analysis for utility cost reduction measures, and application of International Performance Measurement and Verification Protocol (IPMVP) for on-site field verification.

The overall evaluation team brings unparalleled experience in Texas energy efficiency, leveraging extensive resources and experience from across the country. Collectively, the team has been actively engaged cross-cutting projects aligned with the goals of the CPS Energy STEP evaluation.

2.2 ENERGY IMPACTS

The evaluation team's approach has been to leverage existing EM&V work previously conducted for CPS Energy and other electric utilities in Texas. For over two decades, investor-owned utilities and stakeholder groups have collaborated to develop accurate and comprehensive deemed savings for hundreds of residential and commercial energy efficiency measures, under the auspices of the Public Utility Commission of Texas (PUCT). This extended effort informs ongoing updates to the Texas Technical

Reference Manual (Texas TRM),[1] a collection of Public Utility Commission of Texas (PUCT)-approved baseline conditions, efficiency standards, energy savings calculations, energy models, measurement & verification (M&V) data, engineering assumptions, data tables, and program tracking requirements.

In 2016, the evaluation team adapted the Texas TRM for use within CPS Energy's service territory. This provides CPS Energy with energy and demand impact estimates that have been vetted numerous times by independent third parties and are consistent with the impact estimates used by all investor-owned utilities in Texas. The adapted Texas TRM, along with other measures required for CPS Energy programs, can be found in the CPS Energy Guidebook. The CPS Energy Guidebook has been utilized for the STEP evaluation since FY 2017 and is updated annually to comply with the latest Texas TRM updates. The FY 2026 CPS Energy Guidebook was used for this analysis, except where noted.

2.3 DEFINITION OF NON-COINCIDENT, COINCIDENT, AND ERCOT 4CP PEAK DEMAND

2.3.1 Non-Coincident Peak (NCP)

For each measure and building type, annual kWh savings are allocated across the 8,760 hours in a year using the appropriate load shape. Non-coincident peak demand savings are the maximum difference between the pre- and post-retrofit demand, regardless of when that maximum value, or peak, occurs. Conceptually, demand is instantaneous; in practice, demand savings are frequently estimated by calculating the difference in energy use between pre-and post-retrofit conditions over a one-hour interval.

For measures where CPS Energy Guidebook deemed savings estimates are prepared using load shapes and/or engineering algorithms, the maximum estimated reduction in demand for any given hour of the year is reported as the non-coincident peak. In some cases, when deemed savings are estimated using building simulation models, the 99.9th percentile hourly savings estimate is used in lieu of the absolute maximum value.[2]

[1] Public Utility Commission of Texas (PUCT) Technical Reference Manual (TRM). Most recent version available for download at: https://texasefficiency.com/trm-docs/.

[2] This approach is taken with the residential envelope measures, developed with residential building simulation models, to account for some apparent time-displacement in when loads are met in the models. Given that single hour savings in some cases exceed the theoretical maximum hourly savings the measure could deliver according to engineering calculations, it appears that loads occasionally accumulate across hours giving hourly differences that may not realistically reflect the impacts of a measure.

2.3.2 Coincident Peak (CP)

The calculation of coincident peak demand savings relies on a probabilistic analysis of a San Antonio typical meteorological year (TMY), which contains hourly values of solar radiation and other meteorological elements for a one-year period. This analysis references data collected from the Kelly Field Air Force Base (Kelly AFB) weather station.[3] This approach relates TMY actual hourly weather, time-of-day, and day-of-week data to historical CPS Energy peak conditions. The calculation uses a probability-weighted estimate of the average kW savings during the twenty hours with the highest probability of occurring during CPS Energy's system peak.

The evaluation team used ERCOT data for this zone and added back demand savings attributable to DR deployments to determine what the hours of highest demand would have been absent the programs. Impact estimates for various energy efficiency measures during the top twenty hours associated with high demand in the TMY data are identified, and the probability-weighted estimate of an energy efficiency measure's demand savings during those peak hours is then calculated. This approach has been used in the Texas TRM since 2016.

Fundamentally, this approach requires several key steps:

1. Establish the predicted peak hours in summer for CPS Energy.

This estimation approach involves identifying a set of hours during which CPS Energy peaks are likely to occur. Given the variability in when peaks occur, using a wider range of potential peak hours within a logistic model is optimal for estimating the actual, expected impact for a single utility peak hour per year. In other words, a probabilistic approach using 20 hours provides a better chance of estimating the actual peak than one that relies on a single hour. The 20 most probable hours for this estimate are based on a regression of 2010-2019 June to September 2:00-6:00 p.m. historical load data plus CPS Energy's estimated hourly demand response load, and provide a sufficient range of hours to assign the highest probability of being within the set of actual peak hours.

2. Correlate weather and load data.

A logistic regression model and CPS Energy historical load data are used to estimate the relationship between CPS Energy peak hours and a set of explanatory variables, including a temperature variable and dummy variables representing the time-of-day and month-of-year.

[3] Data collected at the Kelly Field Air Force Base (Kelly AFB) station were generally used, because the temperature data series collected at the San Antonio International Airport is inexplicably higher than the readings collected at other local weather stations. (See Itron, CPS Energy June 2014 Electricity Forecast, Sept. 2014, p. 8-9.).

3. Select Peak Hours in TMY Weather Files.

This step applies regression results to San Antonio TMY3 weather data by calculating the probability that an hour coincides with the CPS Energy peak by using marginal probabilities assigned to the explanatory variables. The 20 hours selected are those with the highest probability of occurring during CPS Energy's peak.

The following table shows the selected top 20 hours, ranked by decreasing relative probability. Additional hours are shown because some measures exclude hours that occur on weekends or holidays. This analysis was completed in 2020 using weather and load data from 2016 through 2019. The evaluation team is updating these peak hours to reflect current load and weather data through 2025, with considerations made to account for the possibility of later peak hours. The updated peak hours table will be incorporated into an upcoming CPS Energy Guidebook revision.

Estimated coincident-peak savings are calculated as the probability-weighted average of the kW values across the top twenty applicable time periods for each measure. This approach was used for all measures, except where noted.

Table 2-1: Evaluation Methods – Top Hours in Order of Relative Probability

Month	Day	Hour (start)	Temp (°F)	Peak Probability (with DR addback)	Month	Day	Hour (start)	Temp (°F)	Peak Probability (with DR addback)
6	19	15	104.00	0.868682	6	17	16	97.88	0.056450
6	19	16	102.92	0.846070	6	18	16	97.88	0.056450
6	20	16	102.92	0.846070	7	30	16	98.96	0.054889
6	20	15	101.84	0.488014	8	20	14	98.96	0.035089
6	19	14	102.92	0.354302	8	23	14	98.96	0.035089
6	20	14	102.92	0.354302	6	10	14	99.86	0.034069
6	19	17	100.94	0.327983	6	18	14	99.86	0.034069
6	10	15	100.94	0.298350	7	31	14	100.94	0.033105
6	18	15	100.94	0.298350	8	18	17	96.98	0.031332
7	31	15	102.02	0.292170	8	19	17	96.98	0.031332
8	20	15	99.86	0.271695	8	20	17	96.98	0.031332
8	19	16	98.96	0.267009	6	17	17	97.88	0.030418
8	20	16	98.96	0.267009	6	18	17	97.88	0.030418
6	10	16	99.86	0.261069	7	31	17	98.96	0.029554
8	17	15	98.96	0.142675	6	13	15	97.88	0.026605
7	31	16	100.04	0.132695	6	14	15	97.88	0.026605
8	18	16	97.88	0.121478	6	21	15	97.88	0.026605
6	20	17	98.96	0.076337	6	5	16	96.98	0.025995
6	17	15	98.96	0.067168	6	11	16	96.98	0.025995
8	18	15	97.88	0.059418	6	13	16	96.98	0.025995
8	19	15	97.88	0.059418	6	21	16	96.98	0.025995
8	17	16	96.98	0.058101	8	7	16	95.90	0.022879
8	23	16	96.98	0.058101	8	28	16	95.90	0.022879
6	12	16	97.88	0.056450	6	17	14	98.96	0.015490
6	16	16	97.88	0.056450	7	30	14	100.04	0.015044

2.3.3 Avoided Transmission Charge (ERCOT 4CP TCOS)

CPS Energy is electrically interconnected with other electric utilities in the Electric Reliability Council of Texas (ERCOT) region, which encompasses most of Texas. All the users of the ERCOT transmission system share the annual operating cost of the high-voltage transmission system, called the ERCOT transmission cost of service (TCOS). Each user's share of the TCOS is allocated based on their individual electrical demand during the prior year's monthly ERCOT system peak for the months of June through September, known as the four coincident peaks (4CP).

To reduce its allocated share of the ERCOT 4CP TCOS charge, CPS Energy anticipates likely 4CP events and deploys demand response resources to reduce demand accordingly. Energy efficiency measures also contribute to demand reduction during 4CP events.

To estimate gross demand reduction within each demand response program/subprogram, the estimated load reduction per participant is multiplied by the number of active participants and a deployment success rate, defined as the rate at which CPS Energy correctly anticipated and deployed each resource during historical 4CP events.

The CPS Energy FY 2016 evaluation included ERCOT 4CP demand savings from energy efficiency programs. In previous CPS Energy evaluations, ERCOT 4CP demand savings were calculated only for demand response programs. For energy efficiency programs, hourly load shapes for each measure provide estimates of the impacts during 4CP event hours for each weekday during June through September. Based on historical CPS Energy interval data, the 4CP has typically occurred in the hour ending 17 for each 4CP month since 2011. Hourly kW values are extracted from measured load shapes for the hour ending 17 for each day during the 4CP months. Finally, the 90th percentile maximum monthly value is averaged across the 4CP months to estimate the 4CP impact for each program. The evaluation team and CPS Energy are closely tracking 4CP trends to determine if an adjustment may be needed for future fiscal years.

2.4 NET IMPACTS

The evaluation team applies net-to-gross (NTG) ratios and line loss factors to the gross energy and peak demand impacts for each measure to derive net impacts.

NTG ratios are estimated at the individual program level, and account for the net effects of free ridership and spillover. Free riders are defined as customers who received a financial incentive or rebate but would have otherwise delivered energy or demand savings without program intervention. Spillover refers to utility customers who delivered energy or demand savings because of the program but did not participate in the program or receive a financial incentive or rebate.

Based on industry standards for income-qualified programs in Texas, a 100 percent NTG factor was used for the Weatherization and Multifamily programs. Similarly, demand response events are considered voluntary and receive a 100 percent NTG factor. Residential NTG ratios were updated for FY 2025 through a combination of industry benchmarking and a surveyed sample of FY 2024 program

participants. Commercial NTG ratios are based on legacy evaluations and are currently under review for a surveyed sample of FY 2025 program participants.

Line loss factors account for the fact that utilities must generate or import a greater amount of energy or demand than is required at the end-user or customer-level because some energy is lost in distribution. Separate line loss factors relating to energy and demand are based on information provided by CPS Energy.

2.5 AVOIDED COST BENEFITS

Avoided cost benefits were calculated based on projected capacity and energy costs provided by CPS Energy. Between FY 2025 and FY 2026, average avoided cost inputs increased. Avoided energy costs increased between 7-57 percent, and avoided capacity costs increased 95 percent for EE and 139 percent for DR. This resulted in a significant positive impact on overall PACT ratios for individual programs and the overall portfolio.

2.5.1 Avoided Capacity and Energy

Avoided cost benefits were calculated using avoided energy and capacity costs provided by CPS Energy, and CPS Energy's standard discount rate.[4] To calculate avoided energy benefits, annual kWh was allocated into the following seasonal blocks based on day of the week and hour of the day.

The evaluation team developed or adopted appropriate 8760-hour load shapes for each STEP measure to assign annual kWh to corresponding cost periods:

- Summer On-Peak
- Summer Mid-Peak
- Summer Off-Peak
- Non-Summer Mid-Peak
- Non-Summer Off-Peak

Avoided capacity costs (nominal $/kW-yr) were developed for on-peak and off-peak STEP measures. On-peak avoided capacity cost was defined as the forecasted capital and fixed operation and maintenance cost of a Reciprocating Internal Combustion Engine (RICE) brownfield plant with selective catalytic reduction (SCR) and carbon monoxide (CO) catalyst post-combustion controls, annuitized over 35 years. Off-peak avoided capacity cost was defined as the blended cost of CPS Energy's forecasted capital and fixed operation and maintenance cost of a RICE and a natural gas combined cycle (NGCC GE Flex 1X1), with the blending ratio defined as the ratio of the added NGCC/RICE capacity in CPS Energy's 25-year expansion plan.

[4] A discount rate is a percentage used to adjust the value of future costs and benefits to their present value, reflecting the time value of money and the preference for current benefits over future ones. Since costs typically occur upfront and savings occur over time, the lower the discount rate, the more likely the cost-effectiveness result is to be positive.

2.5.2 Avoided Transmission Cost of Service (ERCOT 4CP TCOS)

ERCOT recovers transmission cost of service (TCOS) through a charge on load-serving entities, including CPS Energy. The charge is allocated to load-serving entities based on each entity's average demand during four ERCOT system peaks (known as four coincident peaks, or 4CP events) from June to September each year. To minimize this charge, CPS Energy anticipates likely 4CP events and deploys demand response resources to reduce demand accordingly. Energy efficiency measures also contribute to demand reduction during 4CP events.

To estimate gross demand reduction during 4CP events within each demand response program/subprogram, the evaluation team multiplied the estimated load reduction per participant by the number of active participants and deployment success rate, or the rate at which CPS Energy correctly anticipated and deployed each resource during 4CP events.

For energy efficiency and renewable energy programs, hourly load shapes for energy efficiency measures are used to estimate the impacts during 4CP event hours for each weekday during the months of June through September. These monthly impacts are then averaged to estimate the 4CP impact for each program. The total reduction to 4CP demand is then valued at the expected future TCOS provided by CPS Energy.

The Public Utility Commission of Texas (PUCT) is developing rules to replace ERCOT's traditional 4CP transmission cost allocation with a 12 Coincident Peak (12CP) methodology. The regulatory efforts aim to require commercial and industrial customers to pay baseline transmission fees based on monthly peaks rather than only the four summer months and curb cost-shifting onto residential users.

Frontier and CPS Energy are monitoring these developments and will update our methods for calculating TCOS-related impacts as needed. Once implemented, these updates will affect the evaluation of avoided costs and cost-effectiveness, especially within demand response programs. This will necessitate consideration of new strategies for deploying demand response options. However, because CPS Energy's energy efficiency program goals are measured in terms of Non-Coincident Peak (NCP) demand, and 12CP demand savings could more closely align with existing NCP, these updates are not expected to materially affect achievement of energy efficiency goals.

2.5.3 Avoided Price Spikes Savings (kWh)

Avoiding intervals of especially high energy prices in the ERCOT market is another benefit of demand response programs. By reducing demand during price spikes, CPS Energy benefits by avoiding high energy prices, or by selling energy from its own or contracted generation sources into the market. Avoided price spike savings are calculated for DR programs, which can sometimes be deployed in anticipation of price spike events.

Price spikes in the ERCOT market have various causes, occur irregularly, and are hard to predict. Price spikes are difficult to react to in a timely manner with some demand response resources. For example,

rapid response to an unexpected price spike event would be impossible for a program that requires a one-day advance notice to the program implementer.

To estimate the value of energy (kWh) saved during price spike events, the evaluation team compiled energy savings from all DR programs for each deployment interval and multiplied the sum within each interval by the corresponding ERCOT load zone energy price less CPS Energy's avoided cost of energy during the summer peak period. This method estimates the value of energy savings achieved during DR events without double-counting the value of avoided energy costs.

2.6 ECONOMIC ANALYSIS

The following cost-effectiveness metrics were calculated for CPS Energy's programs. For results, see section 3.5.

Cost of Saved Energy (CSE) is the cost per kWh of energy efficiency and/or demand response program impact. The CSE is the ratio of the levelized program costs divided by the annual energy kWh savings. Levelized program costs are calculated using a Capital Recovery Factor (CRF), which incorporates the estimated useful life (EUL)[5] of the savings (weighted by measure) and an annual discount rate.

$$CSE = \frac{Levelized\ Program\ Costs}{Annual\ kWh\ savings}$$

Net Avoided Cost Benefit, or reduced revenue requirement (RRR), is the net reduction in utility costs from the energy and demand saved by CPS Energy's programs, calculated as the avoided cost benefit minus the total program costs.

$$RRR = PV\ of\ Avoided\ Energy + PV\ of\ Avoided\ Demand - Total\ Program\ Costs$$

Program Administrator Benefit-Cost (PACT) Ratio is the ratio of the net-present value (NPV) of avoided energy and capacity benefit, divided by the program's incentives and administrative costs, expressed as:

$$Benefit\ Cost\ Ratio = \frac{NPV\ of\ Avoided\ Cost\ Benefit}{Program\ Incentives + Admin\ Costs}$$

[5] The Estimated Useful Life (EUL) values from the Texas TRM were utilized for all STEP measures, except where noted.

For all DR programs except Automated Demand Response (ADR), benefit-cost calculations considered only the group of participants added during the current fiscal year. ADR participants are contracted for 10 years, but because the costs and impacts change each year, benefit-cost was calculated with an EUL of one year and the impacts include all active participants. This approach is consistent with other program benefit-cost calculations, but caution is advised when comparing DR results to benefit-cost calculations from prior years. This is especially the case where there are significant differences between enrolled participants from the current and past years can affect the year-to-year outcome.

3. PORTFOLIO IMPACTS AND COST EFFECTIVENESS

3.1 PORTFOLIO SUMMARY

The FY 2026 portfolio consists of 20 programs across residential weatherization, residential and commercial energy efficiency, residential and commercial demand response, and commercial renewable sectors. These programs are implemented by a combination of internal CPS Energy staff and external implementation vendors.

Net energy and demand savings are listed in the following table. The savings are represented on an annualized basis to simplify reporting and streamline year-to-year comparisons. Net savings = gross savings x net-to-gross ratio ÷ (1 - line loss factor).

The following table summarizes FY 2026 program savings, costs, and cost-effectiveness results.

Table 3-1: FY 2026 Portfolio Impacts and Cost Effectiveness[6]

Program	NTG Ratio	Net Energy Savings (kWh)	Net CP Demand Savings (kW)	Net NCP Demand Savings (kW)	Net ERCOT 4CP Demand Savings (kW)	Rebate $	Admin and Marketing $	Total Program $	PACT [7]
Weatherization Program									
Weatherization	100%	4,379,684	2,192	3,980	2,069	$11,441,817	$2,521,559	$13,963,376	0.89
Energy Efficiency Programs									
Residential HVAC	85%	6,845,142	2,657	2,955	2,657	$2,812,114	$189,638	$3,001,752	5.58
Home Efficiency	95%	1,110,409	661	1,022	609	$670,275	$45,201	$715,475	5.57
New Home Construction	100%	17,975,621	6,203	7,325	6,213	$5,139,866	$346,612	$5,486,479	8.05
Retail Channel Partnerships	77%	3,840,598	472	1,194	609	$1,329,501	$89,656	$1,419,157	2.56
Home Energy Assessment	100%	2,712,033	122	367	96	$708,278	$47,763	$756,042	2.36
High-Performance AC Tune-up	100%	13,805,247	4,802	5,339	4,802	$1,719,618	$115,964	$1,835,582	6.08
Multifamily Weatherization	100%	4,042,815	713	1,453	680	$2,579,725	$173,966	$2,753,691	1.95
Residential Subtotal		50,331,864	15,630	19,656	15,665	$14,959,377	$1,008,801	$15,968,178	5.44
Commercial & Industrial Solutions	97%	33,366,035	7,572	9,388	7,393	$5,105,354	$344,285	$5,449,639	8.88
Schools & Institutions	98%	32,367,208	7,920	10,254	7,727	$3,150,363	$212,448	$3,362,811	7.55
Small Business Solutions	96%	55,399,201	8,340	13,096	8,452	$5,450,660	$367,571	$5,818,231	10.65
Commercial Subtotal		121,132,445	23,832	32,737	23,572	$13,706,377	$924,304	$14,630,681	9.28
Energy Efficiency Subtotal		171,464,309	39,463	52,394	39,237	$28,665,754	$1,933,104	$30,598,858	7.28

Table continues on next page.

[6] NTG = Net-to-gross, NCP = Non-coincident peak, CP = Coincident peak, 4CP = ERCOT four coincident peak, PACT = Program administrator benefit-cost ratio.

[7] The Program Administrator Cost Test (PACT) output, the benefit-cost ratio, is the ratio of the net present value (NPV) of avoided energy and capacity benefits, divided by the program's incentives and administrative costs. A PACT ratio greater than 1.0 indicates that the program delivered more benefits than costs incurred from the utility's perspective. The PACT is sometimes referred to as the Utility Cost Test (UCT).

Program	NTG Ratio	Net Energy Savings (kWh)	Net CP Demand Savings (kW)	Net NCP Demand Savings (kW)	Net ERCOT 4CP Demand Savings (kW)	Rebate $	Admin and Marketing $	Total Program $	PACT [8]
Demand Response Programs [9]									
Smart Thermostat[10]	100%	265,480	8,933	11,819	4,342	$771,646	$52,037	$823,682	N/A
Power Players	100%	1,116,026	11,689	14,754	9,941	$1,214,689	$81,914	$1,296,602	3.56
Direct Install Thermostats	100%	14,269,166	11,741	14,324	10,709	$413,315	$27,872	$441,187	9.26
Bring Your Own Thermostat	100%	69,508,085	58,101	70,210	53,168	$4,338,830	$301,799	$4,640,629	12.26
Commercial and Industrial DR	100%	4,101,916	84,206	128,886	70,402	$4,903,629	$16,071	$4,919,700	6.67
FlexEV Off-Peak Rewards	100%	–	382	491	382	$206,740	$19,030	$225,770	1.31
My Battery Rewards	100%	1,778	143	218	-	$4,290	$2,176	$6,466	7.03
Demand Response Subtotal		89,262,451	175,194	240,703	148,944	$11,853,138	$500,899	$12,354,037	7.82
Renewable Energy Programs [11]									
Commercial Solar PV	100%	2,578,956	908	2,022	762	$1,114,214	$96,680	$1,210,894	5.52
Roofless Solar	100%	–	–	–	–	$–	$40,941	$40,941	N/A
Solar Energy Subtotal		2,578,956	908	2,022	762	$1,114,214	$137,621	$1,251,835	5.50
Grand Total [12]		267,685,399	217,757	299,099	191,012	$53,074,923	$5,093,183	$58,168,106	5.78

[8] The Program Administrator Cost Test (PACT) output, the benefit-cost ratio, is the ratio of the net present value (NPV) of avoided energy and capacity benefits, divided by the program's incentives and administrative costs. A PACT ratio greater than 1.0 indicates that the program delivered more benefits than costs incurred from the utility's perspective. The PACT is sometimes referred to as the Utility Cost Test (UCT).

[9] The PACT for Demand Response Programs is calculated based on the net present value of avoided cost benefits divided by the net present value of program costs attributable to new, incremental participants during the program year. Because total program costs in the table represent the costs attributable to all participants, the PACT for Demand Response Programs cannot be directly calculated from data presented in the table. Demand response program net energy and demand savings represent program capability based on achieved savings.

[10] The Smart Thermostat program is a legacy program that is no longer enrolling new customers. No PACT score is calculated because there was no incremental participation.

[11] CPS Energy's solar rebate programs are evaluated independently from the utility's net metering rate policy.

[12] The sum of the individual programs and sectors may not match the totals due to rounding.

3.2 CUMULATIVE GOAL PROGRESS TOWARD FIVE-YEAR STEP GOALS

3.2.1 Goal Metrics and Targets

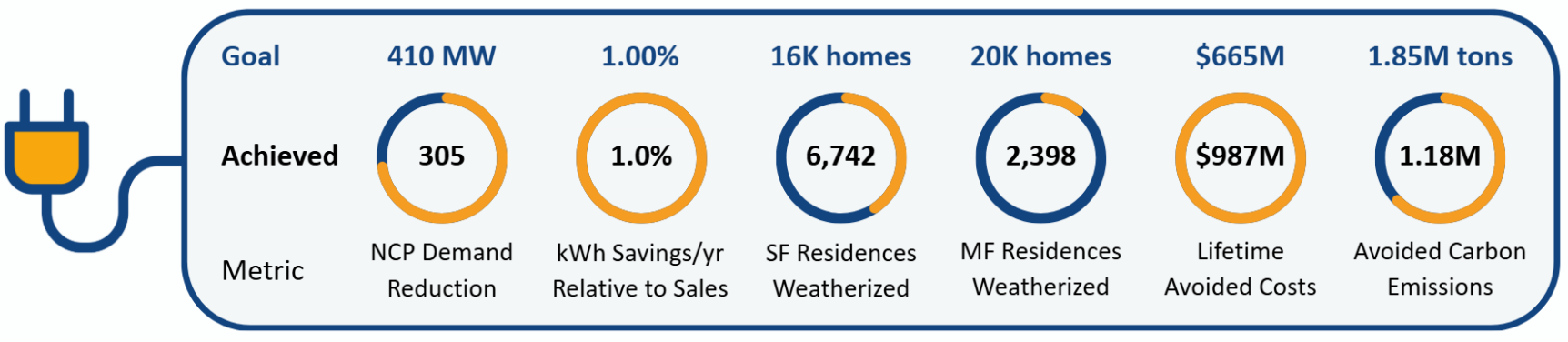


Figure 3-1: STEP Goal Targets and Achieved Results

3.2.2 Cumulative Goal Progress

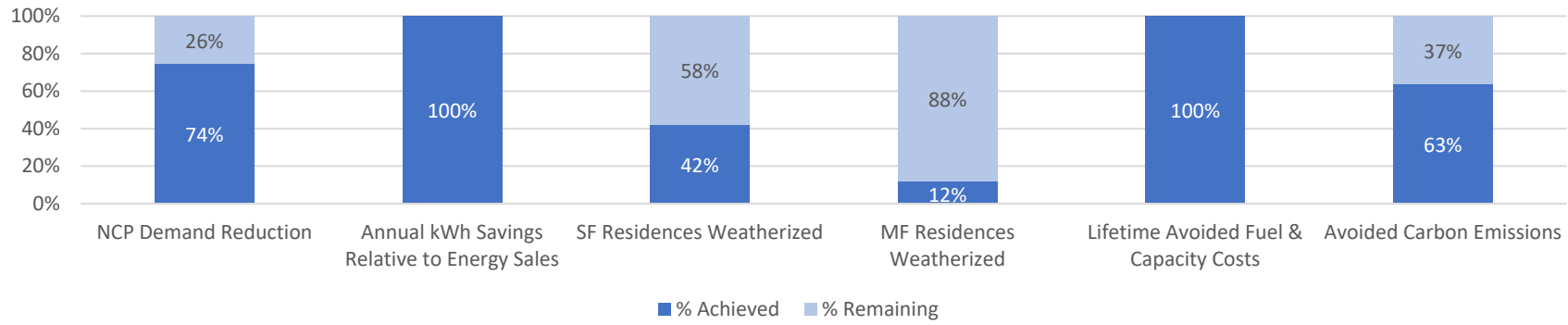


Figure 3-2: Cumulative Goal Progress[13]

[13] In FY 2026, CPS Energy achieved 1.0 percent energy savings relative to energy sales. This represents 100 percent achievement of the 1.0 percent goal.

3.2.3 Achieved Demand Reduction

In FY 2026, CPS Energy added 53 MW[14], accumulating a total NCP demand reduction of 305 MW contributing toward its 410 MW goal. Annual STEP contributions are counted as the net avoided non-coincident peak (NCP) MW delivered by incremental program participants.

53 MW	305 MW
NCP demand reduction, FY 2026 Annual STEP	Cumulative demand reduction, FY 2023-FY2026 Total STEP

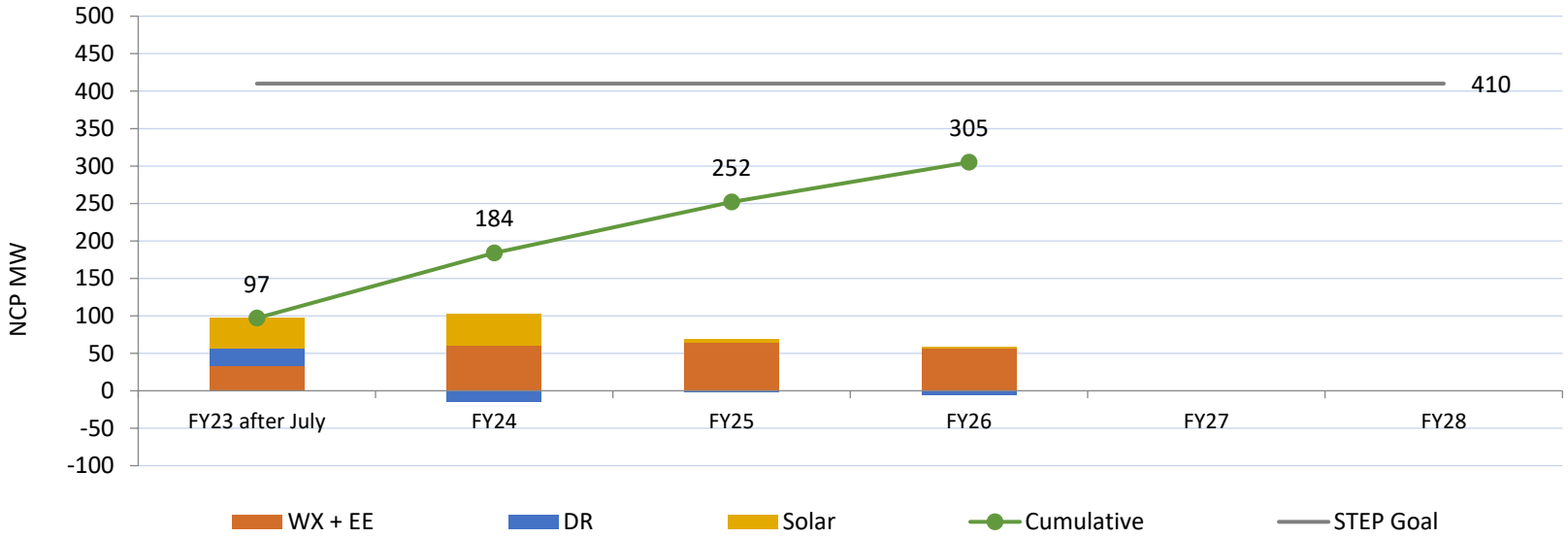


Figure 3-3: Cumulative Achieved Demand Reduction
In the figure: NCP = Non-coincident peak, FY = Fiscal year, WX = Weatherization, EE = Energy efficiency, and DR = Demand response.

[14] Energy Efficiency, Weatherization, and Solar accounted for about 58 MW, and the Demand Response incremental performance compared to FY 2025 was about -6 MW. In FY 2026, DR was updated from end-of-fiscal-year to achieved savings.

3.3 PROGRAM MIX FOR ACHIEVED DEMAND REDUCTION

The STEP portfolio includes contributions from a diverse mix of programs reaching all customer sectors. On a percentage of total portfolio basis, the FY 2026 Commercial Demand Response contribution experienced the most significant increase compared to FY 2025. Commercial Energy Efficiency increased from 53 percent to 78 percent of contribution, and Residential Energy Efficiency increased from 33 percent to 47 percent contribution. Weatherization and Solar measure mix were consistent with FY 2025 (+/- 2 percent). Residential Demand Response contributions decreased from 13 percent to negative 78 percent, reflecting negative incremental savings from FY 2025 to FY 2026.

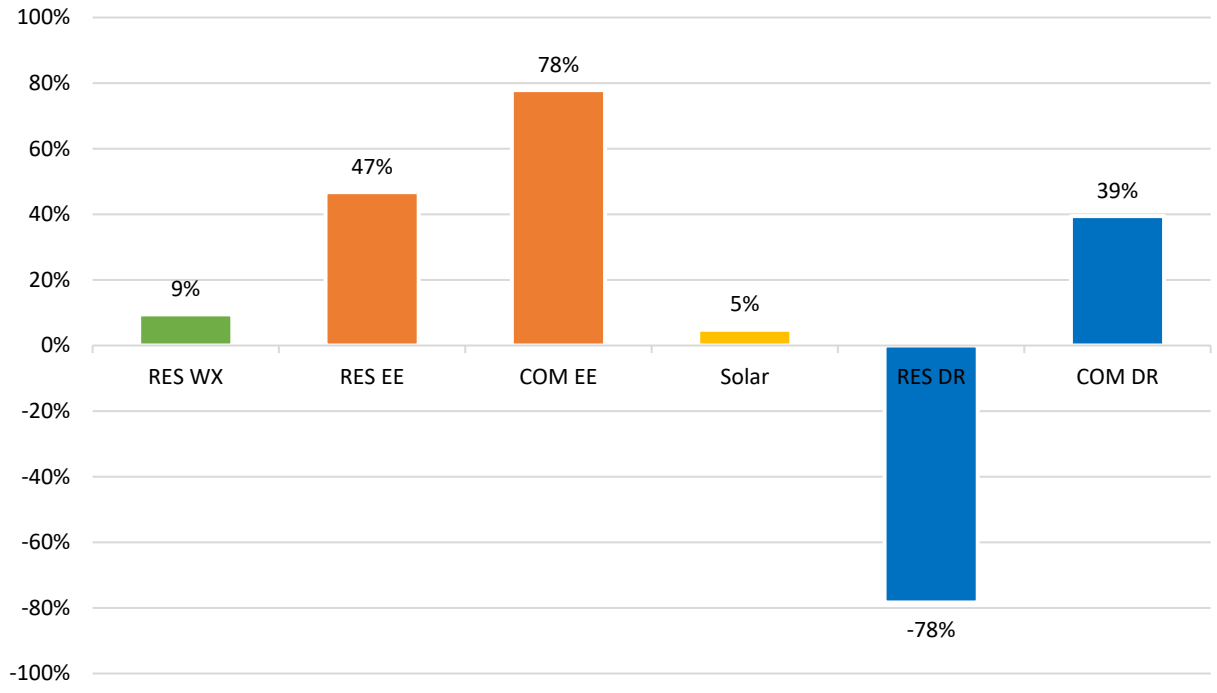


Figure 3-4: FY 2026 Net Incremental Contribution toward STEP by Portfolio and Sector
In the figure: RES = Residential, COM = Commercial, WX = Weatherization, EE = Energy Efficiency, DR = Demand Response.

The FY 2026 STEP portfolio served 494,152 residences and 3,867 businesses through its initiatives from weatherization, energy efficiency, demand response, and solar programs. The Retail Discounts program also impacted additional residences, though exact customer counts cannot be determined. Demand response programs reach the largest number of customers due to their wide applicability and minimal or no upfront investment cost to the participating customers. The participation counts shown in the following table represent enrolled/participating customers.

Table 3-2: FY 2025 Count of Customers Served

Portfolio	Residential	Commercial
Demand Response[15]	457,716	2,073
Energy Efficiency[16]	34,827	1,766
Solar[17]	–	28
Weatherization	1,609	–
Total	**494,152**	**3,867**

3.4 SUMMARY OF SAVINGS EVALUATION APPROACH

The evaluation team applied evaluation standards published in the FY 2026 CPS Energy Guidebook, which establishes a single common reference for estimating energy and peak demand savings resulting from the installation or implementation of energy efficiency and demand response measures provided through CPS Energy's programs. The methodologies included in the CPS Energy Guidebook are based on the Public Utility Commission of Texas' (PUCT) Technical Reference Manual (TRM) version 12.0, with modifications to reflect San Antonio climate and STEP program goals and metrics. The CPS Energy Guidebook is updated annually to maintain consistency with the TRM.

CPS Energy's implementation vendors operate under annual program years running from August 1st through July 31st. FY 2026 included contributions from the third and fourth program years under the STEP Program. Program Year 3 (PY3) projects were completed between February 1, 2025 and July 31, 2025. Program Year 4 (PY4) projects were completed between August 1, 2025 and January 31, 2026.

Desk reviews were completed for a sampling of projects designed to deliver a 90/10 percent confidence and precision interval. The weatherization program is sampled at 90/5. Contributions for PY3 and PY4 were sampled separately. Adjustments were made to project-level input assumptions where the reported measure inputs did not match project documentation and inspection results.

3.5 SUMMARY OF ECONOMIC IMPACTS

As part of the evaluation process, data was collected on administrative, management, and marketing costs as well as total incentives paid. The following economic impact metrics were calculated as described in section 2.6.

[15] Power Players (Behavioral Demand Response) contributed 363,118 out of 457,716 total residential DR participants.
[16] The Residential Energy Efficiency participant count does not include customers affected by the Retail Discounts program. Because impacts are quantified by product count, there is no way to align program participation metrics with other program designs.
[17] Solar participation does not include Residential Solar or Roofless Solar customers. The Residential Solar rebate program was sunset, and there was no new participation in the Roofless Solar program in FY 2025, as the program is fully subscribed.

- Benefit-Cost Ratio, representing the output of the Program Administrator Cost Test (PACT) run at the portfolio level, was 5.78.
- Cost of Saved Energy (CSE), representing the levelized program cost per annual kWh saved, was $0.0350/kWh. The FY 2026 value represents an 8 percent decrease compared to the FY 2025 high and a nine percent increase compared to the average since FY 2023.

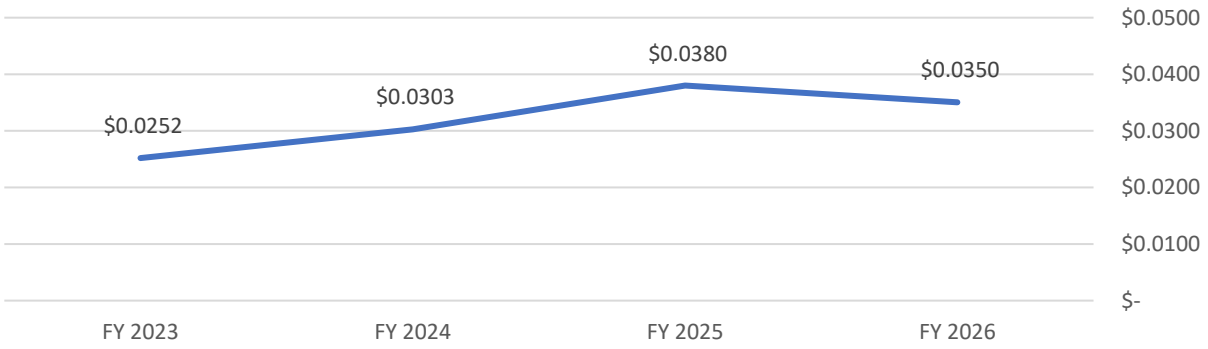


Figure 3-5: Levelized CSE Trend

- Net Avoided Cost Benefit, or Reduction in Revenue Requirements (RRR), was $272,017,449. This value represents the total avoided costs, or net reduction in utility costs, due to the impact of energy efficiency improvements. The FY 2026 value increased by approximately 74 percent compared to FY 2025 and is 35 percent higher than the average since FY 2023. This change is driven by a 49 percent increase in total avoided costs. Another contributing factor was a 14 percent decrease in total program costs.

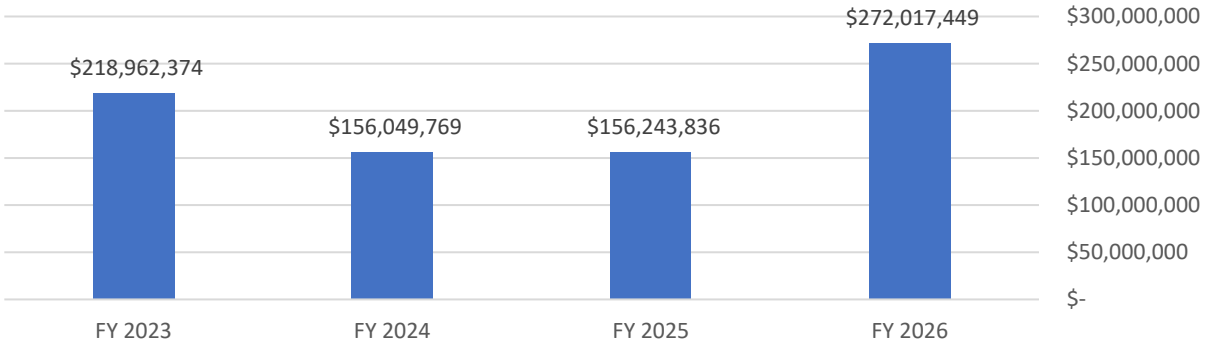
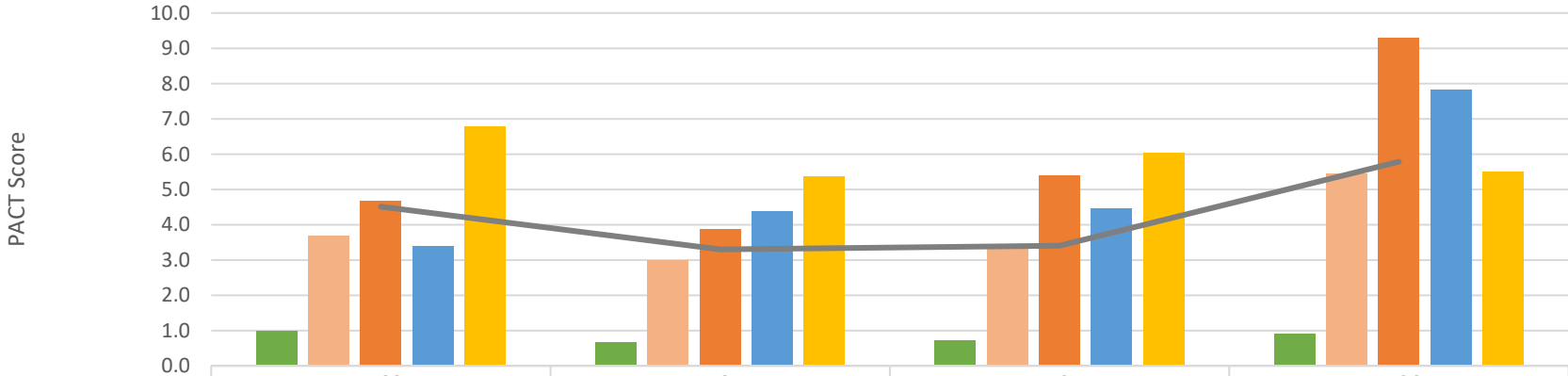


Figure 3-6: Levelized RRR Trend

3.6 YEAR-BY-YEAR COST-EFFECTIVENESS COMPARISON

CPS Energy's STEP portfolio continues to deliver cost-effective overall performance as measured by the PACT, with FY 2026 being the most cost effective in the history of STEP. Annual results should be interpreted within the overall context of each fiscal year evaluation and associated cost-effectiveness inputs. The FY 2026 STEP portfolio PACT increased by 70 percent compared to FY 2025, and the lifetime portfolio PACT of 4.25 is 124 percent above the target value of 1.9. The leading factors of the PACT increase are a marked increase in avoided energy and capacity costs, providing more benefit for each kilowatt and kilowatt-hour saved, combined with a slight decrease in year-over-year program costs.

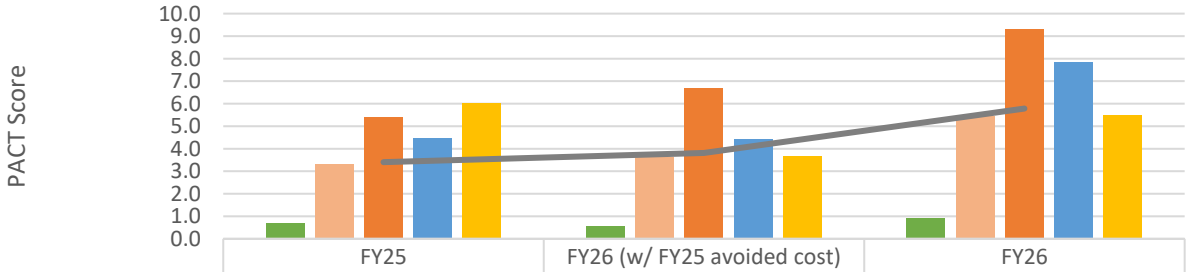


	FY23	FY24	FY25	FY26
WX	0.98	0.66	0.71	0.89
RES EE	3.69	3.00	3.30	5.44
COM EE	4.68	3.88	5.40	9.28
DR	3.38	4.39	4.48	7.82
Solar	6.77	5.36	6.02	5.50
Portfolio Total	4.51	3.30	3.41	5.78

Figure 3-7: STEP Cost Effectiveness from FY 2023 through FY 2026

In the figure: RES = Residential, COM = Commercial, WX = Weatherization, EE = Energy Efficiency, DR = Demand Response

To help demonstrate the effect of the avoided cost increase on overall cost effectiveness, the following figure shows a truncated portion of the previous figure and includes an additional comparison to FY 2026 cost effectiveness using the FY 2025 avoided energy and capacity costs. Weatherization, DR, and Solar all experienced a decrease in year-over-year cost effectiveness due to lower achieved savings compared to FY 2025. Even without the benefit of higher avoided costs, the portfolio still showed an increase in overall cost effectiveness from 3.4 to 3.81. This was primarily driven by improvements in residential and commercial energy efficiency, which are the two highest contributors to the portfolio average. Combined they account for about 67 percent of program benefits and 54 percent of program costs.



	FY25	FY26 (w/ FY25 avoided cost)	FY26
WX	0.71	0.57	0.89
RES EE	3.30	3.63	5.44
COM EE	5.40	6.66	9.28
DR	4.48	4.44	7.82
Solar	6.02	3.67	5.50
Portfolio Total	3.41	3.81	5.78

Figure 3-8: STEP Cost Effectiveness Comparison of FY 2025 to FY 2026

4. CASA VERDE WEATHERIZATION PROGRAM

4.1 WEATHERIZATION PROGRAM IMPACTS

4.1.1 Overview

The Casa Verde Weatherization program (Weatherization) provides comprehensive retrofits for income-eligible residential customers. While the program has existed since 2009, CPS Energy re-launched it in October of 2025 with a stronger customer-centered approach. To qualify for the Weatherization program, customers must have an annual household income of less than or equal to 200 percent of the Federal Poverty Limit (FPL), or demonstrate an annual Energy Burden of greater than or equal to 10 percent, or receive income-based assistance from local, state, or federal sources. Customers select a participating trade ally, who performs an assessment and works with the customer to decide which measures to implement. The customer may choose to keep the resulting rebate after paying for the work or assign the rebate to the contractor for a discount on the project cost.

In FY 2026, the program provided a range of services to 1,609 residences, which is a decrease compared to previous program years.

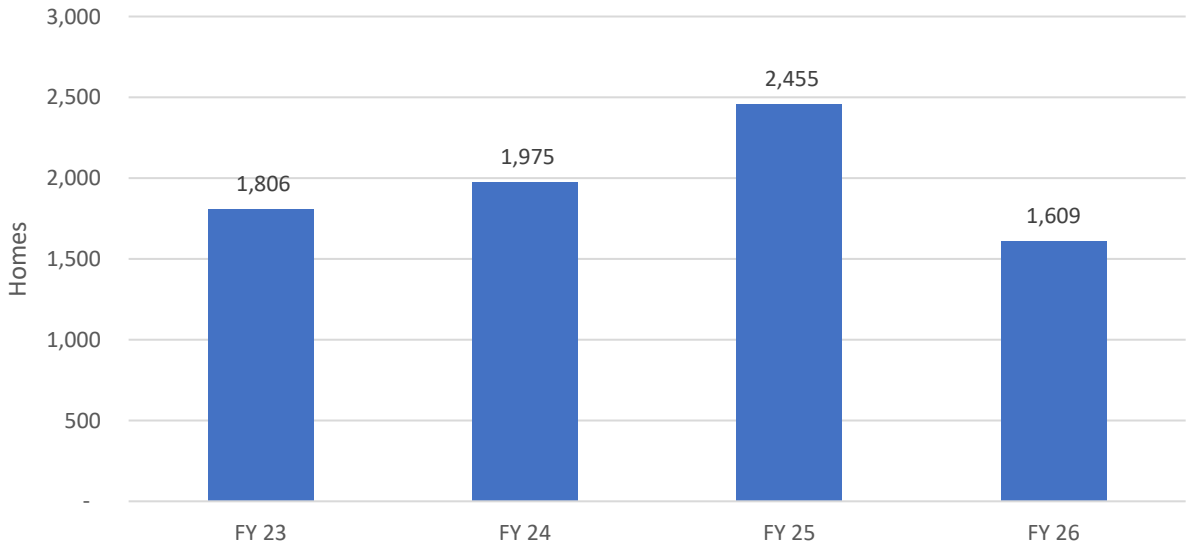


Figure 4-1: Weatherization – Participation Trends

Installed measures include the following equipment:

- Attic insulation
- Wall insulation
- Floor insulation
- WiFi-enabled smart thermostats
- Central air conditioner tune-ups
- LED bulbs
- Low-flow showerheads
- Faucet aerators
- Solar screens
- Air infiltration reduction
- Duct sealing / duct repair
- Central and window A/C replacement
- EnergyStar appliances

The following figure demonstrates installation frequency by measure type.

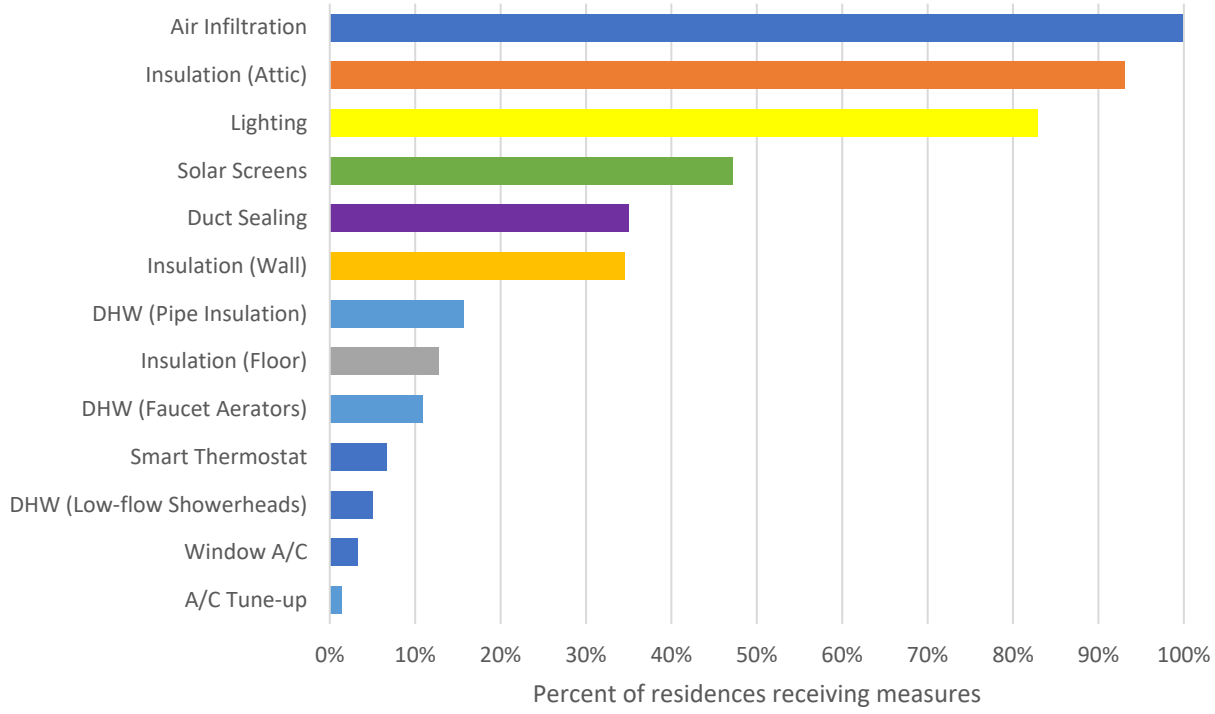


Figure 4-2: Weatherization – Frequency of Installation by Measure[18]

[18] DHW refers to measures that are related to Domestic Hot Water end uses.

While the program features a diverse measure mix, envelope measures were by far the largest contributor to total program impacts for both energy and demand savings in FY 2026. The building envelope is the primary boundary between conditioned and unconditioned space, protecting the residence from exterior elements. Envelope measures installed in the Weatherization program include air infiltration (reducing amount of unconditioned air coming in), insulation (improving indoor resistance to temperature change), and solar screens (reducing cooling load from sunlight through windows). 80+ percent of treated residences received air infiltration reduction, attic insulation, and lighting. More than 40 percent received solar screens, and more than 30% received wall insulation and duct sealing. Other measures are only applicable to specific home configurations or target only electric water heating fuel types.

- Insulation (attic, wall, and floor) was the largest single FY 2026 contributor in terms of energy savings and contributed approximately 59 percent of energy savings, 52 percent of NCP kW savings, and 68 percent of CP kW savings, a slight decrease compared to FY 2025.
- Air infiltration is the next highest contributor, similar to FY 2025. The measure accounted for 18 percent of energy savings, 31 percent of NCP kW savings, and 16 percent of CP kW savings. This is a slight increase from the previous year.
- Solar screens stayed about the same at about 6 percent contribution to kWh savings, 7 percent of NCP kW savings, and 6 percent CP kW savings.
- Lighting impacts have decreased significantly year-over-year due to a combination of increasing baselines and market saturation. Lighting only accounted for 4 percent of energy savings, 2 percent of NCP demand savings, and one percent of CP demand savings.
- Duct sealing contributed around eight percent of energy and demand savings, but it is only performed if existing ducts are in poor condition. Furthermore, some residences in the Weatherization program are not heated and cooled by central HVAC equipment and are not eligible for the measure. However, installation rates increased significantly from 23 percent in FY 2025 to 35 percent in FY 2026.
- Domestic Hot Water (DHW) measures are responsible for approximately one percent or less of total energy and demand savings. Faucet aerators and low-flow showerheads are distributed at a lower rate of 11 and 5 percent, respectively. In utility energy efficiency programs across the country, low-flow device adoption and persistence have historically been demonstrated to be driven by customer reluctance to reduce water pressure. Installation rates for water heater pipe insulation dropped to 16 percent of weatherized homes in FY 2026, compared to 51 percent in FY 2025.
- A/C tune-ups, window A/C units, and WiFi smart thermostats are newly offered measures for FY 2026. They had low implementation rates, so together they contribute only about four percent of total energy savings and less than one percent of demand savings.

Percent contribution to gross program-level energy and demand impacts are shown in the following figure. Combined envelope measures contribute approximately 83 percent of gross energy impacts and 87-90 percent of gross demand impacts.

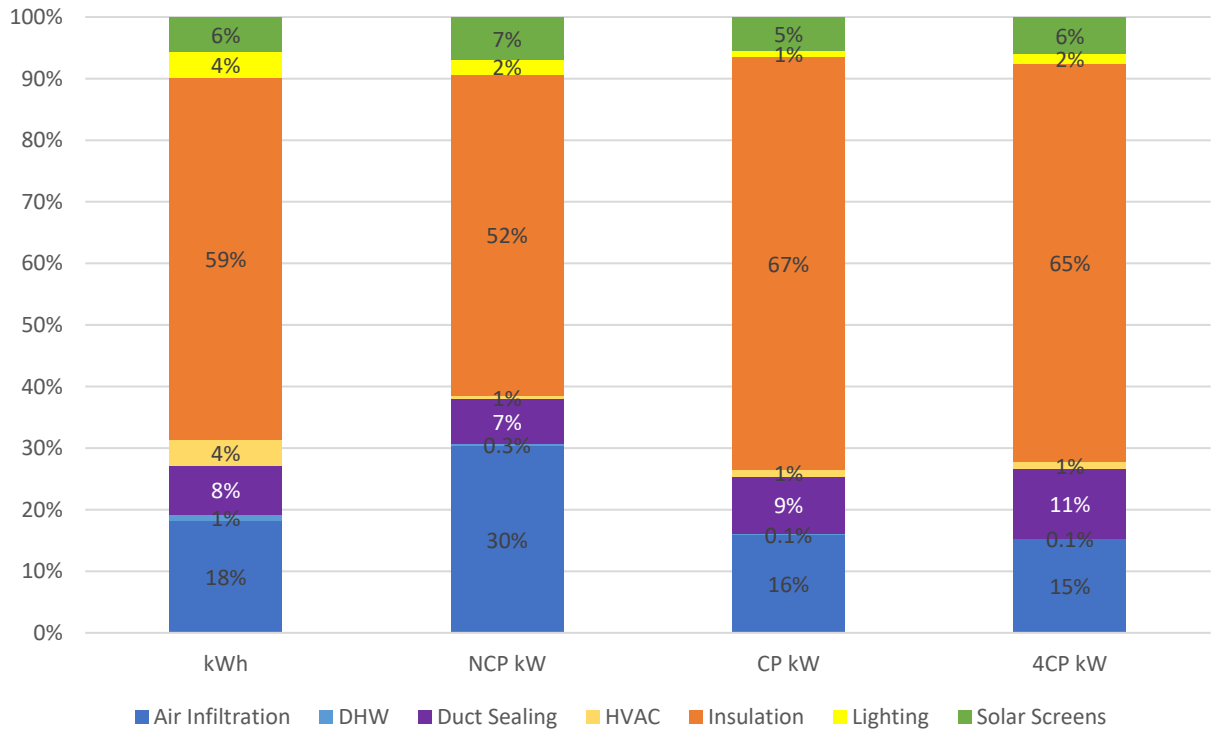


Figure 4-3: Weatherization – Gross Energy and Demand Impact Percentages by Measure

The following figures demonstrate average per-residence energy and demand impacts by envelope measure. Attic and wall insulation delivered the largest average energy savings per treated residence for envelope measures.

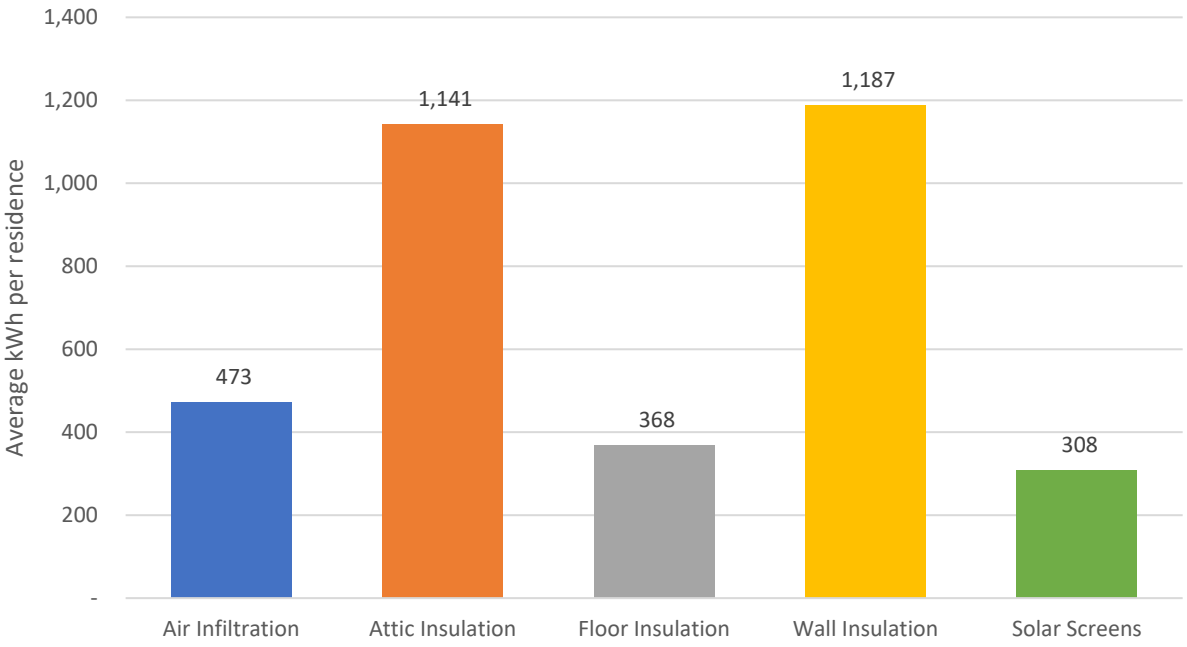


Figure 4-4: Weatherization – Average annual kWh savings per Residence by Envelope Measure

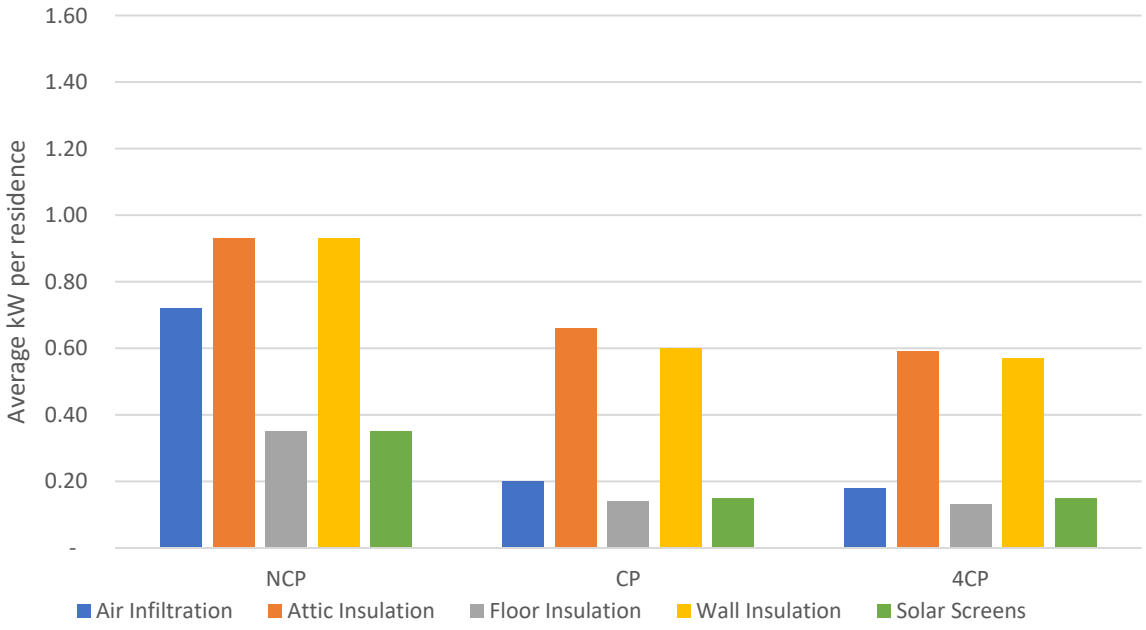


Figure 4-5: Weatherization – Average CP, NCP, and 4CP kW savings per Residence by Envelope Measure

4.1.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/5 percent confidence and precision interval. The savings verification results of the analyzed sample were applied to the entire program population. The following are the gross energy and demand savings for the Weatherization program, per residence and total by measure.

Table 4-1: Weatherization – Average Gross Savings per Residence

Measure	# Residences	kWh/Residence	NCP kW/ Residence	CP kW/ Residence	4CP kW/ Residence
A/C Tune-Up	22	315	0.14	0.12	0.12
Air Infiltration	1,606	473	0.72	0.2	0.18
DHW (Faucet Aerators)	176	48	0.01	0.001	0.001
DHW (Low-flow Showerheads)	81	357	0.1	0.02	0.02
DHW (Pipe Insulation)	252	6	0.003	0.0027	0.0023
Duct Sealing	563	595	0.48	0.34	0.38
Insulation (Attic)	1,498	1,141	0.93	0.66	0.59
Insulation (Floor)	205	368	0.35	0.14	0.13
Insulation (Wall)	556	1,187	0.93	0.6	0.57
Lighting	1,333	134	0.07	0.01	0.03
WiFi Smart Thermostat	108	1,317	0.00	0.00	0.00
Solar Screens	759	308	0.35	0.15	0.15
Window A/C	53	346	**0.26**	**0.22**	**0.22**
Average savings per residence[19]		**2,584**	**2.35**	**1.25**	**1.18**

[19] Average values are not cumulative because each treated residence did not receive every measure.

Table 4-2: Weatherization – Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Air Infiltration	759,194	1,150.31	321.96	289.46
DHW	38,733	11.56	2.74	2.74
Duct Sealing	335,096	273.03	188.85	216.47
HVAC	167,513	16.68	14.51	14.51
Insulation	2,443,917	1,974.55	1,354.55	1,231.08
Lighting	179,263	89.06	19.96	33.51
Solar Screens	233,480	262.73	110.44	112.85
Total[20]	**4,157,196**	**3,777.92**	**2,013.01**	**1,900.61**

4.1.3 Weatherization Repair Assistance Program

Some customers were unable to participate in early iterations of the Weatherization program because they required initial non-energy-saving improvements before energy-saving weatherization measures could be applied. To help remove barriers to customer participation, CPS Energy created the WRAP program to address this issue.

WRAP helps customers who lack the financial means for minor home repairs necessary to qualify and participate in the Weatherization program. This new assistance program is funded through donations to REAP that are designated specifically for weatherization. Through 2022, San Antonio residents have graciously donated over $25,000 towards WRAP. In 2023, the City of San Antonio's Neighborhood Housing and Services Department (NHSD) donated $1,000,000 towards the WRAP program over two years. In 2024, CPS Energy celebrated another $1,000,000 contribution to WRAP from the federal appropriations set forth by Congressman Joaquin Castro (TX-20). On November 6, 2025, San Antonio City Council approved a $750,000 one-year agreement to fund the program with an option for a second year of funding.[21]

CPS Energy administers the WRAP program and supports the following program objectives:

- Providing minor home repairs to the 43 percent (fall out rate) of residences that do not qualify for weatherization due to repairs needed beyond existing guidelines

[20] The sum of the individual measures may not match the total due to rounding.
[21] City of San Antonio Announcement: https://communityimpact.com/san-antonio/north-san-antonio/government/2025/11/11/city-to-fund-small-scale-home-repairs-as-part-of-weatherization-program/.

- CPS Energy's Weatherization program assessor and trade allies work in conjunction to make necessary repairs after initial assessment
- All repairs must be approved by CPS Energy prior to WRAP repairs
- WRAP repairs and home weatherization are completed in tandem, where possible

Examples of measure types covered by the WRAP program:

- Gas stove replacement (for inoperable or high carbon monoxide emitting)
- Sheetrock work (over Casa Verde program limits)
- Minor roof repairs
- Plumbing and electrical repairs

The WRAP program greatly reduces the Casa Verde fall out rate and will aid in advancing CPS Energy efforts to help reduce energy burden and energy insecurity for customers. As of January 2026, WRAP has repaired 764 residences since its inception in December 2023. During this period, the WRAP program spent $911,790 on repairs, averaging $1,191 per residence, making previously deferred customers eligible for weatherization services.

Table 4-3: Weatherization – WRAP Participation

Fiscal Year	Residences	Repair Cost
FY 2024[22]	57	$64,000
FY 2025	555	$672,000
FY 2026	152	$175,790
Total	**764**	**$911,790**

[22] The WRAP program began accepting participants in December of 2023, so there were only two months of participation before the end of FY 2024.

4.2 WEATHERIZATION PROGRAM RECOMMENDATIONS

The CPS Energy Guidebook is updated annually to add new measures and refine savings algorithms and input assumptions. The evaluation team recommends updating savings calculations to align with the latest Guidebook version to ensure consistency between claimed and evaluated savings.

In addition to these savings calculations and documentation recommendations, the evaluation team makes the following general recommendations for Weatherization program offerings:

- Attic insulation:
    - Residences insulated above R-30 are eligible to claim increased savings using the adjustment factors specified in the CPS Energy Guidebook.
- Duct sealing:
    - When using the visual inspection savings approach, reported home characteristics are mapped to low, average, and high leakage categories. Corresponding savings are awarded based on historical program averages. Pre- and post-condition photos must be collected to highlight key duct repairs. Without these photos, duct sealing projects must conduct pre- and post-leakage testing.
- LEDs:
    - Include spec sheets or model numbers for standard equipment.
    - Lighting savings are claimed using a default 16-year rated life. Reporting lamp rated life would increase the measure life to 20 years for products rated at 17,500+ hours.
- HVAC:
    - Track equipment size and type for A/C tune-ups.
    - Ensure all installed window A/C equipment meets ENERGY STAR criteria.
- Consider adding the following new measures to existing program offerings:
    - Cool roof coatings
    - Duct insulation
    - Low-E storm windows (lower cost alternative to window replacements)

5. RESIDENTIAL PROGRAMS

5.1 SUMMARY OF RESIDENTIAL IMPACTS

CPS Energy's portfolio of residential programs addresses all markets and major residential end-use loads. Residential demand response programs are included in Section 7. CPS Energy offered the following energy efficiency programs for the residential sector in FY 2026.

Home Efficiency – Targets a range of prescriptive energy efficiency measures that save on cooling and heating energy in existing residences.

Home Energy Assessment – Offers free in-person or virtual home assessments to help identify energy savings opportunities and direct install measures.

Residential Heating, Ventilation, and Air Conditioning (HVAC) – Rebates for high-efficiency cooling and heating equipment.

High-Performance A/C Tune-up – Free comprehensive check of HVAC equipment to help identify ways to improve existing central air conditioner or heat pump efficiency, performance, and maintenance.

New Home Construction – Rebates for developers to build homes that are at least 15 percent more energy efficient than the current City of San Antonio building code.

Retail Discounts – Point of purchase rebates on lighting, room space conditioning, and air purification products at participating retailers.

Multifamily Weatherization (MFWX) – Offers comprehensive direct-install weatherization and other energy efficiency offerings to residents in multifamily complexes.

All Residential Energy Efficiency programs were implemented by CLEAResult for the duration of FY 2026 under the supervision of CPS Energy.

The contributions of each program to the residential portfolio's energy and peak demand savings are shown in the following figures, as measured at the participant or end-user level and adjusted to account for net-to-gross ratios and line losses. Program names are abbreviated in chart labels.[23]

[23] Home Efficiency = HE, Home Energy Assessment = HEA, Residential HVAC = HVAC, High-Performance A/C Tune-up = HPTU, New Home Construction = NHC, Retail Discounts = Retail, and Multifamily = MFWX.

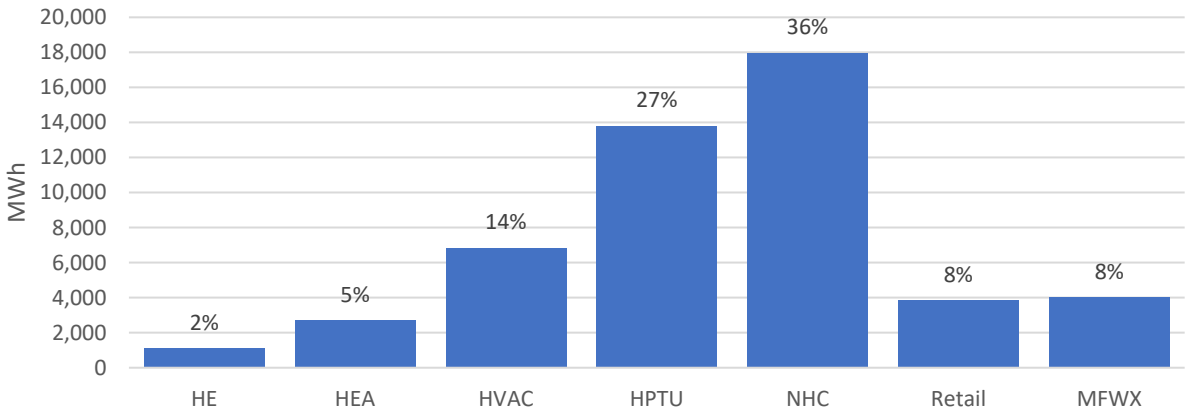


Figure 5-1: Residential Summary – Net Avoided Energy by Program

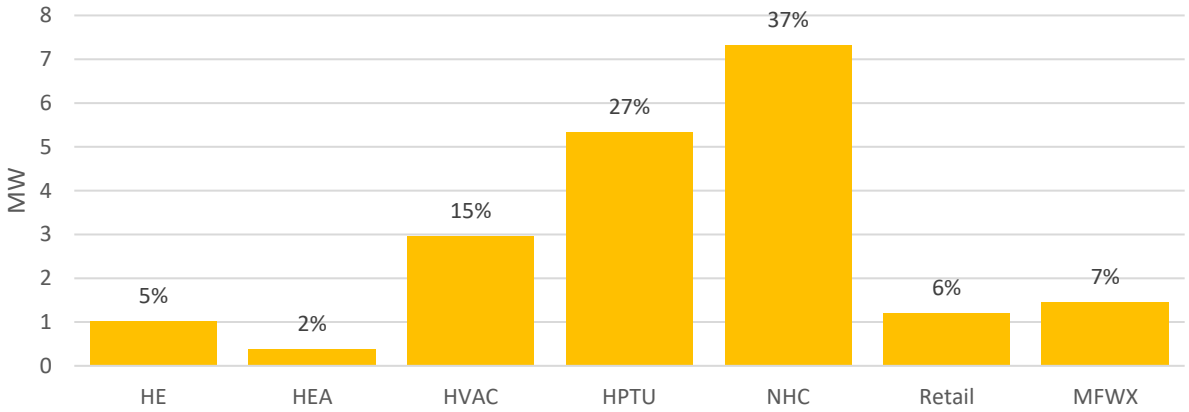


Figure 5-2: Residential Summary – Net Avoided Non-Coincident Peak by Program

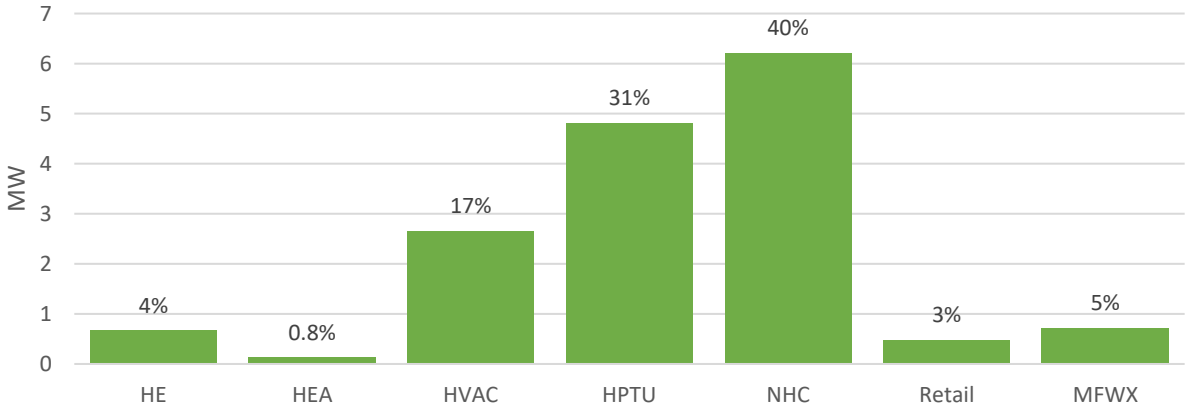


Figure 5-3: Residential Summary – Net Avoided Coincident Peak by Program

5.2 HOME EFFICIENCY

5.2.1 Overview

The Home Efficiency program offers incentives for attic insulation, reflective cool roofs, and variable-speed pool pumps. The program served 1,021 residences in FY 2026, compared to 1,169 residences in FY 2025.

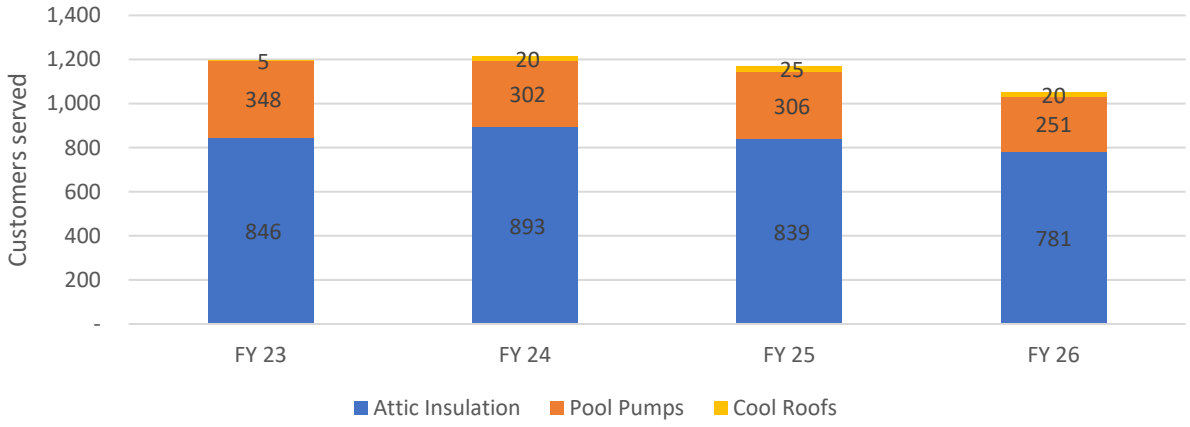


Figure 5-4: Home Efficiency – Participation Trends[24]

The proportion of total program energy and peak impacts derived from each measure type is presented below. Attic insulation delivers the majority of savings, accounting for about 95% of total savings on average. Pool pumps see lower peak demand savings because they typically operate outside of peak hours.

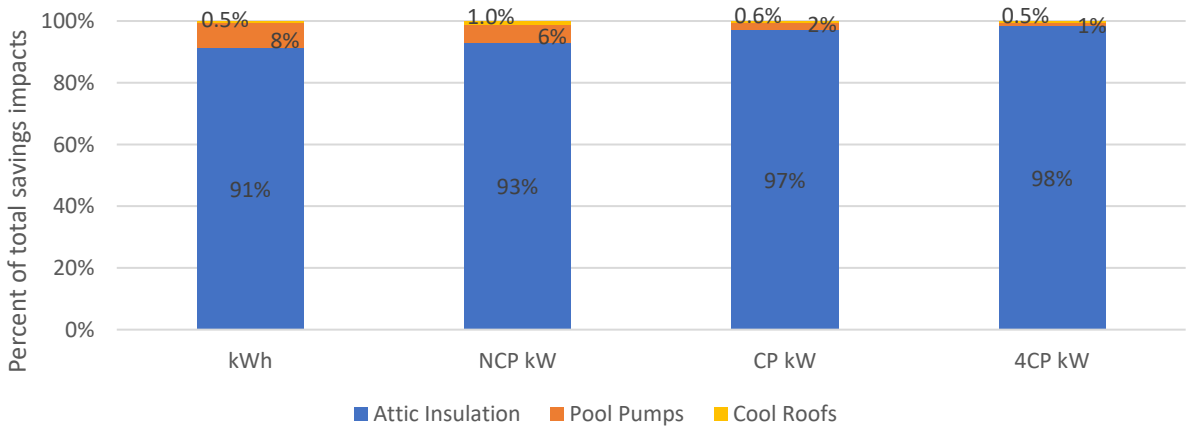


Figure 5-5: Home Efficiency – Gross Energy and Demand Impact Percentages by Measure

[24] Sum of measure participation does not match total participation due to some residences receiving multiple measures.

5.2.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. The savings verification results of the analyzed sample were applied to the entire program population. The following table shows the gross energy and demand savings for the Home Efficiency program, per residence and total by measure.

Attic insulation delivers the most program savings. It is accessible to a wide range of participants and improves comfort along with efficiency. Pool pump savings recently decreased due to updates to the federal standard. They are also limited to a smaller subset of participants who have pools. Roofing projects are infrequent and expensive, so they experience the lowest participation.

Table 5-1: Home Efficiency – Average Gross Savings per Residence

Measure	# Residences	kWh/ Residence	NCP kW/ Residence	CP kW/ Residence	4CP kW/ Residence
Attic Insulation	781	1,297	1.22	0.79	0.74
Cool Roofs	20	270	0.52	0.18	0.13
Pool Pumps	251	359	0.24	0.06	0.03
Average savings per residence[25]		**1,086**	**1.00**	**0.63**	**0.58**

Table 5-2: Home Efficiency – Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Attic Insulation	1,012,818	950.03	620.55	577.48
Cool Roofs	5,399	10.30	3.61	2.66
Pool Pumps	90,090	59.75	14.74	7.68
Total[26]	**1,108,308**	**1,020.07**	**638.89**	**587.83**

[25] Average values are not cumulative because each treated residence did not receive every measure.
[26] The sum of the individual measures may not match the total due to rounding.

5.3 HOME ENERGY ASSESSMENT

5.3.1 Overview

The Home Energy Assessment (HEA) program offers virtual and in-home energy assessments to provide energy-saving products to residential customers. An HEA assessor performs a full home energy audit for customers, identifies potential energy efficiency measures, and discusses tailored energy savings opportunities with the customer. Finally, they install basic measures, such as advanced power strips, faucet aerators, low-flow showerheads, LED lighting, and smart thermostats. The program sees the highest installation rates for advanced power strips and lighting (>50% of residences).

The program re-launched in 2023 and has been continuing to serve CPS Energy customers. The program impacted 3,528 residences in FY 2026, compared to 5,854 residences in FY 2025. Participation trends and measure frequency are displayed in the figures below.

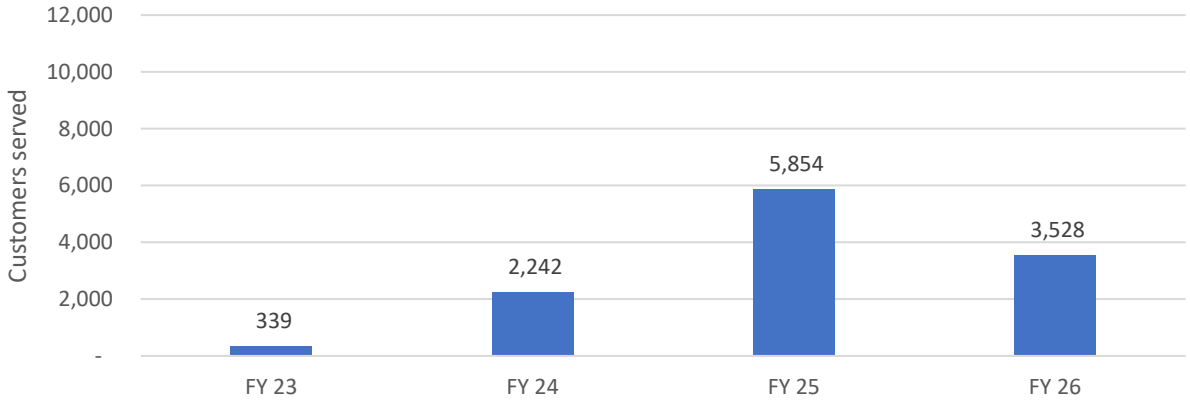


Figure 5-6: Home Energy Assessment – Participation Trends

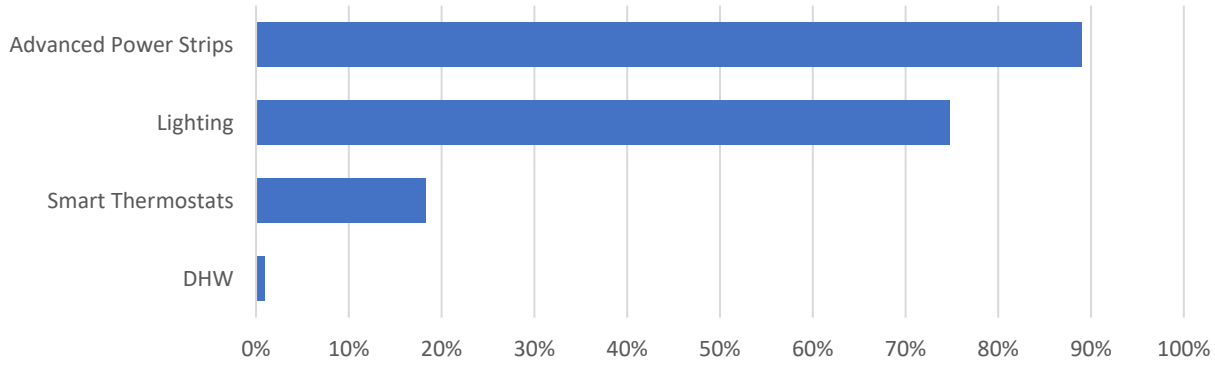


Figure 5-7: Home Energy Assessment – Installation Frequency by Measure[27]

[27] DHW = Domestic hot water.

The percentage breakdown of program savings by measure type is presented below. Advanced power strips are the leading energy and demand savings contributor, due to their effectiveness at reducing standby power and their ease of installation. Lighting savings continue to decline in response to an updated federal standard but still provide relatively strong savings with a long lifespan. Smart thermostats are a significant contributor to HEA energy savings claimed through Residential Energy Efficiency, but are only able to claim demand savings through Demand Response programs.

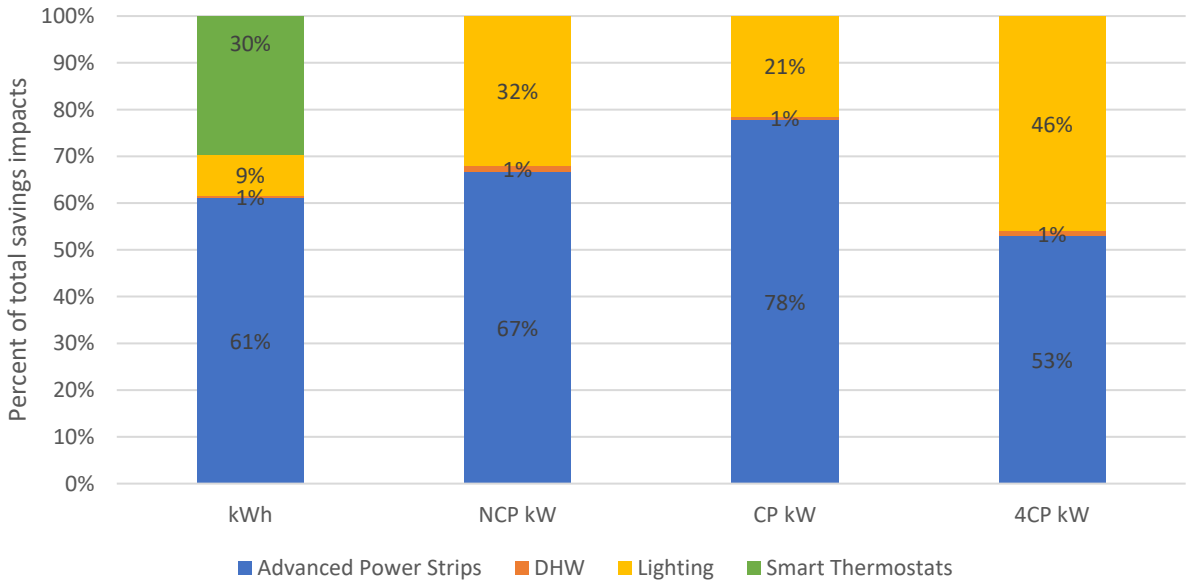


Figure 5-8: Home Energy Assessment – Gross Energy and Demand Impact Percentages by Measure

5.3.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. The savings verification results of the analyzed sample were applied to the entire program population. The following are the gross energy and demand savings for the Home Energy Assessments program, per residence and total by measure.

Deemed demand savings are not awarded to smart thermostats here because they are claimed separately through Demand Response programs using the savings methodologies described in Section 7.3 Direct Install Thermostats.

Table 5-3: Home Energy Assessments – Average Gross Savings per Residence

Measure	# Residences	kWh/ Residence	NCP W/ Residence	CP W/ Residence	4CP W/ Residence
Advanced Power Strips	3,139	501	74	28	15
DHW	33	5	1	0	0
Lighting	2,638	72	36	8	13
Smart Thermostats	644	243	–	–	–
Average savings per residence[28]		**730**	**99**	**32**	**25**

Table 5-4: Home Energy Assessments – Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Advanced Power Strips	1,571,106	232.80	87.29	46.55
DHW (FA/LFSHs)	14,913	4.22	0.94	0.99
Lighting	225,053	111.83	24.04	40.35
Smart Thermostats	763,189	–	–	–
Total[29]	**2,574,261**	**348.84**	**112.28**	**87.89**

5.3.3 Additional Considerations

Photo Requirements

The HEA program has historically documented existing home equipment and proposed measures within a single assessment report that is provided to the participant. A clear and concise report helps the participant better understand the assessor's recommendations; however it oftentimes does not provide sufficient documentation to meet evaluation needs for the claimed savings on direct-install measures performed during the assessment. The evaluation team encourages the program implementor to explore opportunities to either expand the assessment report to include all requested photos, or to implement a photo archive associated with each project for photos necessary for evaluation purposes but not for the participant's assessment report. See section 5.9.3 for more detailed recommendations on the evaluation photo requirements.

[28] Average values are not cumulative because each treated residence did not receive every measure.
[29] The sum of the individual measures may not match the total due to rounding.

Smart Thermostats

The evaluation team is investigating the potential for claiming NCP demand savings on non-DR-participating smart thermostats for FY 2027. A non-DR-participating smart thermostat is unlikely to reduce coincident-peak demand; however, there is potential in the off-peak period for NCP demand savings. Smart thermostats participating in demand response programs would be ineligible for the additional NCP demand savings because those thermostats will report NCP demand savings as part of the relevant DR program.

5.4 RESIDENTIAL HVAC PROGRAM

5.4.1 Overview

The Residential HVAC program promotes the installation of energy-efficient heating, ventilation, and air conditioning (HVAC) equipment. The program covers the installation of central air conditioners (ACs), central heat pumps (HPs), and window air conditioners (WACs). During FY 2026, a total of 4,335 units were installed in 4,234 residences compared to 4,762 HVAC systems in 4,364 residences in FY 2025.

The following figures illustrate residential HVAC participation trends from FY 2023 to FY 2026. A new federal standard change went into effect on January 1, 2023, changing HVAC testing procedures from SEER to SEER2 and increasing minimum efficiency standards to 13.8 or 14.3 SEER2 (equivalent of 14.5 or 15 SEER) based on system type and capacity. While this change had a minor negative impact on FY 2023, participation has been relatively even for FY 2024 through FY 2026.

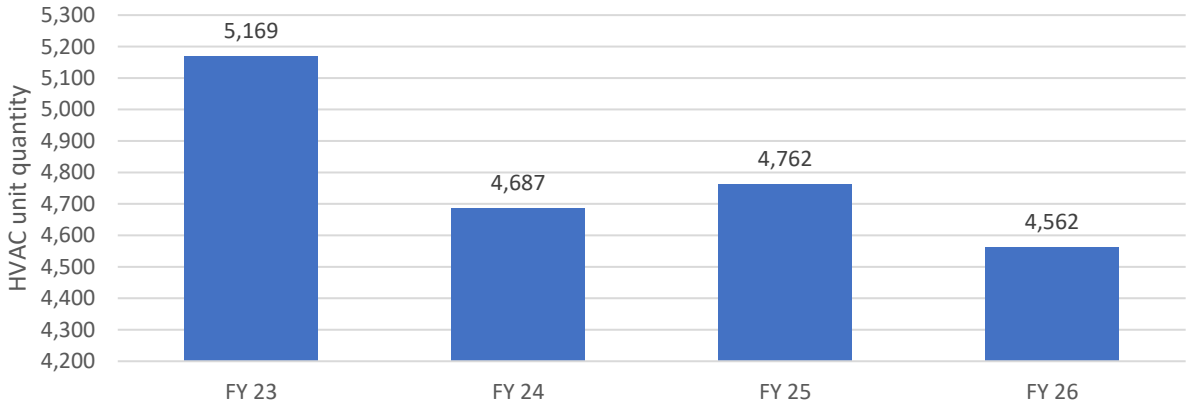


Figure 5-9: Residential HVAC – Participation Trends

Individual system type trends show an increase in central air conditioners and heat pumps and a decrease in window air conditioners, with the net impact showing a decrease in total systems based on residences with window units having multiple units per residence.

Central ACs continue to be the primary driver of program participation. Window ACs are more often encountered in targeted low-income programs, and participation appears to have shifted to the Retail Discounts program after the measure was incorporated in FY 2025.

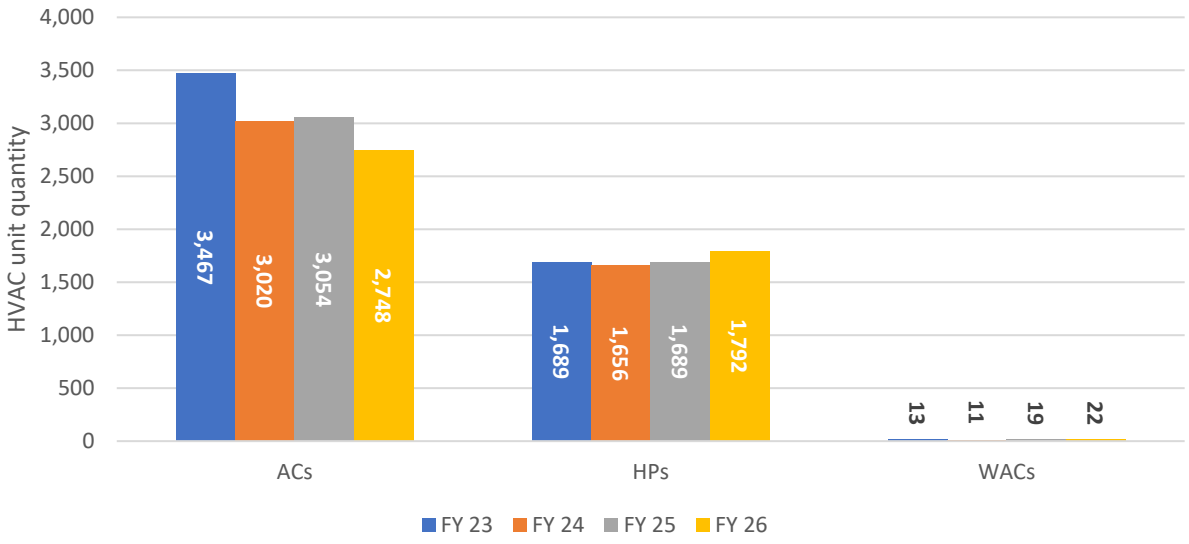


Figure 5-10: Residential HVAC – Participation Trends by System Type

The following figure presents a percentage breakdown of program savings by system type. Central ACs make up approximately half of the energy impacts and two-thirds of demand impacts.

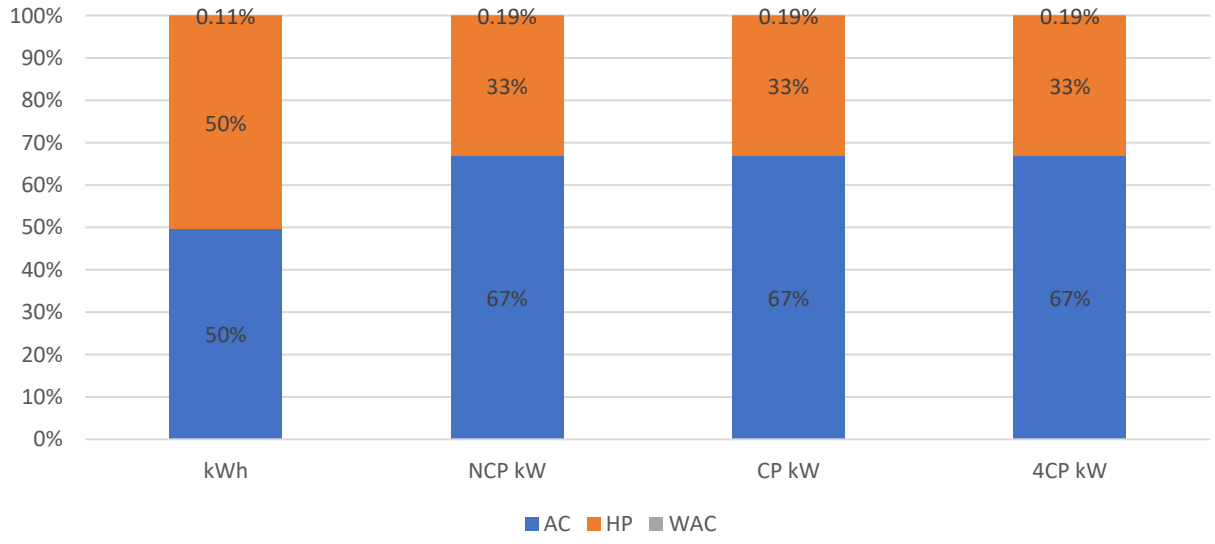


Figure 5-11: Residential HVAC – Gross Energy and Demand Impact Percentages by Measure

5.4.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. The savings

verification results of the analyzed sample were applied to the entire program population. The following are the gross energy and demand savings for the Residential HVAC program, per residence and total by measure.

Table 5-5: Residential HVAC – Average Gross Savings per Residence

Measure	# Residences	kWh/ Residence	NCP kW/ Residence	CP kW/ Residence	4CP kW/ Residence
AC	2,553	1,374	0.80	0.70	0.70
HP	1,665	2,124	0.61	0.53	0.53
WAC	16	377	0.28	0.24	0.24
Average savings per residence[30]		**1,793**	**0.78**	**0.68**	**0.68**

Table 5-6: Residential HVAC – Gross Energy and Demand Savings

Measure	# of Systems	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
AC	2,748	3,774,860	2,207.05	1,919.97	1,919.97
HP	1,792	3,806,672	1,086.11	944.59	944.59
WAC	22	8,287	6.13	5.34	5.34
Total[31]	**4,562**	**7,589,819**	**3,299.29**	**2,869.89**	**2,869.89**

[30] Average values are not cumulative because each treated residence did not receive every measure.
[31] The sum of the individual measures may not match the total due to rounding.

Residential HVAC savings per residence has varied over time. Savings decreased beginning in FY 2024 due to the implementation of increased SEER2 baselines due to a federal standard change. Average energy and demand savings have increased in FY 2026, presumably as more efficient units are introduced to the market.

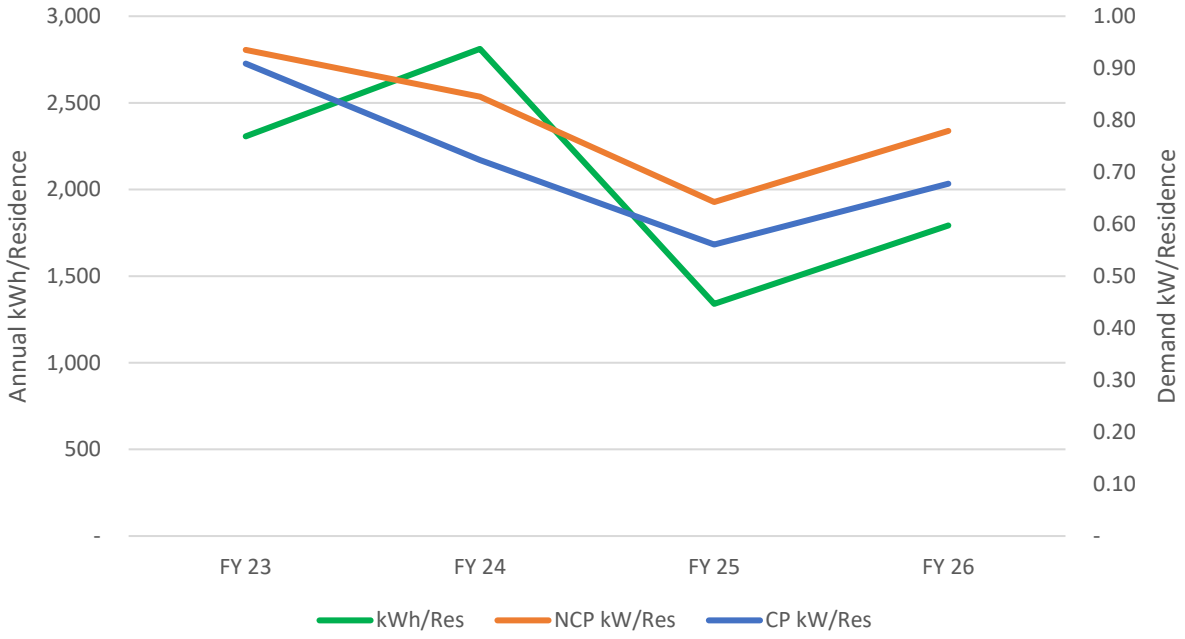


Figure 5-12: Residential HVAC – Average savings per residence over time

5.4.3 Additional Considerations

Equipment Verification

To verify the accuracy of the reported equipment specifications, reported system capacities and efficiencies were validated against the Air-Conditioning, Heating, and Refrigeration Institute (AHRI) certified product directory[32] for AC/HPs and against the ENERGY STAR certified product listing[33] for WACs.

Early retirement projects use an alternate dual baseline that requires confirmation of several additional measure inputs. Reported existing system type, condition, model numbers, and age were validated against available project documentation. Savings were calculated against an adjusted replace-on-burnout baseline for projects where this documentation was inconsistent or unavailable.

[32] AHRI Directory. https://www.ahridirectory.org/Search/SearchHome.
[33] ENERGY STAR Certified Room Air Conditioners: https://www.energystar.gov/productfinder/product/certified-room-air-conditioners/.

For heat pump projects replacing air conditioners with an electric furnace, heating energy savings were calculated against an electric resistance baseline when the baseline heating type can be verified using project documentation. An adjusted heat pump baseline was applied for projects where this documentation was inconsistent or unavailable.

5.5 HIGH-PERFORMANCE A/C TUNE-UP

5.5.1 Overview

The High-Performance A/C Tune-up (HPTU) program services residential air conditioners and heat pumps at no customer cost, helping improve operating efficiency. Service items may include cleaning the condenser, evaporator, and blower assembly, changing filters, adjusting airflow, and adjusting refrigerant charge as needed.

FY 2026 participation decreased from FY 2025. There were 5,677 individual residential HVAC tune-ups across 5,209 residences performed in FY 2026, compared to 9,833 tune-ups across 8,963 residences in FY 2025.

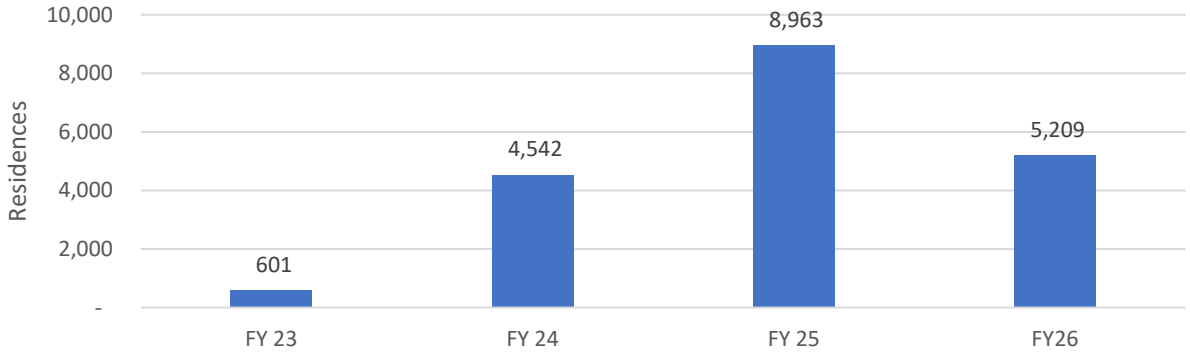


Figure 5-13: HPTU – Participation trends

5.5.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. Adjustments were made to project-level input assumptions where the reported measure inputs did not match project documentation and inspection results. The savings verification results of the analyzed sample were applied to the entire program population.

Table 5-7: HPTU – Average Gross Savings per Residence

Program	# Residences	# of Tune-Ups	kWh/ Residence	NCP kW/ Residence	CP kW/ Residence	4CP kW/ Residence
HPTU	5,209	5,677	2,207	0.86	0.75	0.75

Table 5-8: HPTU – Gross Energy and Demand Savings

Program	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
HPTU	11,493,728	4,463.64	3,883.61	3,883.61

5.5.3 Additional Considerations

The CPS Energy Guidebook contains a default efficiency loss factor used to estimate savings impacts for tune-ups. Energy savings are calculated by estimating the efficiency of the cooling equipment before the tune-up using an efficiency loss factor because of dirty coils, blower, and filter, improper airflow, and/or incorrect refrigerant charge. The implementation vendor requested that the evaluation team apply alternate efficiency loss factors obtained from field-measured performance data. Efficiency losses, calculated in the field in full for a sampled subset of tune-ups, are utilized alongside previous years' measurements to derive a rolling 3-year average efficiency loss of projects with valid EER-post ratings. These averages are then grouped by project characteristics which are statistically significant in affecting the efficiency loss. Currently, these variables are market sector and whether a refrigerant charge adjustment was made. The resulting average efficiency loss factors are applied to projects that do not have test-in field measurements but do exhibit identical project characteristics to the groupings used in the averaging procedure.

5.6 NEW HOME CONSTRUCTION PROGRAM

5.6.1 Overview

The New Home Construction program offers an incentive to home builders to construct homes that are 15 percent or more efficient than the 2021 International Energy Conservation Code® (IECC) code requirements. The City of San Antonio approved IECC 2021 on November 10, 2022, becoming effective on February 1, 2023.[34]

Participants can qualify for higher incentives by obtaining certification through the BSAG program. The BSAG single family new construction program incorporates additional elements to achieve certification, including water, site, and health requirements. BSAG also requires a Home Energy Rating System (HERS) rating in addition to meeting all ENERGY STAR New Homes program requirements.

Table 5-9: New Home Construction - Participants

BSAG Certification	Participants
Yes	4,990
No	13

CPS Energy's FY 2026 New Home Construction program provided incentives for 5,003 new homes compared to 7,074 homes in FY 2025.

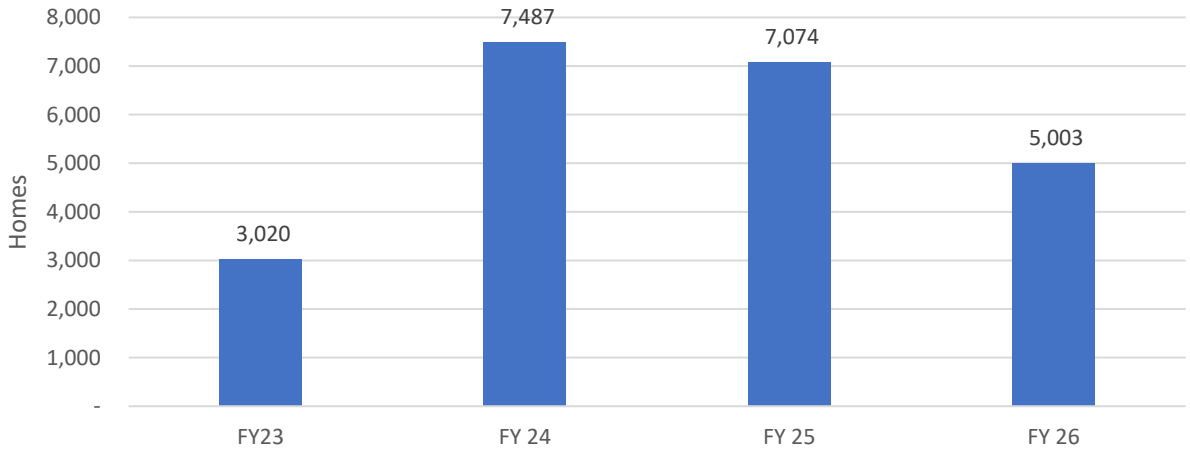


Figure 5-14: New Home Construction – Participation Trends

[34] City of San Antonio Codes & Ordinances. https://www.sa.gov/Directory/Departments/DSD/Codes-Ordinances.

In FY 2026 4,990 homes were certified by BSAG, which accounts for 99.7 percent of the total population and is a similar ratio to FY 2025. Seven builders participated in the program in FY 2026, decreasing from ten in FY 2025.

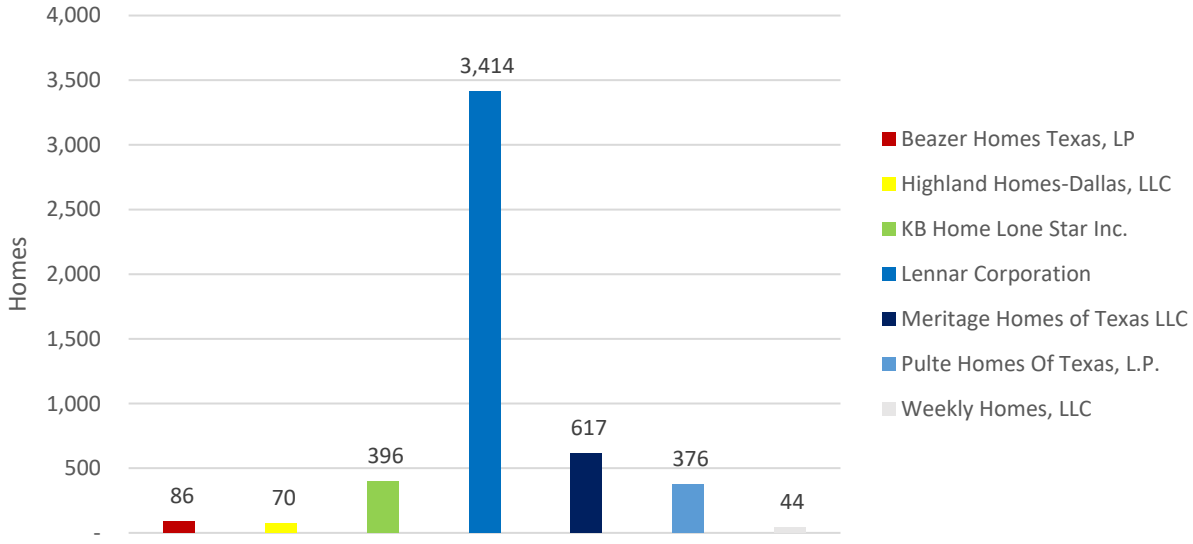


Figure 5-15: New Home Construction – Builder Participation

5.6.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. The savings verification results of the analyzed sample were applied to the entire program population. The following are the gross energy and demand savings for the New Home Construction program, per residence and total by measure.

Table 5-10: New Home Construction – Average Gross Savings per Residence

Measure	# Residences	kWh/Residence	NCP kW/ Residence	CP kW/ Residence	4CP kW/ Residence
New Homes	5,003	3,410	1.39	1.14	1.14

Table 5-11: New Home Construction – Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
New Homes	17,062,459	6,952.75	5,697.59	5,706.58

5.6.3 Additional Considerations

A new methodology for quantifying savings using the fuel summary report was implemented starting in FY 2025. Previously the program used prescriptive savings provided by the evaluation team based on performance level over code. The updated savings reference site-specific HERS modeling reports provided by the builders, raters, and Build San Antonio Green (BSAG), which use the applicable IECC code as a reference. This approach increases savings precision per home, enhances adaptability to future code changes, and brings the New Home Construction program into better alignment with the Texas TRM. Since implementation of the new methodology halfway through FY 2025, the program has seen a significant increase in per-home savings (1,062 kWh/home in FY 2024 and 2,550 kWh/home in FY 2025).

5.7 RETAIL CHANNEL PARTNERSHIPS

5.7.1 Overview

The Retail Channel Partnerships program is designed to reach low-to-moderate-income customers through retail locations in their neighborhoods by offering in-store rebates for ENERGY STAR-certified lighting and appliances. In FY 2025 new products were added, including window air conditioners (WAC) and room air purifiers. FY 2026 saw a substantial increase in the quantity of these other measures sold compared to FY 2025.

Average gross savings per measure and retailer are given in the following table.

Table 5-12: Retail Products – Average savings per measure and gross savings per retailer

Measure	kWh	NCP	CP	4CP
LED Lamps	6	2.8 W	0.6 W	1.0 W
Window AC	332	245.5 W	213.6 W	213.6 W
Air Purifier	224	41.3 W	24.2 W	27.2 W

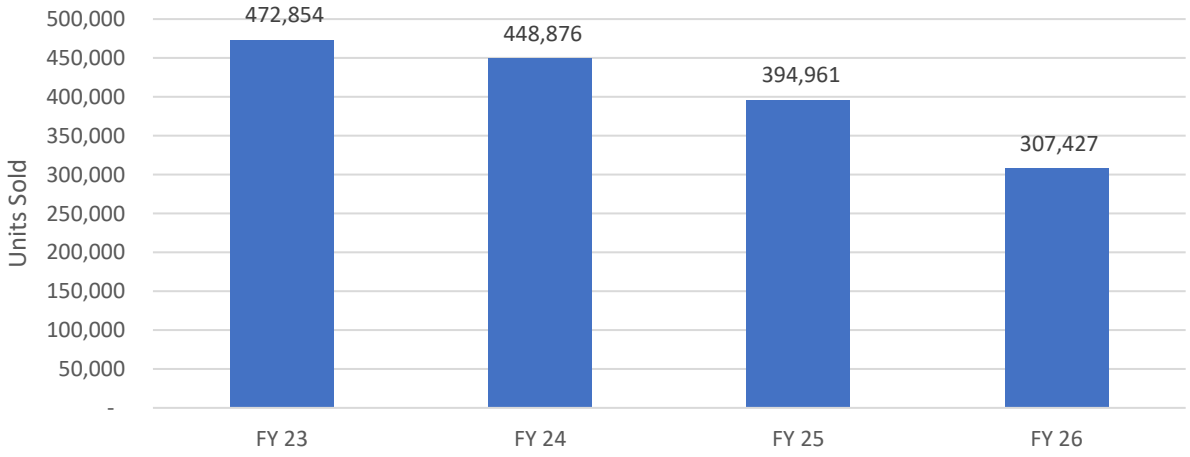


Figure 5-16: Retail Discounts – Units Sold per Fiscal Year[35]

[35] FY 2023 quantities are estimated based on overall savings. Earlier batches of project data did not include quantity.

Over time, the amount of LED lamps sold through the program has slowly decreased, and window A/C's and room air purifiers have seen an increase in sales since their addition in FY 2025.

5.7.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. The savings verification results of the analyzed sample were applied to the entire program population.

Table 5-13: Retail Discounts – Gross Energy and Demand Savings

Measure	Units Sold	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
LED Lighting	294,121	1,735,856	862.52	183.91	308.71
Window AC	312	103,477	76.59	66.64	66.64
Air Purifier	12,994	2,907,406	536.93	314.53	353.52
Total[36]	**307,427**	**4,746,739**	**1,476.05**	**565.08**	**728.86**

[36] The sum of the individual measures may not match the total due to rounding.

5.8 MULTIFAMILY WEATHERIZATION

5.8.1 Overview

CPS Energy piloted a new multifamily weatherization (MFWX) program in FY 2025 to bring a variety of no-cost measures to tenants residing in multifamily complexes, offering a unique opportunity to offer a comprehensive set of energy efficiency measures to multiple customers at a single location. Because FY 2026 is the first year the program was fully implemented, participation trends will not be reported until FY 2027. The program provides rebates for the following measures: air infiltration reduction, attic insulation, duct sealing, HVAC tune-up, LED lighting, low-flow faucet aerators and showerheads, solar screens, WiFi smart thermostats, window replacements, EnergyStar appliances, and HVAC/window A/C replacements. In FY 2026 a total of 2,355 units were treated across 16 properties.

5.8.2 Results

A desk review was performed on the deemed savings methodologies used to report measure savings.

Table 5-14: Multifamily – Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Air Infiltration Reduction	216,273	386.42	50.13	45.07
Attic Insulation	1,101,631	701.02	441.64	407.48
Duct Sealing	99,683	78.37	41.89	47.98
HVAC Tune-Up	274,277	116.62	100.80	100.80
LED Lighting	24,300	12.07	3.06	5.14
Low-Flow Faucet Aerator	47,441	13.65	1.06	1.11
Low-Flow Showerhead	246,410	70.89	15.94	16.77
Smart Thermostat	1,827,424	–	–	–
Total[37]	**3,837,440**	**1,379.04**	**654.51**	**624.36**

The average energy and demand impact per unit is heavily influenced by the measure participation mix. For FY 2026 a majority of the units received smart thermostats and low-flow water devices, with the other measures seeing less participation.

[37] The sum of the individual measures may not match the total due to rounding.

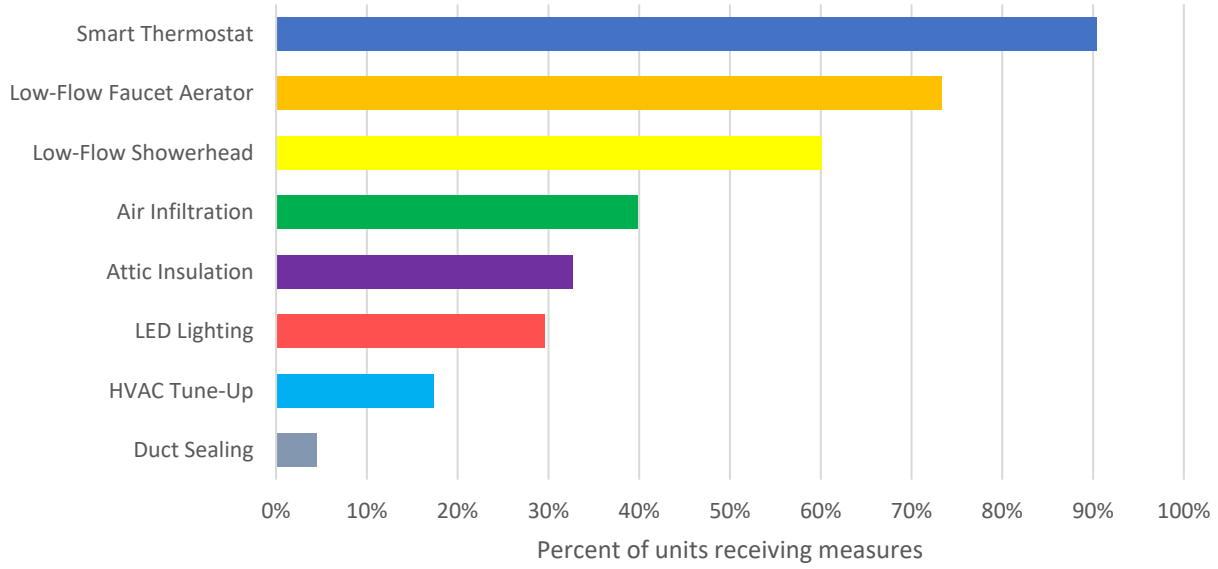


Figure 5-17: Multifamily – Frequency of installation by measure

Table 5-15: Multifamily –Energy and Demand Savings per residence

Measure	kWh/Residence	NCP kW/Residence	CP kW/Residence	ERCOT 4CP kW/Residence
Multifamily Weatherization	1,629	0.59	0.28	0.27

5.9 RESIDENTIAL PROGRAM RECOMMENDATIONS

The CPS Energy Guidebook is updated annually to add new measures and refine savings algorithms and input assumptions. The evaluation team recommends updating savings calculations to align with the latest Guidebook version to ensure consistency between claimed and evaluated savings.

The evaluation team has identified specific recommendations related to savings calculations and program documentation in a separate memo to program administrators. In addition to these savings calculations and documentation recommendations, the evaluation team makes the following general recommendations for residential program offerings:

5.9.1 General Recommendations

- Reported heating and cooling types should distinguish between central and space conditioning.
- Additional documentation is required when claiming central electric resistance heating. The current CPS Energy Guidebook incorporates a documentation adjustment factor applicable to cases where supplemental documentation is not available.
- For each measure, ensure to report all information requested in the tracking requirements section of the CPS Energy Guidebook.

5.9.2 Home Efficiency

- Consider adding the following new measures to existing program offerings:
    - Heat pump and solar water heaters
    - Solar screens
    - Window replacements

5.9.3 Home Energy Assessment

- Assessment reports should include documentation of the following:
    - General view of the indoor HVAC unit
    - Close-up of nameplate of the outdoor HVAC unit
    - General view of the water heater
- Standardize the cooling & heating type reporting nomenclature across the various measures which use it.

- Specify water heater fuel type (electric or gas) when reporting faucet aerators and low-flow showerheads. Homes with gas water heating are not eligible to claim savings for these measures.

5.9.4 Residential HVAC

- Air Conditioners and Heat Pumps:
    - Ensure existing unit nameplate photos are provided for all projects claiming Early Replacement savings.
- Window Air Conditioners:
    - Review demand factors used in calculation, as CP kW was consistently under-reported.

5.9.5 High-Performance A/C Tune-Up

- Routinely assess the regression diagnostics and variable selection process used to determine how efficiency loss is grouped for deemed averaging.

5.9.6 New Home Construction

- The following information is available in the modeling summary, but should also be tracked in the project database and reported with measure data:
    - Modeled energy and demand savings (kWh, summer kW, and winter kW)
    - Heating fuel type (gas, electric)
    - Heating equipment type (gas furnace, electric furnace, heat pump)
    - Home conditioned area (ft^2)
    - Home conditioned volume (ft^3)

5.9.7 Retail Discounts

- Update product assumptions to incorporate desk review feedback from the qualified product listing (QPL) review.
- Update deemed savings assumptions to match the FY 2026 CPS Energy Guidebook, with a particular focus on the air purifiers measure.

5.9.8 General Lighting Recommendations

- Savings may default to a 16-year measure life, but reporting lamp rated life will allow an increased 20-year measure life for products rated at 17,500+ hours.

6. COMMERCIAL PROGRAMS

6.1 SUMMARY OF COMMERCIAL IMPACTS

CPS Energy's portfolio of commercial programs addresses most markets and major commercial end-uses. Commercial demand response programs are included in Section 7. CPS Energy offered the following energy efficiency programs for the commercial sector in FY 2026:

- Commercial & Industrial Solutions (C&I) – Energy assessments to identify opportunities and rebates for a wide range of measures, including lighting upgrades, HVAC replacements and controls, refrigeration, building envelope, and building optimization.
- Schools & Institutions (S&I) – Helps schools and government agencies reduce energy use through benchmarking, technical assistance, energy master planning, and standard rebate offerings like those in C&I Solutions.
- Small Business Solutions (SBS) – Contractor-driven incentive program for small business customers with less than 100 kW demand, primarily focused on lighting and HVAC tune-ups. Additionally, this program offers a midstream lighting component targeting distributors.

All programs were implemented by CLEAResult under the supervision of CPS Energy.

The contributions of each program to the commercial portfolio's energy and peak demand savings are shown in the following figures, as measured at the participant or end-user level, and adjusted to account for net-to-gross ratios and line losses. Program names are abbreviated in chart labels.[38] Overall, the commercial portfolio saw about a 3% increase in energy savings, a 6% decrease in NCP demand, and 22% decrease in coincident peak demand savings over FY 2025. Small business solutions continues to be the largest contributor to all three savings categories.

[38] C&I = Commercial and Industrial, S&I = Schools & Institutions, SBS = Small Business Solutions.

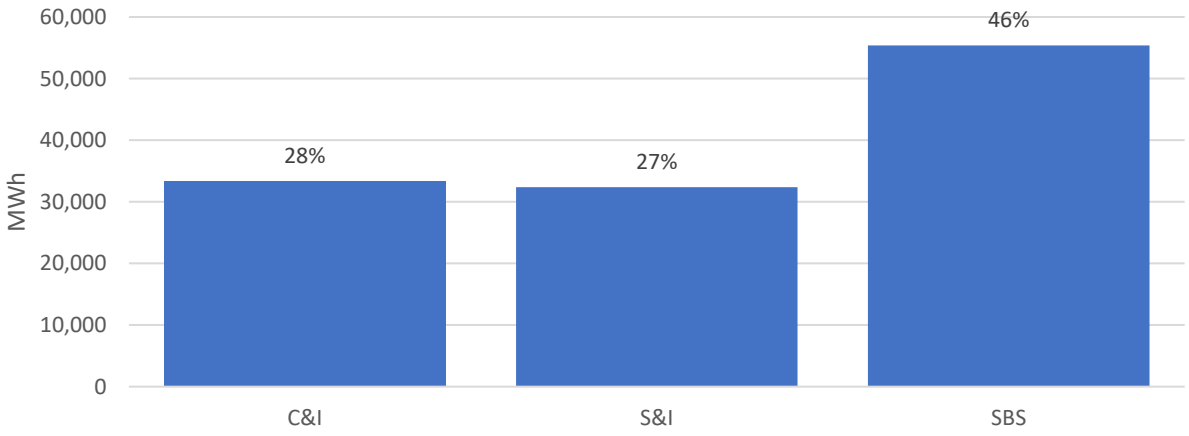


Figure 6-1: Commercial Summary – Net Avoided Energy by Program

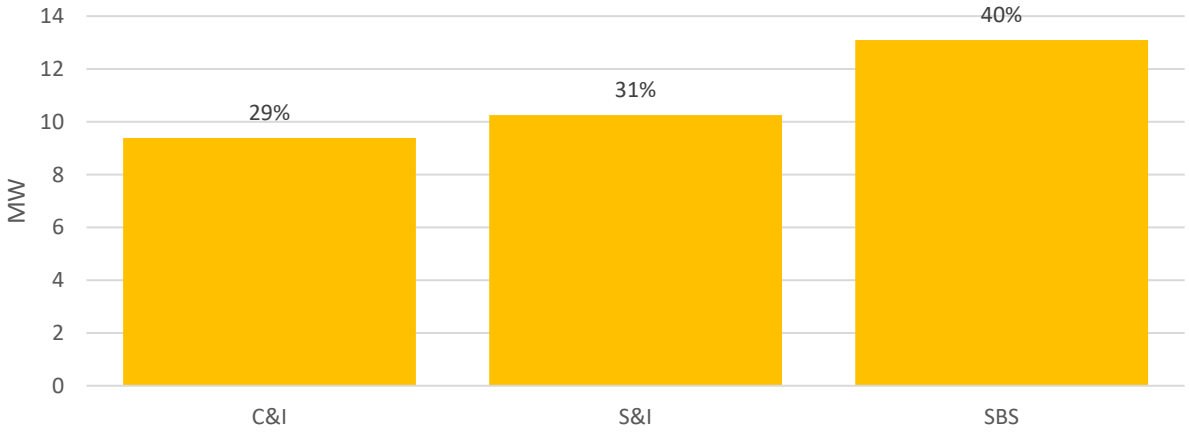


Figure 6-2: Commercial Summary – Net Avoided NCP by Program

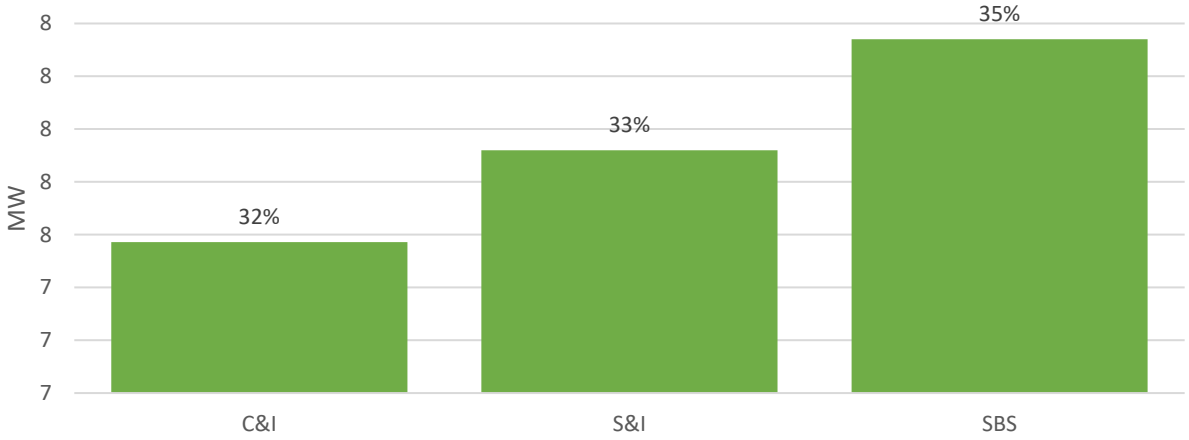


Figure 6-3: Commercial Summary – Net Avoided CP by Program

6.2 COMMERCIAL & INDUSTRIAL SOLUTIONS

6.2.1 Overview

The Commercial & Industrial (C&I) Solutions program delivers energy savings primarily through lighting, envelope, HVAC, retro-commissioning, variable frequency drive measures, and several other measures. In FY 2025, a total of 527 projects were completed in the C&I program, compared to 604 in FY 2025. Participation in FY 2026 trended towards the overall average across fiscal years.

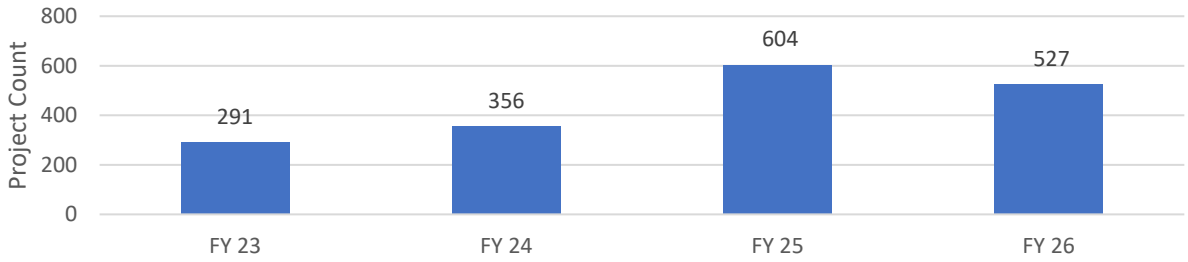


Figure 6-4: C&I Solutions – Participation Trends

The figure below presents a percentage breakdown of gross energy savings and demand savings. The C&I program is predominantly driven by lighting measures followed by HVAC measures. Lighting contributions have decreased as the market reaches saturation and baselines increase. Envelope measures decreased significantly from FY 2025 to FY 2026 due to a decrease in focus on the cold storage door infiltration measure.

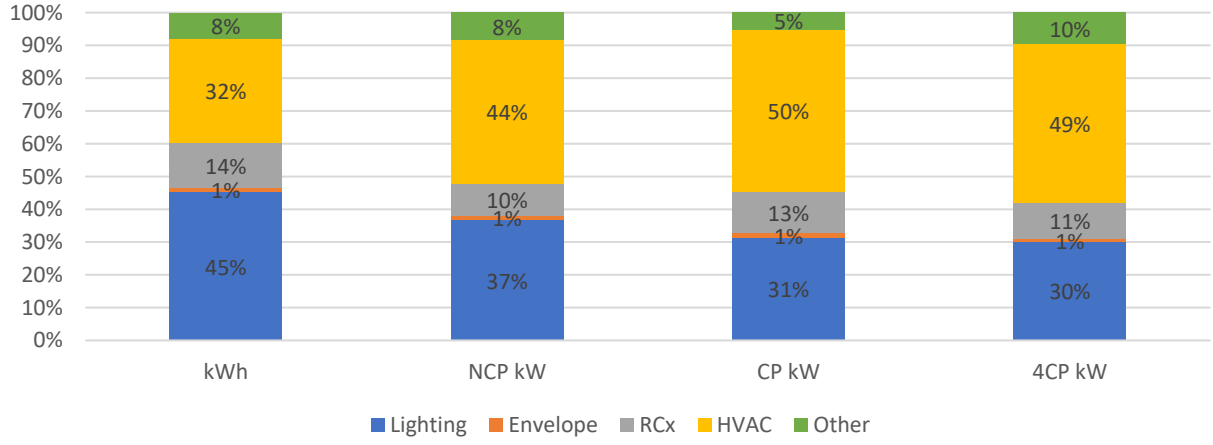


Figure 6-5: C&I Solutions – Gross Energy and Demand Impacts by Measure[39]

[39] RCx = Retro-commissioning. Envelope measures include air infiltration reduction, reflective cool roofs, and window treatments. Measures categorized as Other are not labeled individually in graph because they contribute less than 1 percent of savings impacts.

Most FY 2026 lighting savings are attributable to outdoor applications, followed by office and warehouse based on a review of sampled projects with verified building types.

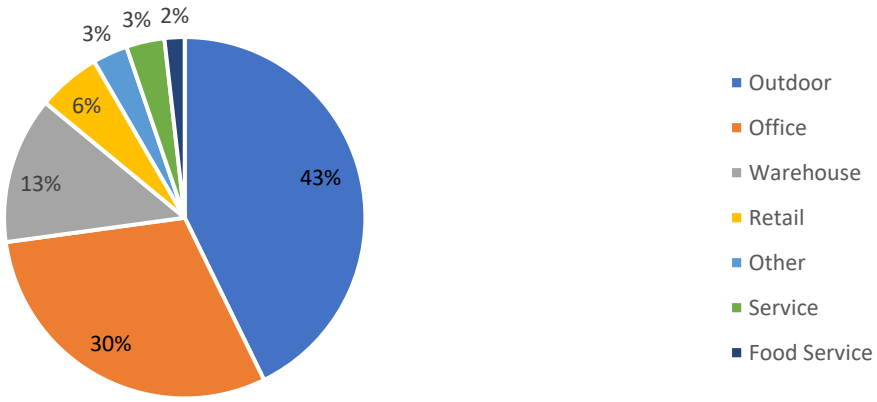


Figure 6-6: C&I Solutions – Percent of kWh Savings by Building Type for Sampled Lighting Projects

There were two large water-cooled chiller projects in C&I for FY 2026 that accounted for the majority of the review sample at 81% of the savings. HVAC DX AC/HP projects made up the remaining 16% of kWh savings, and there were no air-cooled chiller projects claimed in the C&I program for FY 2026.

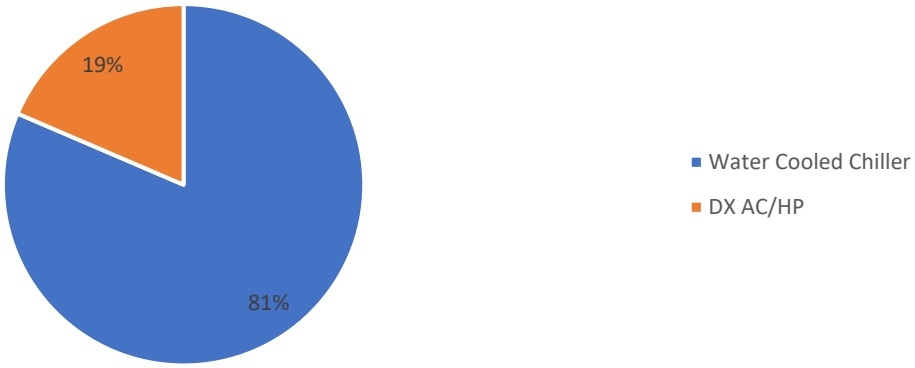


Figure 6-7: C&I Solutions – Percent of kWh Savings by System Type for Sampled HVAC Projects

6.2.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. The savings verification results of the analyzed sample were applied to the entire program population.

Table 6-1: C&I Solutions – Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Lighting	16,173,817	4,011.29	2,377.97	2,328.35
Envelope	526,587	144.53	101.14	71.17
HVAC	4,839,313	1,071.34	950.82	844.37
HVAC Tune-Ups	4,207,779	2,745.38	2,638.04	2,652.08
Other	7,216,219	2,038.27	1,109.75	1,110.41
Refrigeration	99,943	13.18	12.43	12.11
Retro-commissioning	2,729,146	906.90	381.67	725.54
Total[40]	**35,792,804**	**10,930.89**	**7,571.83**	**7,744.03**

[40] The sum of the individual measures may not match the total due to rounding.

6.3 SCHOOLS & INSTITUTIONS

6.3.1 Overview

The Schools & Institutions (S&I) program delivers energy savings primarily through lighting, HVAC, variable frequency drive, retro-commissioning, Strategic Energy Management (SEM)[41], and other measures. In FY 2026, a total of 226 projects were completed in the S&I program, compared to 635 in FY 2025.

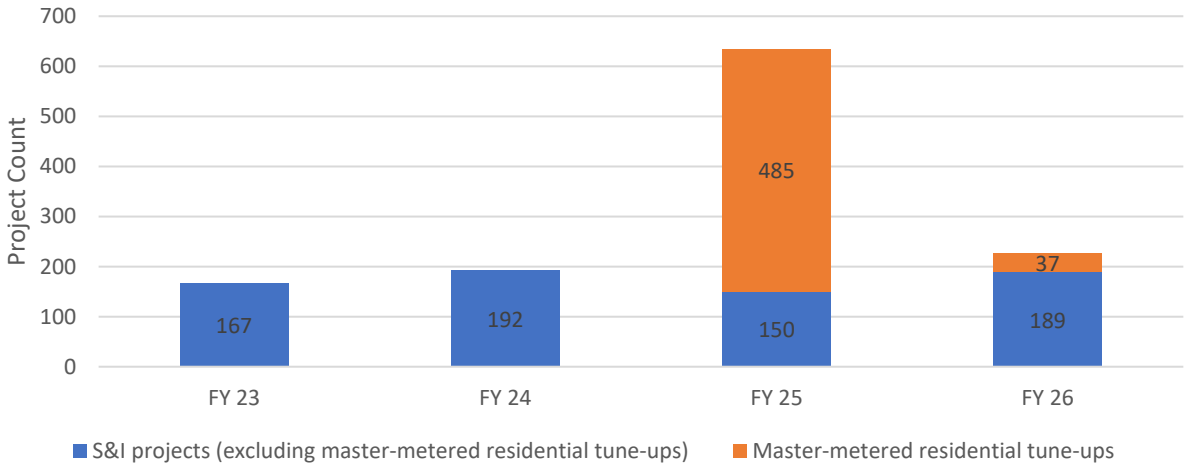


Figure 6-8: Schools & Institutions – Participation Trends[42]

The figure below presents a percentage breakdown of gross energy savings and demand savings. The S&I program is predominantly driven by SEM behavioral measures. HVAC measures are also a key contributor, including HVAC retrofits, tune-ups, and variable frequency drives.

[41] Strategic Energy Management is a program where an energy coach works directly with school districts or institutional organizations to identify and implement energy savings measures. While the focus is on behavioral opportunities such as turning off equipment when not in use, staff education of best energy practices, etc., the program also includes building control system enhancements and capital improvement opportunities.

[42] FY 2025 included a significant number of HVAC tune-ups at institutional master-metered communities, where each address counts as an individual project.

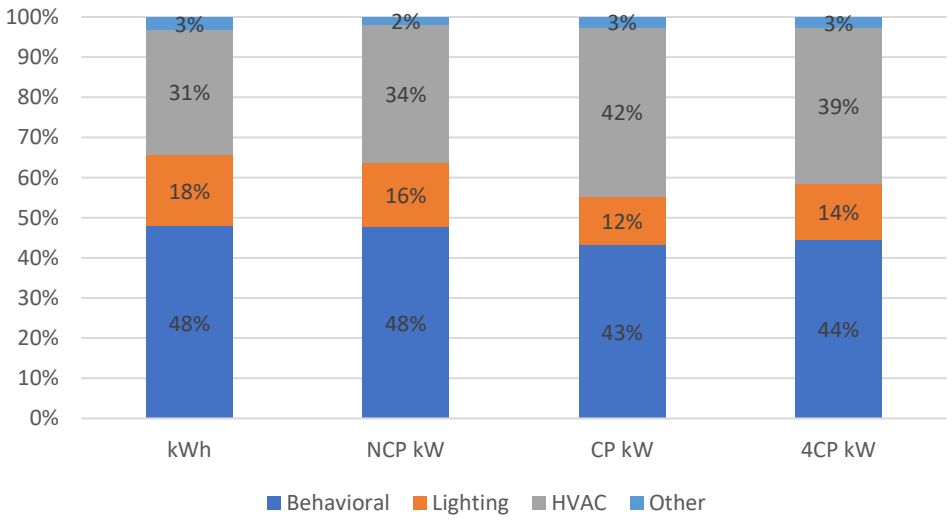


Figure 6-9: Schools & Institutions – Gross Energy and Demand Impacts by Measure Type[43]

Consistent with the targeted program customer base, most FY 2026 lighting savings are attributable to schools based on a review of sampled projects with verified building types. The next largest contributor is outdoor lighting, with warehouse and other building types rounding out the group.

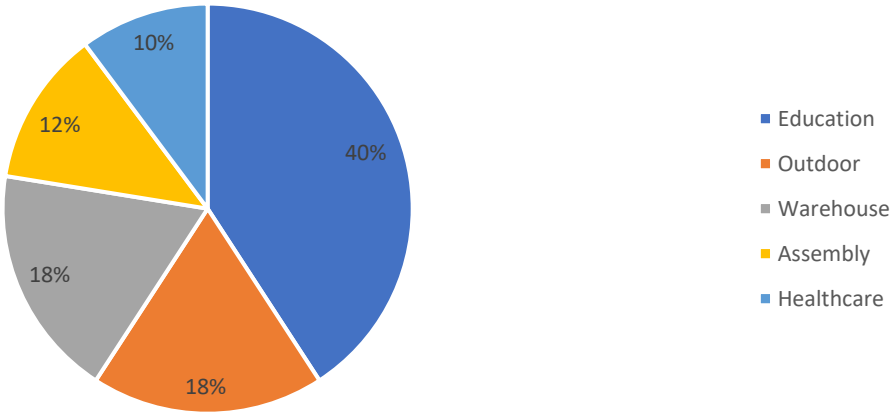


Figure 6-10: Schools & Institutions – Percent of kWh Savings by Building Type for Sampled Lighting Projects

[43] For FY 2026, "Other" refers to envelope, custom, and other measures.

Chillers make up the majority of sampled HVAC retrofit energy impacts, mostly due to a large custom chilled water plant project accounting for 80% of the sampled savings. Air cooled chillers make up another 12%, and split/packaged air conditioners & heat pumps account for the other 8%.

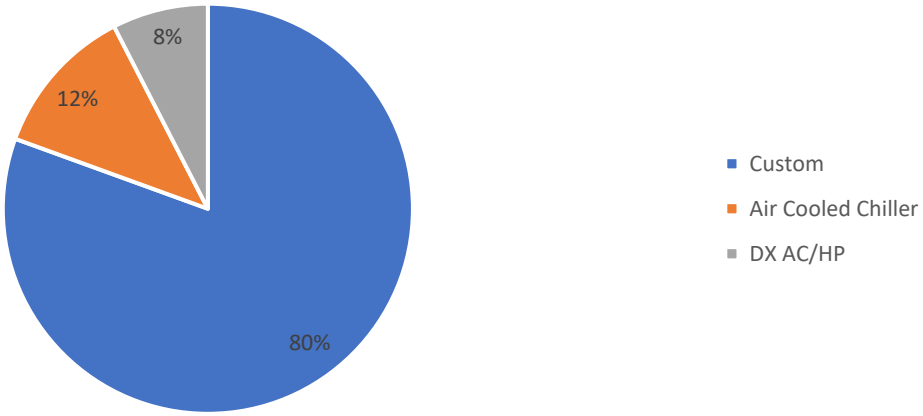


Figure 6-11: Schools & Institutions – Percent of kWh Savings by System Type for HVAC Projects

6.3.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. The savings verification results of the analyzed sample were applied to the entire program population.

Table 6-2: Schools & Institutions – Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Behavioral	14,946,658	4,715.20	3,198.25	3,198.45
Lighting	5,613,511	1,559.65	863.95	1,013.44
HVAC	6,727,469	1,438.86	1,364.13	1,254.74
HVAC Tune-Up	2,975,607	1,950.22	1,755.45	1,537.10
Envelope	86,245	33.54	27.06	29.25
Other	904,119	162.00	161.35	161.49
Total[44]	**31,253,609**	**9,859.46**	**7,370.19**	**7,194.46**

[44] The sum of the individual measures may not match the total due to rounding.

6.4 SMALL BUSINESS SOLUTIONS

6.4.1 Overview

The Small Business Solutions program is a contractor-driven program for small business customers with less than 100 kW demand that delivers energy savings primarily through lighting and controls improvements, HVAC tune-ups, air infiltration reduction, and domestic hot water (DHW) measures. A separate midstream lighting component is also offered to promote the sales of qualifying LED lighting.

In FY 2026, direct install measures were completed at a total of 262 sites; 101 sites received HVAC tune-ups, 75 sites received lighting upgrades, and 69 sites had air infiltration improvements. Total participation trended down from FY 2025 in every measure category.

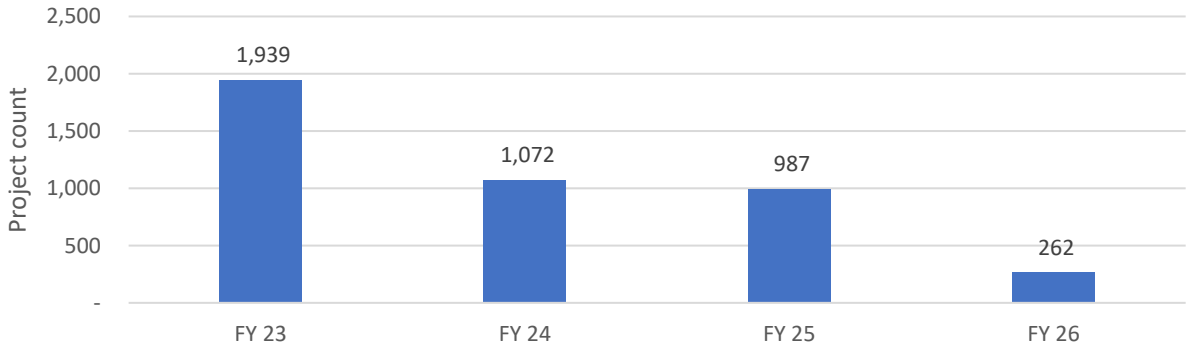


Figure 6-12: Small Business Solutions – Direct Install Participation Trends

In FY 2026, the midstream program sold products to 819 customers compared to 761 in FY 2025.

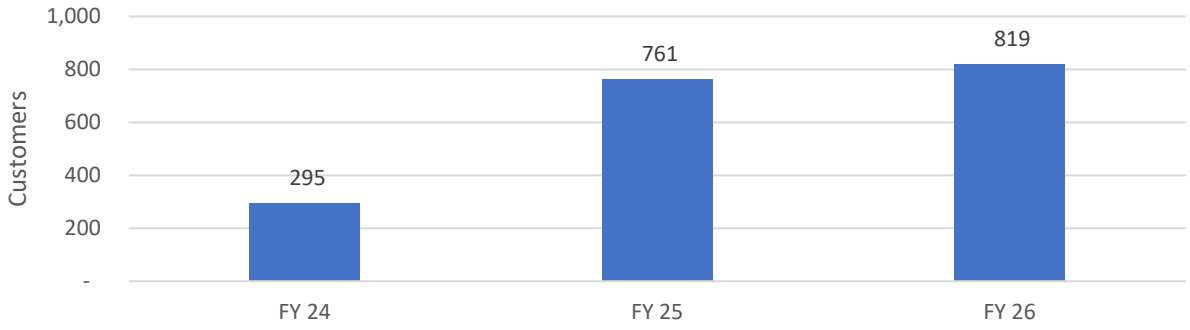


Figure 6-13: Small Business Solutions – Midstream Lighting Participation Trends[45]

[45] In FY 2024 the midstream program shifted to report sales by customer rather than by distributor batch, therefore prior years cannot be directly compared.

Percentage breakdowns of gross energy, NCP, CP, and 4CP demand impacts are presented below by measure. Midstream Lighting comprised 92 percent of energy savings and about 88 percent of demand impacts.

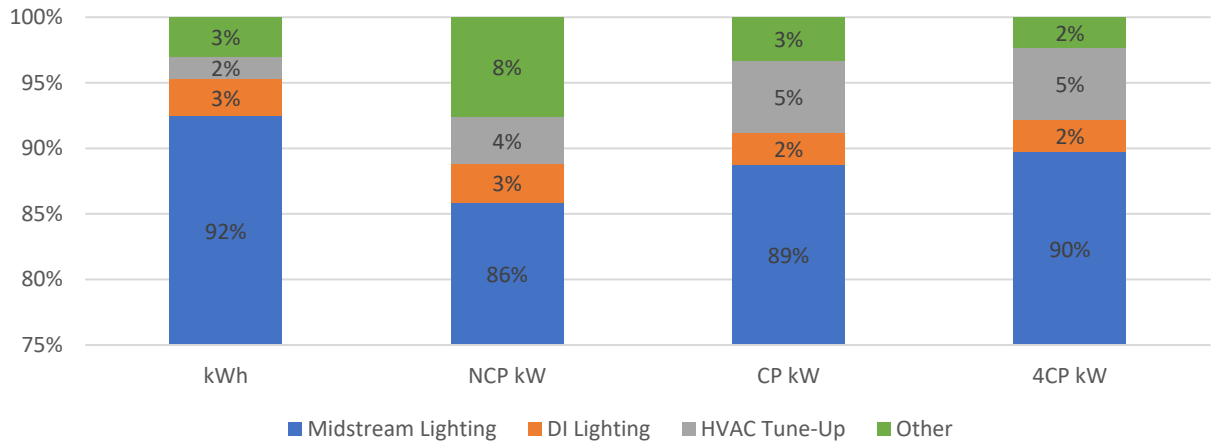


Figure 6-14: Small Business Solutions – Gross Energy and Demand Impacts by Measure[46]

Most FY 2026 lighting savings are attributable to outdoor applications, followed by office and retail based on a review of sampled projects with verified building types.

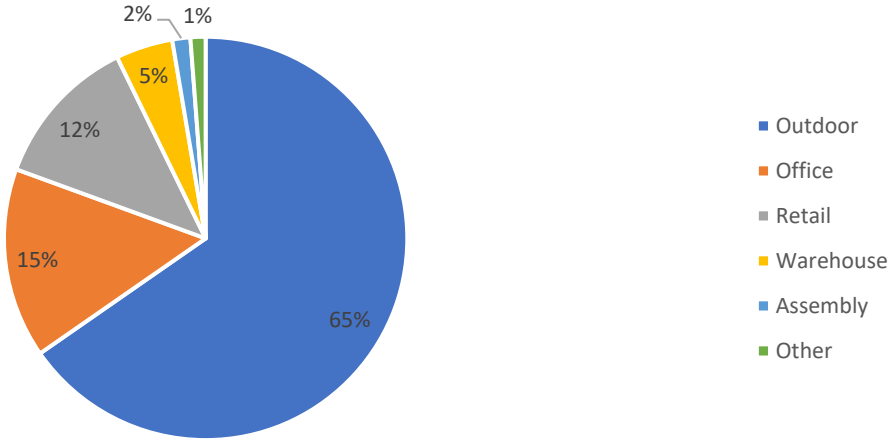


Figure 6-15: Small Business Solutions – Percent of kWh Savings by Building Type for DI Lighting

[46] Measures categorized as Other are not labeled individually in graph because they contribute less than 1 percent of savings impacts.

6.4.2 Results

A desk review was performed for a sample of projects incentivized in this program. The evaluation team selected a sample size to achieve a 90/10 percent confidence and precision interval. The savings verification results of the analyzed sample were applied to the entire program population.

Table 6-3: Small Business Solutions – Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Midstream Lighting	50,605,807	11,101.45	7,066.56	7,239.81
DI Lighting	1,573,433	382.91	195.89	198.53
HVAC Tune-Up	916,220	459.88	437.70	441.09
Air Infiltration	1,611,182	979.53	256.34	183.70
Hand Dryer	22,574	4.82	4.78	4.77
DHW	8,568	0.63	0.42	0.42
Total[47]	**54,737,784**	**12,929.22**	**7,961.70**	**8,068.33**

6.4.3 Additional Considerations

Air Infiltration

The deemed savings for this measure were updated in the FY 2027 Guidebook. Ensure program savings calculations are referencing the most up-to-date savings information.

Domestic Hot Water (DHW)

Commercial DHW measures are newly added to the FY 2027 Guidebook. Verify that savings algorithms and assumptions align with the latest Guidebook version.

PTAC Seals

The program implementor expressed interest in installing or replacing the seals around packaged terminal air conditioning (PTAC) units in small lodging applications. After reviewing the existing commercial entrance and exit door air infiltration methodology, the evaluation team conditionally approved the use of those savings for this alternate application.

[47] The sum of the individual measures may not match the total due to rounding.

6.5 COMMERCIAL PROGRAM RECOMMENDATIONS

The CPS Energy Guidebook is updated annually to add new measures and refine savings algorithms and input assumptions. The evaluation team recommends updating savings calculations to align with the latest Guidebook version to ensure consistency between claimed and evaluated savings.

The evaluation team has identified specific recommendations related to savings calculations and program documentation in a separate memo to program administrators. In addition to these savings calculations and documentation recommendations, the evaluation team makes the following general recommendations for commercial program offerings:

6.5.1 General Lighting Recommendations

- All calculated savings for GSL LEDs should use the reduced 45 lumens per watt tier 2 baseline outlined in the CPS Energy Guidebook.
- Savings should be claimed separately by measure life category. Specifically, savings should distinguish between fixture and control savings.
- Update commercial lighting fixture codes to align with the latest publication on the Texas Efficiency website at texasefficiency.com/dse.

6.5.2 General HVAC Recommendations

- Ensure projects are updated to latest calculator versions. There were a few projects reviewed on an older calculator version with Early Retirement capacity errors, which were noted to be fixed in a later calculator version.
- Consider updating the HVAC calculator to accept removed equipment heating capacity as an input to be used in early retirement heat pump calculations. The current calculator uses the removed equipment cooling capacity in heating savings calculations.

6.5.3 Commercial & Industrial Solutions (C&I) and Schools & Institutions (S&I)

- Lighting
    - The FY 2027 CPS Energy Guidebook provides clarification on interior new construction controls factors. Ensure that the latest calculator versions follow the updated algorithm.
- HVAC tune-ups
    - Photo documentation provided for 99% of the requested tune-ups did not align with the TX TRM requirements or M&V plan specifications, specifically photos showing HVAC components before and after cleaning or the tune up in progress.
    - Invoices were not provided to validate site address, model number, and tune-up date.

  - Ensure projects are using the most appropriate building type. 39% Of reviewed tune ups required a building type adjustment.
  - Elevation discrepancies were noted for 51% of projects. It is recommended to use a single elevation value for the San Antonio area, specifically the elevation associated with Kelly Field (690 feet) since this is the source of TMY3 data.
  - Air filter was not reported as "cleaned" for 52% of reviewed tune-up projects where the baseline condition was reported as "somewhat dirty", "medium dirty", or "extremely dirty". Replacing a dirty filter is a key step of the tune up process.

- Envelope
  - Ensure calculators use the latest deemed savings values for entrance & exit door air infiltration. The measure savings were updated in FY 2026 and again in FY 2027.
  - Some window treatment measures were reported with no CP or NCP kW savings, even though the CPSE Guidebook provides demand savings factors.
  - Check that NCP and CP demand savings are reported accurately for cold storage direct install weatherstripping measures.
- Refrigeration
  - Ensure the correct demand factors are used for NCP and CP demand savings. A solid/glass door reach in measure was reported with the same values for NCP and CP demand savings.
- Domestic Hot Water (DHW)
  - These measures are newly added to the FY 2027 CPS Energy Guidebook.
  - Use the specified water supply temperatures for NCP and CP savings calculations.
- Behavioral and Custom:
  - Project reporting for SEM measures should include the modeled coincident peak kW savings.

6.5.4 Small Business Solutions (SBS)

- Midstream Lighting:
  - Update QPL assumptions to incorporate desk review feedback from evaluation findings.
- Direct-Install Lighting:
  - Reported building type should match business function and location type.
  - Provide DesignLights Consortium (DLC) or ENERGY STAR rating certificates for all

qualifying equipment and for all projects.

- Pre-implementation documentation should include photos of original lamps and fixtures, both close-up and installed. Stock photos or photos re-used from previous projects are not allowed.
- Interior fixture installation location should be accurately reported as conditioned or unconditioned space.

- Air Infiltration:
  - Reported gap widths should align with photo documentation.
  - HVAC equipment nameplate photos (including both indoor and outdoor units for split systems) must be provided to verify heating type.
- Faucet Aerators/Low Flow Showerheads:
  - Ensure that savings calculations and assumptions reflect the most recent version of the CPS Energy Guidebook.
  - Provide documentation of water heating type.
- HVAC Tune-up:
  - See recommendations from C&I/S&I section.

7. DEMAND RESPONSE PROGRAMS

7.1 SUMMARY OF DEMAND RESPONSE IMPACTS

Since early 2000, CPS Energy has engaged customers through various demand response (DR) programs. The DR program portfolio reaches both residential and commercial markets, with end-uses primarily focused on thermostats. Some programs are actively offered to customers, while other legacy programs are in maintenance mode and not accepting new customers. Active programs will continue to grow as the programs move forward, and legacy programs will continue to decline with program attrition.

DR benefit-cost calculations only account for the incremental impacts of new participants added in the current fiscal year, consistent with the approach used in all energy efficiency program benefit-cost calculations. C&I DR is an exception, using impacts from all active participants for benefit-cost calculations.

The following were active programs accepting new enrollments for FY 2026: Bring Your Own Thermostat (BYOT), Direct Install Thermostats, Power Players, and Commercial & Industrial (C&I) Demand Response. All other programs are legacy programs not open for new enrollments, though CPS Energy is still actively managing them.

Residential Thermostat Demand Response

In FY 2026, CPS Energy offered the following residential DR programs:

Bring Your Own Thermostat (BYOT) – CPS Energy partners with EnergyHub and Resideo to offer customers who purchase or already own various brands of smart thermostats an opportunity to participate in CPS Energy's Wi-Fi Thermostat Rewards program.

Direct Install Thermostat Programs – CPS Energy offers thermostat installation programs, which offer a free smart thermostat device.

- The Home Energy Assessment (HEA) program is currently installing Google Nest, Emerson Sensi, and Honeywell thermostats.
- The Casa Verde Weatherization (WX) program installs Wi-Fi thermostats for income-eligible residential customers at no cost.

All devices on BYOT and Direct Install Thermostat Programs are hosted on either EnergyHub or Resideo platforms. The following table lists thermostat brands by platform.

Table 7-1: DR Summary – BYOT/Direct Install Thermostat Brands by Platform

Platform	Thermostat Brands
Resideo	Google Nest, Honeywell Home, Sensi, Emerson, Amazon
EnergyHub	ecobee, Honeywell Home, Alarm.com, Lux Products

The table below shows the EOFY participation in FY 2026 dropped by 12 percent compared to that in FY 2025.

Table 7-2: EOFY Participation Comparison

DR Program	EOFY 2025 Device Count	EOFY 2026 Device Count	% Decrease
BYOT	45,905	44,008	4%
Direct Install	16,369	11,023	33%
Total	**62,274**	**55,031**	**12%**

While thermostat demand response participation and savings decreased in FY 2026, program performance would be comparable to previous fiscal years if not for the following:

- Direct Install: In 2026, Google Nest no longer supported 1st and 2nd generation Google Nest devices, leaving only Nest E, 3rd and 4th generation devices able to participate.
- BYOT: Every month, CPS Energy performs a device validation process for residential DR thermostats. If no signal is received from a device, CPS Energy will email the customer up to 5 times during a 180-day period. Should the customer not respond or take action to reconnect, they are then removed from the program.
- Starting in FY 2026, the account number associated with each device number was used to calibrate the device/account ratio estimate used in previous years. The ratio was updated from 1.19 in FY 2025 to 1.26 in FY 2026. This ratio was used for all thermostat DR programs.

Legacy Smart Thermostat – This program launched in 2003 and has been running for more than 20 years. Customers were provided with free Honeywell Pager type thermostats and no-cost installation. Thermostats are engaged to cycle off the compressors of participating air conditioners during periods of peak summer demand. This program is a legacy program that is no longer accepting new enrollments. Existing customers are eligible for free upgrades through the Direct Install Thermostat Programs.

Legacy Direct Install Thermostat Programs:

- The Direct Install (DI) program launched as an effort to replace Home Manager Consert devices previously installed in customer residences by CPS Energy. This program offered Home Manager participants one or more Google Nest thermostats at no cost.
- The Mail Me a Thermostat (MMAT) program was a first-of-its-kind pilot where CPS Energy mailed customers one or more pre-enrolled Google Nest thermostats.

Residential Behavioral Demand Response

Power Players Program – CPS Energy partners with Oracle Opower to implement a Behavioral Demand Response (BDR) program for residential customers. Participants receive messaging encouraging them to make minor adjustments to their residence's energy use on peak energy days.

Commercial Demand Response

Commercial & Industrial (C&I) DR – C&I customers are incentivized to curtail during times of peak demand. C&I DR customers lower their energy demand for a one- to three-hour curtailment period, and incentives are tied to performance during this period. CPS Energy offers several commercial DR participation paths: Options 1-4 and an Automated Demand Response (ADR) option. Starting in FY 2025, a new program offering called Bonus Hours was added in the C&I DR program portfolio. These options are described in Section 7.6.

Demand Response 4CP Impact

In FY 2026, CPS Energy DR programs continued to leverage their active and legacy DR programs to alleviate price volatility and balance several overall goals through the following strategies:

- Load shedding to avoid ERCOT 4CP peak
- Load reduction during CPS Energy load zone peak times, which typically occur slightly after ERCOT 4CP peak
- Maximizing grid resiliency
- Overall NCP load reduction goals
- Cost effectiveness of each DR program

As ERCOT 4CP moved to a later time, CPS Energy DR programs managed to achieve significantly higher 4CP success rates in FY 2026 compared to FY 2025, yielding higher 4CP kW and transmission cost savings. The following table compares the 4CP success rate for all DR programs between FY 2025 and FY 2026. Average FY 2026 4CP success rate across all DR programs was 83 percent, representing a significant increase compared to FY 2025.

Table 7-3: FY 2026 vs FY 2025 DR 4CP Success Rate Comparison

DR Program	FY 2026 4CP Success Rate	FY 2025 4CP Success Rate
C&I DR - Option 1	50%	50%
C&I DR - Option 2	75%	50%
C&I DR - Option 3	50%	0%
C&I DR - Option 4	75%	50%
C&I DR - ADR	100%	50%
Residential DR – Resideo Platform (except Google Nest)	100%	50%
Residential DR – Resideo Platform (all other)	100%	50%
Residential DR – EnergyHub Platform	100%	50%
Residential DR – Smart Thermostat (traditional cycling thermostats)	100%	50%
Power Players	75%	50%
Total	**83%**	**45%**

DR Savings Summary by Program

The contribution of each DR program to energy and peak demand savings is shown in Figure 7-1 through Figure 7-3. In Table 3-1 and Table 10-1, estimated savings are reported from all active participants to most accurately represent actual program capability at the end-of-fiscal-year (EOFY) 2026. These savings are measured at the participant or end-user level and are adjusted to account for discount rate and distribution line losses.

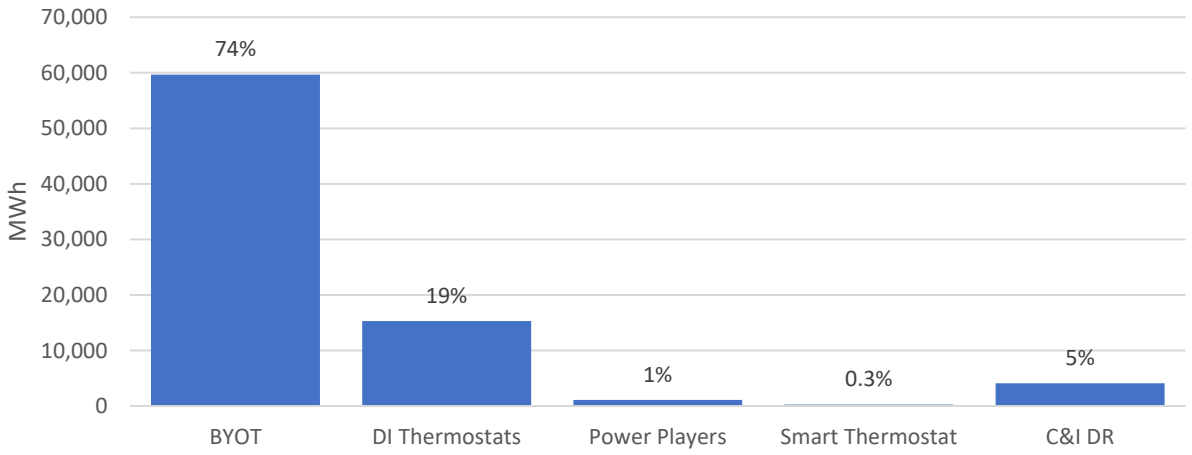


Figure 7-1: DR Summary – Energy (MWh) by Program

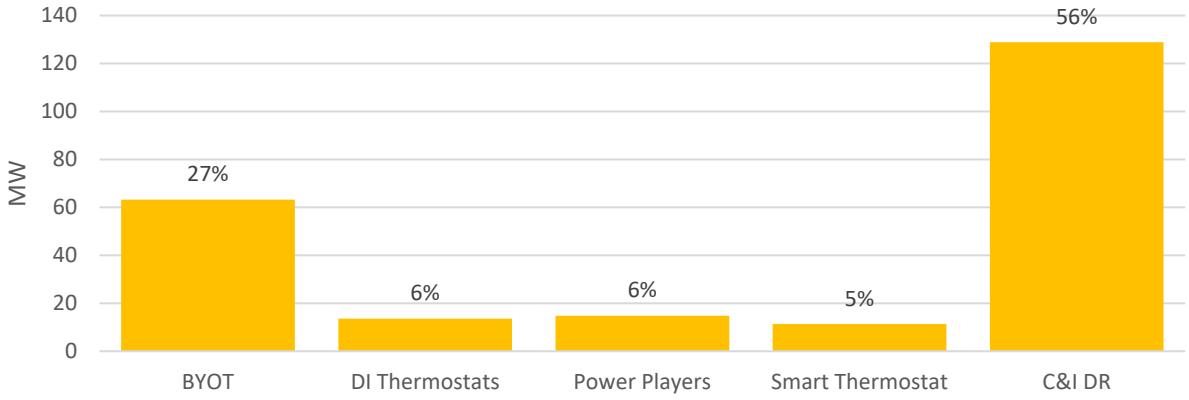


Figure 7-2: DR Summary – Non-Coincident Peak Demand (MW) by Program

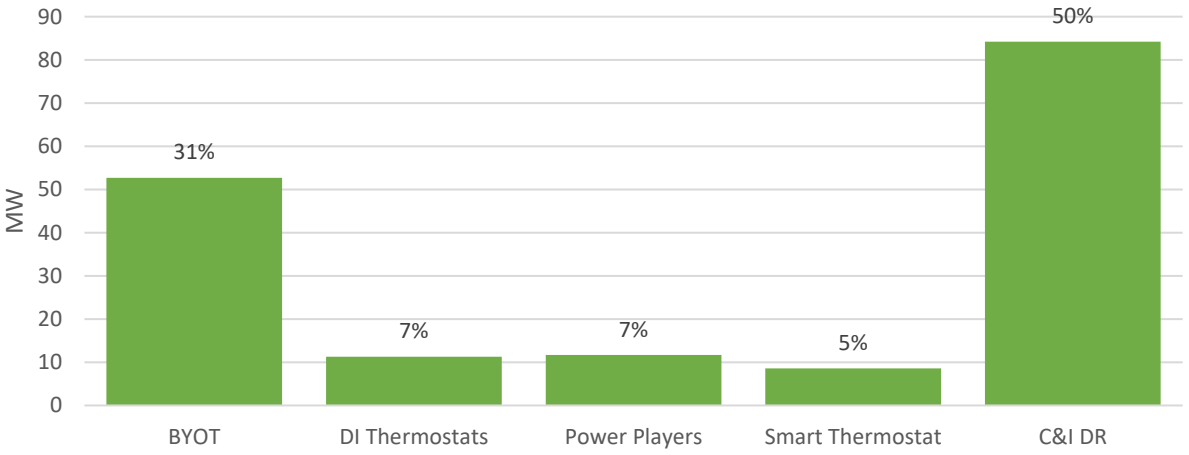


Figure 7-3: DR Summary – Coincident Peak Demand (MW) by Program

7.2 BRING YOUR OWN THERMOSTAT (BYOT) PROGRAM

7.2.1 Overview

The Bring Your Own Thermostat (BYOT)[48] program integrates customer-provided thermostats with CPS Energy load curtailment events. The program launched in FY 2015 when CPS Energy partnered with Google Nest to implement the Rush Hour Rewards (RHR) pilot program for customers with Google Nest thermostats. This has evolved into a more broadly defined program, offering incentives to customers who self-install any of several qualifying thermostats. In FY 2024, Emerson BYOT and Honeywell BYOT migrated to the Resideo platform. As of FY 2026, BYOT program hosts 44,008 customer devices. Refer to Table 7-1 for a list of thermostat brands by platform.

The key differentiator of BYOT relative to other residential DR programs is that the customer purchases and installs a qualifying thermostat, thus reducing direct install costs incurred by CPS Energy. Customers enrolling in the program receive a one-time bill credit of $85 per thermostat device and an annual $30 bill credit at the end of each summer they participate in the program.

7.2.2 Program Participation

BYOT Program Level Overall Participation Trends

The following figure shows the number of enrolled BYOT devices by platform from FY 2023 to FY 2026.

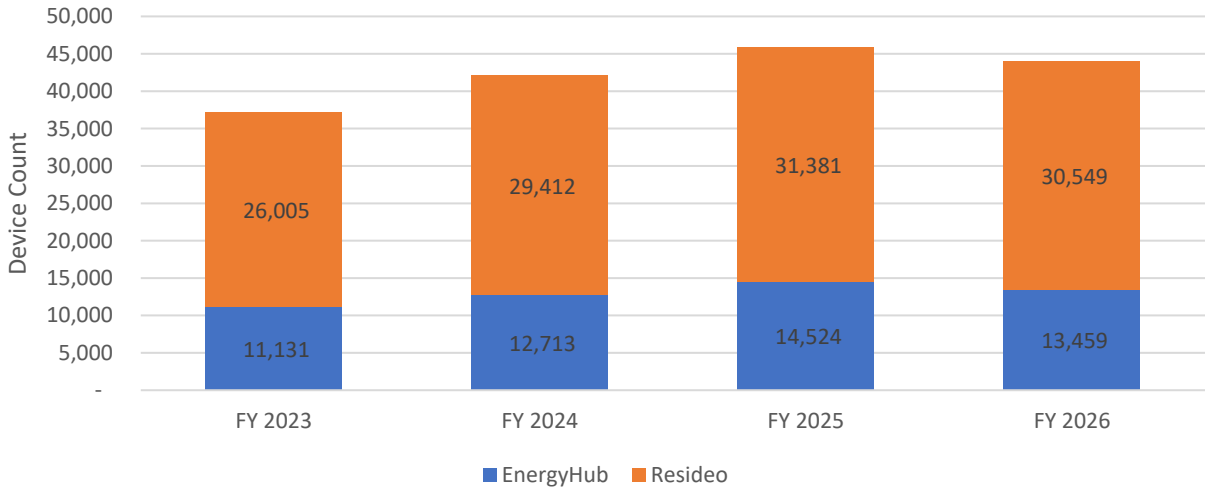


Figure 7-4: BYOT – FY 2023-2026 Participation Trends[49]

[48] CPS Energy externally markets this program as Wi-Fi Thermostat Rewards: https://cpsenergy.com/wifithermostatrewards.
[49] Starting in FY 2022, Google Nest devices were incorporated into the Resideo platform. However, Nest has its own event-calling schedule, which is different from other thermostat brands on the Resideo platform.

The total number of BYOT devices dropped slightly in FY 2026, with participation levels decreasing on both the Resideo and EnergyHub platforms. The following figure shows EOFY participating BYOT thermostat counts by thermostat brands and their corresponding platform. Google Nest thermostats account for more than half (51%) of the total EOFY BYOT thermostats. Thermostats on EnergyHub platform account for 31 percent of the total, with Alarm. com thermostat at 9 percent and ecobee at 22 percent. The remaining 18 percent is made up of other brands, such as Honeywell and Emerson on the Resideo platform.

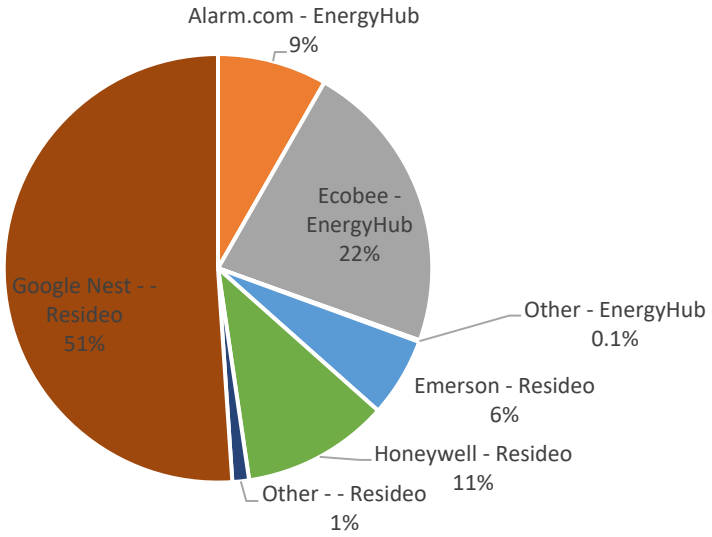


Figure 7-5: BYOT – EOFY 2026 Participating Thermostats by Brand and Platform

The following figure shows BYOT thermostat distribution among the 7,799 new thermostat enrollments. Google Nest thermostats contributed the largest proportion of incremental counts at 52 percent, followed by EnergyHub and Other at 24 percent each.

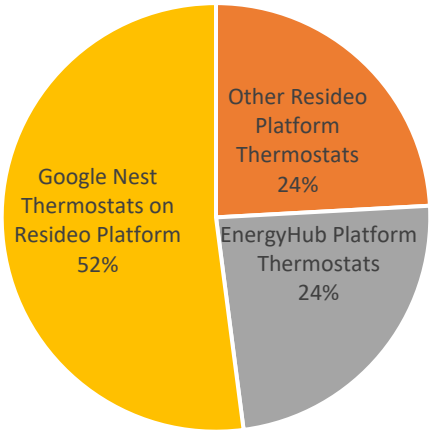


Figure 7-6: BYOT – Incremental Participating Thermostats by Category

7.2.3 Savings Calculation Method

Per-Device kW and kWh Savings

Starting in FY 2021, BYOT demand and energy savings were calculated using actual interval consumption data. There are two separate data sources for raw consumption interval data:

- CPS Energy residential DR dashboard: This data source contains aggregated 15-minute interval data for thermostats in residential dwellings. CPS Energy developed and launched the residential DR dashboard in FY 2021. The DR dashboard aggregates 15-minute interval kW load with daily number of accounts by thermostat platform or cycling category. For the Resideo platform, thermostat brands included Google Nest, Honeywell, Emerson and other brands. For the EnergyHub platform, thermostat brands included ecobee, Alarm.com, and other brands.
- 15-minute interval kWh AMI data: This data source is used for analyzing small commercial thermostat savings. For the Energy Hub platform, thermostat brands included Alarm.com and ecobee. For the Resideo platform, thermostat brands included Amazon, Emerson, Google Nest, and Honeywell.[50]

[50] The Resideo platform hosted thermostats from both the BYOT and Direct Install programs (referred to as "Smart Thermostat Upgrade" in section 7.3, these are units installed through the HEA and WX programs) in the summer of 2025. Thus, savings results generated from the Resideo category on CPS Energy's residential DR dashboard apply to both residential thermostats from the BYOT program and Wi-Fi thermostats from the Direct Install program.

Savings analyses are conducted in the following steps:

Step 1: Convert CPS Energy residential DR dashboard interval consumption data and AMI raw interval data into averages on a per-account basis by each category. For each category on the residential DR dashboard, dividing aggregated interval kW by the corresponding account count yields average per-account kW. For small commercial AMI customers, multiply the 15-minute interval mean kWh for each category by four to obtain average per-account kW.

Step 2: For each event, use two methodologies: temperature-based regression and CPS Energy's top 3-of-10 analysis.

For each event, take the event day along with the previous 10 eligible days, and use those 11 days to perform the following:

(1) Regression: Average per account kW is modeled as a function of an *event* dummy variable indicating whether a time period is within the event period, a *precool* dummy variable indicating whether a time period is within the one-hour precool period before each event,[51] a *snapback* dummy variable indicating whether a time period is within the two-hour snapback period right after each event, a *cdh* variable (cooling degree hours, with a balance point set as 65°F), a *cdh-squared* variable (cooling degree hours squared, to account for the non-linear relationship between temperature an load to some extent), and 3 *time-of-day* dummy variables indicating time of day – 12:00-6:00 a.m., 6:00 a.m.-12:00 p.m., 12:00-6:00 p.m. or 6:00 p.m.-12:00 a.m. The model equation can be expressed as follows:

$$kW_t = \beta_0 + \beta_1 \times event_t + \beta_2 \times precool_t + \beta_3 \times snapback_t + \beta_4 \times cdh_t^2 + \beta_5 \times cdh_t + \sum_{i=6}^{8} \beta_i \times time - of - day_t$$

$-\beta_1$ is the estimated kW load reduction per account during a certain event with regression method. Similarly, β_2 is the estimated kW precool and β_3 is the estimate kW snapback per account during a certain event. Net energy (kWh) savings per account are calculated as $-\beta_1$ x event duration $-\beta_2 - \beta_3$ x 2 hours.

(2) CPS Energy's high 3-of-10 baseline analysis. This methodology ranks the last ten eligible days based on total kWh during the event period. The three days with the highest kWh during the event period are selected. These three days are averaged for each interval to create a calculated baseline. An adjustment ratio to the calculated baseline is applied to factor in weather effects and customer operation levels on the event day. The adjustment ratio is calculated as the ratio between the average kW of the event day versus the three baseline days during the one-hour adjustment window just before the precool period or event period (if there is no precool

[51] There was no obvious precooling consumption pattern for traditional 33% and 50% cycling thermostats and this dummy variable was therefore not included.

period). The average kW difference during the event period is the kW savings estimate. The kWh difference during the combination of one-hour precool period, event period and two-hour snapback period is the estimated net kWh savings under the high 3-of-10 baseline analysis.

Step 3: Select the methodology that has the lowest Root Mean Square Error (RMSE) during the test period. Compare the RMSE of these two analyses during the test period and select the results generated by the methodology that has the lower RMSE. Here, the test period consists of four separate periods. The first three periods are the event time periods during the top previous three days (i.e., the three baseline days illustrated in the high 3-of-10 baseline analysis section above); the last period is 10:00 a.m.-2:00 p.m. during the event day. Using the EnergyHub platform during the June 6, 2025, 3:30-5:30 p.m. event as an example, the following table compares savings using the two methodologies (regression and high 3-of-10 baseline analysis).

Table 7-4: BYOT – Example Per-Account kW and kWh Savings Analysis Process

Methodology	Estimated Per-Account kW Savings	Estimated Per-Account Precool kW savings	Estimated Per-Account Snapback kW Savings	Estimated Per-Account Net kWh Savings (During Event)	RMSE
Regression	1.21	0.75	0.22	1.22	0.14
High 3-of-10	1.34	0.72	0.26	1.46	0.10

As shown above, the RMSE of the high 3-of-10 methodology is lower than that of the regression methodology (0.10 vs. 0.14), indicating a better fit during the test period. As a result, the savings from high 3-of-10 were selected, yielding final per-account savings of 1.34 kW and 1.46 kWh[52].

The following figure shows the EnergyHub platform thermostat event day versus the baseline load profile on June 6, 2025. Other platform categories are calculated in a similar manner.

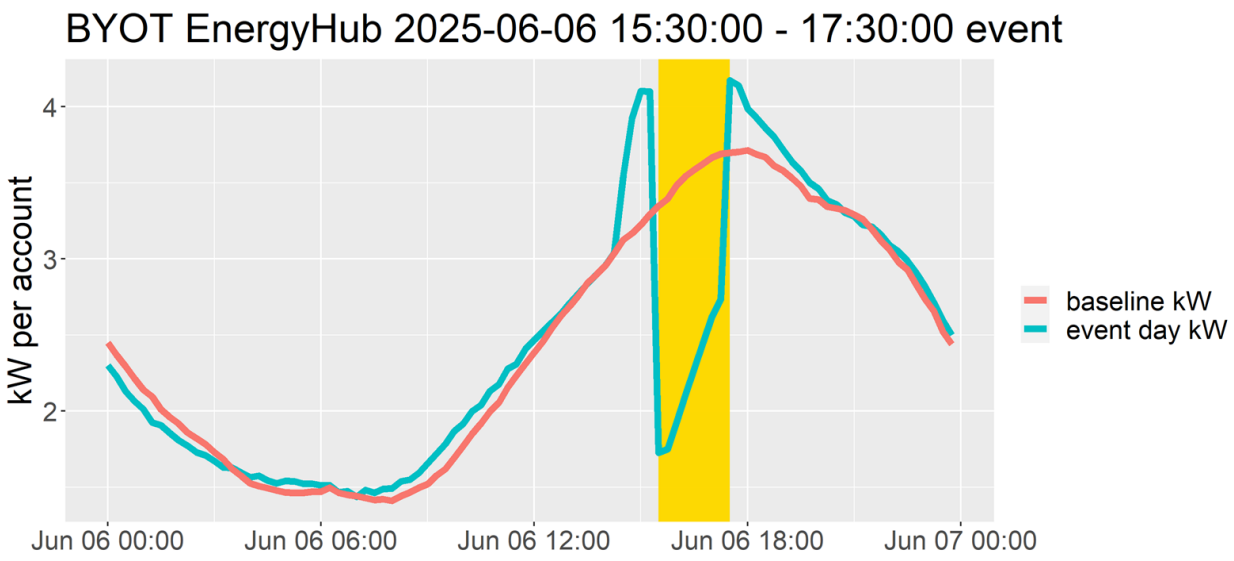


Figure 7-7: BYOT – Example Per-account Load Profile vs. Baseline Profile – June 6, 2025 Event

kWh Savings for Wi-Fi Thermostats

The CPS Energy Guidebook specifies a deemed annual savings of 1,317 kWh per thermostat.

Coincident Peak (CP) Demand Savings (kW)

To compute CP kW savings, the per-device demand savings value are multiplied by the total number of devices for each event. The claimed achieved CP kW savings are the average kW savings during high temperature standard events.[53] Scaling the average CP kW savings by the EOFY customer count and newly installed customer count yields EOFY and incremental CP kW savings, respectively.

Non-Coincident Peak (NCP) Demand Savings (kW)

Achieved NCP kW savings for residential DR programs (Smart Thermostat, BYOT, Direct Install Thermostats) are the savings during the day when maximum demand savings of all residential DR programs occurred among all events. In the summer of 2025, all residential DR programs reached maximum program level demand reduction during the 8/8/2025 event. Therefore, the kW savings on 8/8/2025 are used as the NCP kW savings for BYOT program. Scaling the average NCP kW savings by the EOFY customer count and newly installed customer count yields EOFY and incremental NCP kW savings, respectively.

[53] The high-temperature threshold is set as 95°F for the event period (i.e., only events that occurred at 95°F or higher are included in the CP calculation).

7.2.3.1 ERCOT 4CP Demand Savings (kW)

In the summer of 2025, thermostats on Resideo platform, EnergyHub platform and Google Nest thermostats all successfully hit all four 4CP intervals, with a success rate of 100 percent. To estimate the 4CP kW savings, kW savings were estimated for each event, selecting the events that coincided with the ERCOT 4CPs, and multiplying the result by the ERCOT 4CP success rate. Scaling the average 4CP kW savings by the EOFY customer count and newly installed customer count yields EOFY and incremental 4CP kW savings, respectively.

7.2.4 Results

Program impacts are presented in four data categories:

1) Average per-account kW and net kWh savings by thermostat type during the summer of 2025 DR events.
2) Verified program impacts during the summer of 2025 DR events.
3) EOFY program capability based on program enrollment at the EOFY 2026.
4) EOFY program capability based on incremental enrollment during FY 2026. This information is used for program benefit-cost analysis, consistent with the methods used for energy efficiency programs.

Per-Device Average kW and Net kWh Savings

The following table shows the per-device and per-event (with both usual and voluntary events included) average kW and net kWh savings by thermostat category.

NCP is defined as the date with the highest total kW savings across all residential DR programs. CP is defined as the average kW savings for all events occurring at temperatures at or above 95 °F. In FY 2026, that date corresponding to the defined NCP yielded lower savings compared to CP. The EnergyHub small commercial category only accounts for approximately 0.1% of total residential DR savings, and the overall residential DR NCP exceeds overall CP.

Table 7-5: BYOT – Per-Account Average kW and Net kWh Savings by Thermostat Category

Platform	Brand	Dwelling Type	Average Per-Account CP kW Savings	Average Per-Account NCP kW Savings	Average Per-Account Per-Event Net kWh Savings
EnergyHub	ecobee, Alarm.com & Other	Residential	1.31	1.41	1.22
		Small commercial	1.44	1.14	1.39
Resideo	Google Nest	Residential	1.37	1.80	1.29
		Small commercial	1.54	2.14	1.94
Resideo	Emerson, Honeywell, Amazon & Other	Residential	1.24	1.39	1.25

Achieved Impacts

Event schedules vary between platforms. The following table shows the number of events called and the average event duration for each category.

Table 7-6: BYOT – Event Number and Duration Summary by Platform

Platform	Brand	# of Events Called	Average Event Duration
EnergyHub	ecobee, Alarm.com & Other	21	1.87
Resideo	Google Nest	20	1.95
Resideo	Emerson, Honeywell, Amazon & Other	23	1.72

BYOT program-level total achieved impacts ranged from 7,658 kW (6/20/2025) to 64,488 kW (8/8/2025), with the Google Nest thermostats contributing most of the kW savings across all events except for those where there were no participating Google Nest thermostats. These demand reduction estimates by thermostat brand are shown below.

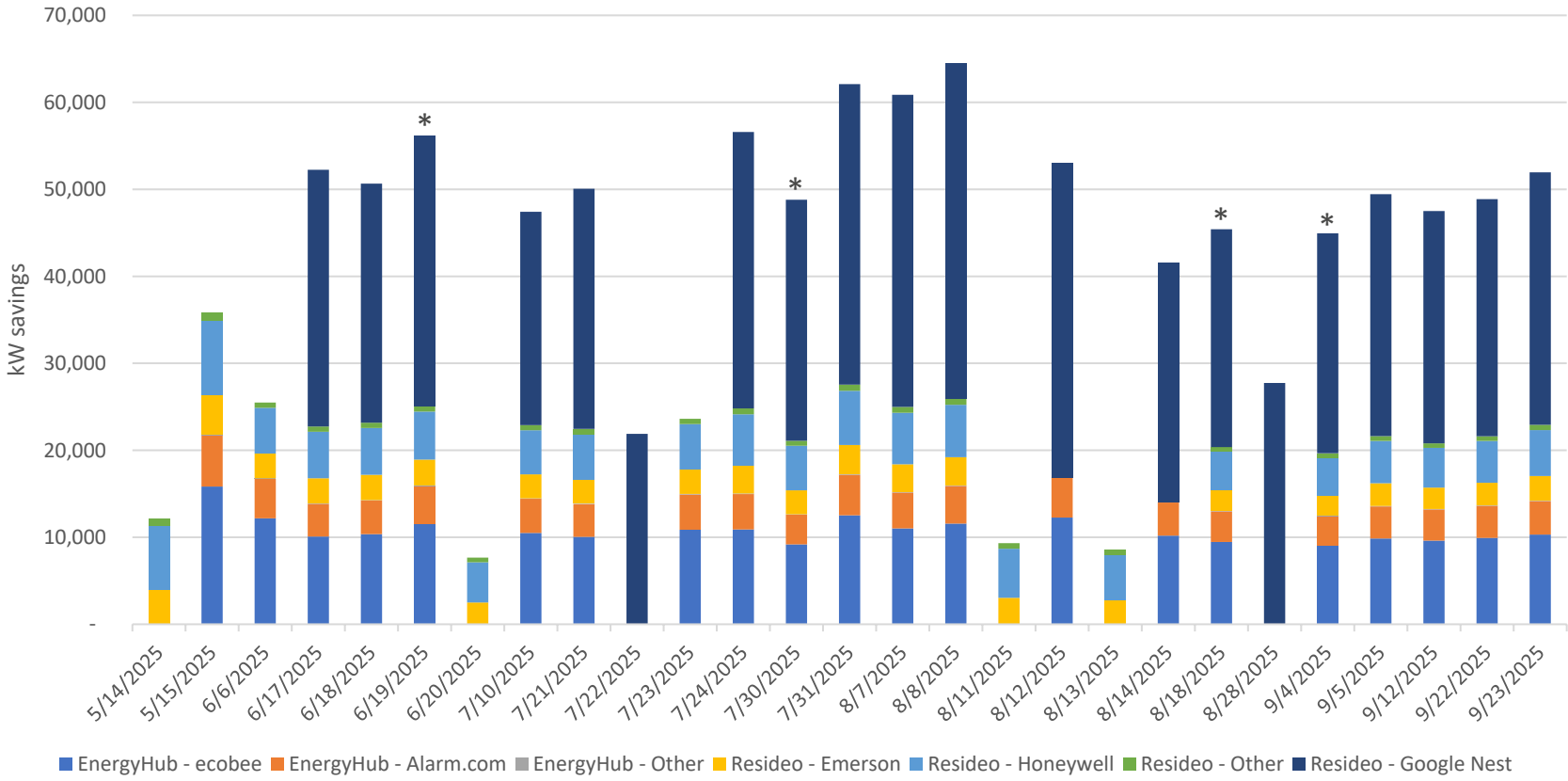


Figure 7-8: BYOT – Summer of 2025 Achieved Demand Reduction[54]

[54] Events coinciding with ERCOT 4CP intervals are designated with an asterisk (*).

The following table shows the achieved energy and demand savings achieved. For each type of thermostat, coincident peak demand savings are the average of estimated savings during high-temperature events. ERCOT 4CP savings are the average estimated savings during ERCOT 4CP events, multiplied by success rate. Non-coincident peak savings are the savings that occurred on August 8, 2025, which is the maximum demand savings day for all residential DR programs combined among all FY 2026 events. Total savings are presented as the sum of the savings achieved by each thermostat brand.

Table 7-7: BYOT – Achieved Gross Energy and Demand Savings

Platform	Thermostat Brand	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
EnergyHub	ecobee	13,074,925	11,577	10,887	9,812
	Alarm.com	4,875,645	4,317	4,060	3,659
	Other	72,311	64	60	54
Resideo	Emerson	3,975,654	3,245	2,976	2,616
	Honeywell	7,376,243	6,021	5,522	4,854
	Google Nest	33,632,212	38,581	29,234	27,290
	Other	836,185	683	626	550
	Total	**63,843,176**	**64,488**	**53,366**	**48,835**

End-of-Fiscal Year Program Capability

The following table shows EOFY program capability based on EOFY enrollment.

Table 7-8: BYOT – EOFY Gross Energy and Demand Savings

Platform	Thermostat Brand	EOFY Enrollment	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
EnergyHub	ecobee	9,764	12,859,188	11,551	10,800	9,899
	Alarm.com	3,641	4,795,197	4,307	4,027	3,691
	Other	54	71,118	64	60	55
Resideo	Emerson	2,634	3,468,978	3,245	2,922	2,642
	Honeywell	4,887	6,436,179	6,021	5,422	4,902
	Google Nest	22,474	29,598,258	32,194	24,555	23,016
	Other	554	729,618	683	615	556
	Total	**44,008**	**57,958,536**	**58,065**	**48,400**	**44,761**

Incremental Impacts

The following table shows incremental impacts used in benefit-cost analysis based on gross incremental enrollment during the program year.

Table 7-9: BYOT – Gross Incremental Energy and Demand Savings

Platform	Gross Incremental Enrollment	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
EnergyHub	2,600	3,424,200	2,614	2,444	2,240
Resideo (Google Nest only)	6,197	8,161,449	7,313	5,578	5,228
Resideo (all other)	2,476	3,260,892	2,609	2,350	2,125
Total[55]	**11,273**	**14,846,541**	**12,536**	**10,371**	**9,593**

[55] Same as previous footnote.

7.3 DIRECT INSTALL THERMOSTATS

7.3.1 Overview

The Direct Install Thermostats program launched in FY 2018. There are several subcategories within Direct Install program - Home Energy Assessment (HEA), Weatherization (WX), Mail Me a Thermostat (MMAT), Home Manager Replacement Direct Install (DI), and Smart Thermostat Upgrade (STU).

The HEA and STU subcategories are currently active direct install programs enrolling new participants. The other subcategories are legacy offerings that retain their previously-enrolled participants.

7.3.2 Program Participation

The following figure shows participation trends for this program from FY 2023 to FY 2026. Overall, FY 2026 active new participation decreased compared to FY 2025, with 1,245 active new program thermostat installations. Among these thermostats, there were 207 Google Nest, 532 Emerson, and 506 Honeywell thermostats. Compared to FY 2025, EOFY device count for residential STU participants dropped from 7,095 to 4,641, and commercial participation decreased from 1,366 to 477.

The figure below summarizes EOFY 2026 active programs and legacy programs participation.

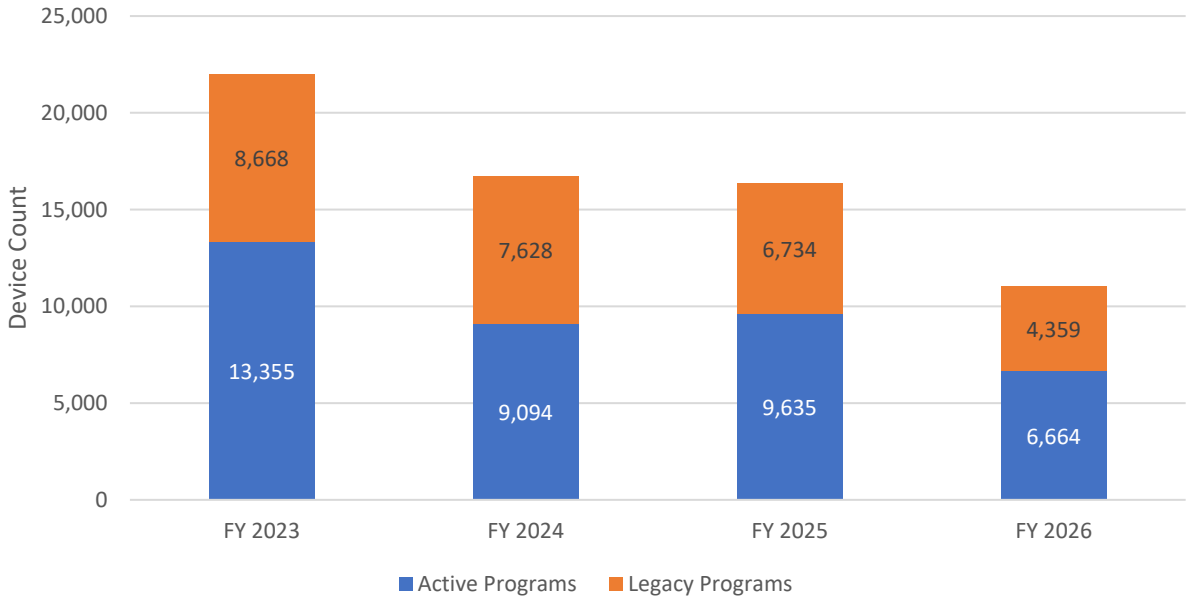


Figure 7-9: Direct Install Thermostats – Participation Trends

7.3.3 Savings Calculation Method

Per-Device kW and kWh Savings

EnergyHub and Resideo thermostats received the same DR scheduling for their respective platforms as in other programs. Participating thermostats are managed on the same platforms as thermostats in other residential DR programs, and savings are calculated using the same methods. Per-device demand and energy savings by event can be estimated in the same manner as illustrated in section 7.2.3. Those per-device savings are directly applied to the Direct Install program.

Table 7-10: Direct Install Thermostats – Per-Device Savings by Platform

Platform	Brand	Dwelling Type	Per-account CP kW savings	Per-account NCP kW savings	Per-account 4CP kW savings	Per-account annual kWh savings[56]
EnergyHub	ecobee, Alarm.com & Other	Residential	1.31	1.41	1.21	–
Resideo	Google Nest	Residential	1.37	1.80	1.29	–
Resideo	Emerson, Honeywell, Amazon & Other	Residential	1.24	1.39	1.13	–
		Small Commercial	2.77	2.86	2.55	–

Coincident Peak (CP) Demand Savings (kW)

The per-device demand savings are multiplied by the total number of devices installed by each event to compute CP kW savings. The claimed achieved CP kW savings are the average kW savings during high-temperature events.[57] Scaling the average CP kW savings by the EOFY customer count and newly installed customer count yields EOFY and incremental CP demand savings, respectively.

Non-Coincident Peak (NCP) Demand Savings (kW)

Achieved NCP kW savings are based on the maximum event demand savings of all residential programs combined (Smart Thermostat, BYOT, Direct Install Thermostats) among FY 2026 events occurring on August 8, 2025. Multiplying the per-device NCP kW savings from the previous table by the total number of devices in the summer of 2025 yields the total achieved NCP kW savings. Scaling the average NCP kW savings by the EOFY customer count and newly installed customer count yields EOFY and incremental NCP kW savings, respectively.

[56] No annual energy savings are applied to direct install thermostats because they are reported through the HEA program in section 5.3.
[57] The high-temperature threshold is set as 95°F for the event period (i.e., only events that occurred at 95°F or higher are included in the CP calculation).

ERCOT 4CP Demand Savings (kW)

During the summer of 2025, all the thermostats in DI thermostat program coincided with all four ERCOT 4CP events, yielding a 100 percent success rate. To estimate ERCOT 4CP kW savings, we estimated the demand savings for each event, selected the events which coincided with the ERCOT 4CPs, and multiplied the result by the ERCOT 4CP success rate. Scaling the average 4CP kW savings by the EOFY customer count and newly installed customer count yields EOFY and incremental 4CP kW savings, respectively.

7.3.4 Results

Program impacts are presented in three data categories:

1) Estimated program impacts during the summer of 2025 DR events.
2) EOFY program capability based on program enrollment at the EOFY 2026.
3) EOFY program capability based on incremental enrollment during FY 2026.
   This information is used for program benefit-cost analysis, consistent with the methods used for energy efficiency programs.

Achieved Impacts

In the summer of 2025, 21 events were called for EnergyHub thermostats, 20 events for Resideo thermostats (Google Nest only), and 23 events for Resideo thermostats (all other). Event impacts ranged from 4,107 kW (6/20/2025 event) to 13,157 kW (8/8/2025 event). Calculated demand reductions are shown in the following tables.

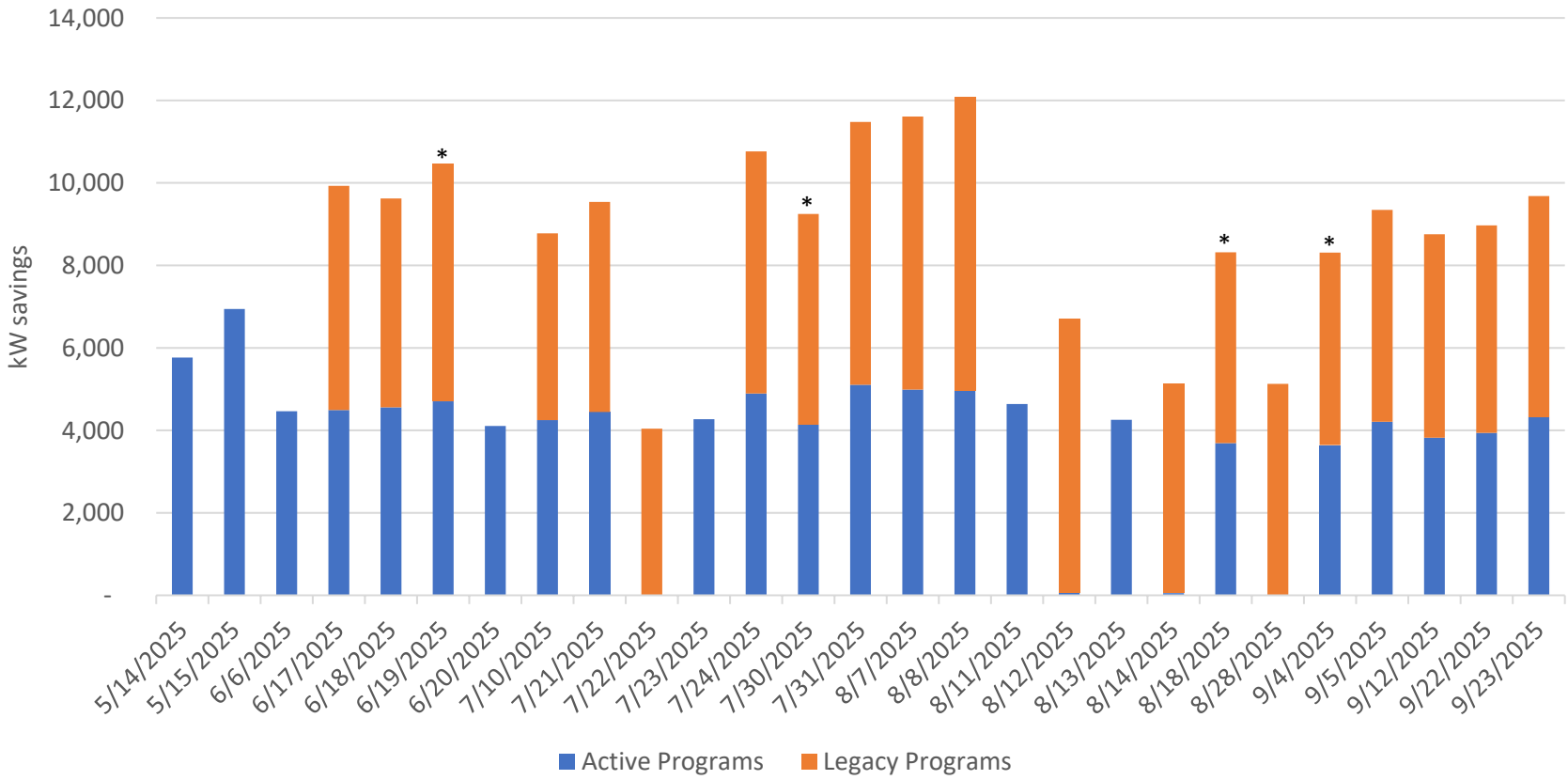


Figure 7-10: Direct Install Thermostats – Achieved Summer of 2025 Demand Reduction[58]

[58] Events coinciding with ERCOT 4CP intervals are designated with an asterisk (*).

The following table shows the achieved energy and demand savings.

Table 7-11: Direct Install Thermostats – Achieved Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Active Programs	6,835,200	6,040	5,390	4,799
Legacy Programs	6,271,029	7,118	5,395	5,037
Total[59]	**13,106,229**	**13,157**	**10,784**	**9,836**

End-of-Fiscal Year Program Capability

The following table shows EOFY program capability based on EOFY enrollment.

Table 7-12: Direct Install Thermostats – EOFY Gross Energy and Demand Savings

Measure	EOFY Enrollment	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Active Programs	6,664	8,776,488	6,509	5,810	5,291
Legacy Programs	4,359	5,740,803	5,966	4,552	4,248
Total[60]	**11,023**	**14,517,291**	**12,475**	**10,362**	**9,539**

[59] The sum of the individual measures may not match the total due to rounding.
[60] Same as previous footnote.

Incremental Impacts

The following table shows incremental impacts used in benefit-cost analysis based on gross incremental enrollment during the program year. DI, MMAT, and WX are not shown in the table below because they are legacy programs with no incremental savings.

Table 7-13: Direct Install Thermostats – Incremental Demand Savings[61]

Measure	Gross Incremental Enrollment	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
HEA	739	0	796	676	618
STU	506	666,402	523	493	451
Total[62]	**1,245**	**666,402**	**1,319**	**1,169**	**1,069**

[61] HEA energy savings are claimed separately through the HEA program in Residential Energy Efficiency, as seen in section 5.3.
[62] The sum of the individual measures may not match the total due to rounding.

7.4 SMART THERMOSTAT PROGRAM

7.4.1 Overview

The Smart Thermostat direct load control program has been available to residential sector participants in single family residences since 2003 and expanded to include multifamily and small commercial customers in 2010. The original pager-style devices for the Smart Thermostat program are no longer in production. Therefore, the program is in maintenance mode, and the enrolled customers still actively participate in the DR season. As of FY 2021, all new enrollments or upgrades are Wi-Fi enabled and have been migrated to the Resideo platform. The program will continue to experience attrition as customers unenroll or migrate to Resideo.

Through the program, cycling events occur during the summer months of May through September between the weekday hours of 3:00 p.m. - 7:00 p.m. Single family, multifamily, and small commercial customers participate at either a 33 percent cycling rate (units are cycled off for 10 minutes during each half hour) or a 50 percent cycling rate (units are cycled off for 15 minutes during each half hour).

7.4.2 Program Participation

The following figure shows overall participation throughout the fiscal year, including at the time of DR events called from June through September of 2025.

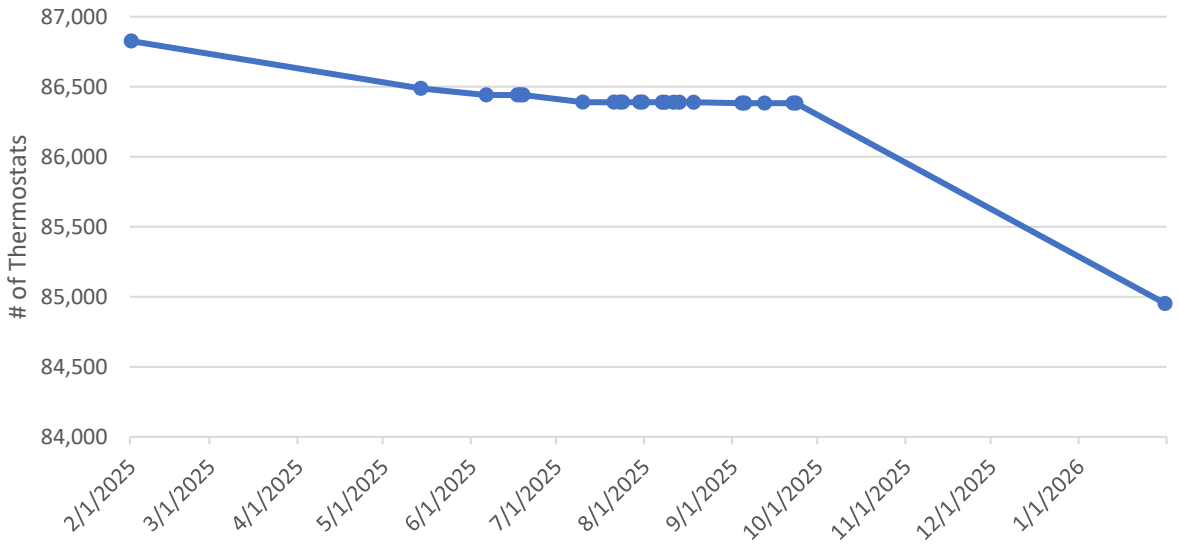


Figure 7-11: Smart Thermostat – Participation Trends

There was a 2.2 percent participation drop in overall participation in the Smart Thermostat program in FY 2026. The Smart Thermostat program has been running for more than 20 years and is no longer accepting new enrollments. As a result, there has been continuous natural participation decay among these traditional cycling thermostats.

The following figure shows participation trends by customer dwelling type over the past several fiscal years. Similar to previous fiscal years, most participating thermostats in the Smart Thermostat program are in the residential sector, with the commercial sector accounting for approximately 2.6 percent of total devices.

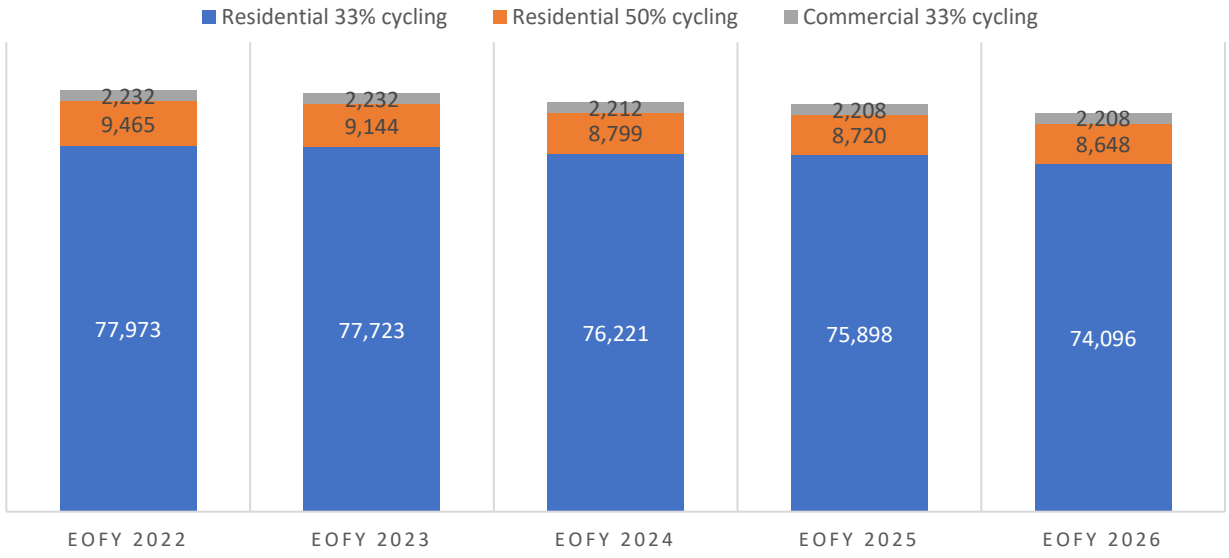


Figure 7-12: Smart Thermostat – Participation Trends by Segment

The following table shows EOFY participation levels by customer segment and cycling strategy. In FY 2026, there were 21 events called, with an average event duration of 1.67 hours.

Table 7-14: Smart Thermostat – EOFY Participation by Group

Dwelling Type	Cycling/Temperature Setback Strategy	Device Count
Residential	33% cycling	74,096
	50% cycling	8,648
Commercial	33% cycling	2,208
	50% cycling	–
	Total	**84,952**

7.4.3 Savings Calculation Methods

Per-Device/Account kW and kWh Savings

Since FY 2021, demand and energy savings have been determined using actual interval consumption data.

There were two separate data sources of FY 2026 raw consumption interval data:

- CPS Energy residential DR dashboard: This data source contains aggregated 15-minute interval data for thermostats in residential dwellings. CPS Energy developed the residential DR dashboard in FY 2021. The DR dashboard aggregates 15-minute interval kW load along with the daily number of accounts by thermostat platform or cycling category. The categories pertinent to the Smart Thermostat program are 33 percent cycling and 50 percent cycling.
- 15-minute interval kWh AMI data: This data source is used for analyzing the savings of small commercial thermostats, which are not covered in the CPS Energy residential DR dashboard. This includes per-AMI-account raw meter data from all small commercial Smart Thermostat customers.

Per-device demand and energy savings by event can be estimated in the same manner as illustrated in section 7.2.3.

Coincident Peak (CP) Demand Savings (kW)

To determine CP kW savings, the per-device kW savings were multiplied by the total number of devices by category for each event to find total demand savings. The achieved CP kW savings are the average kW savings during high-temperature standard events.[63] To estimate program level savings capability based on EOFY and incremental enrollment, the result was scaled to the number of smart thermostats at the EOFY and the number of newly installed thermostats, respectively.

Non-Coincident Peak (NCP) Demand Savings (kW)

Achieved NCP kW savings for residential DR programs (Smart Thermostat, BYOT, and Direct Install Thermostats) are the savings on the day when the maximum demand savings of all residential DR programs occurred among all FY 2026 events. In the summer of 2025, with all residential DR programs combined, maximum program level demand reduction was reached during the August 8, 2025 event, so the kW savings value from the event day is used as NCP demand savings for the Smart Thermostat program. Scaling the average NCP kW savings by the EOFY customer count and newly installed customer count yields EOFY and incremental NCP kW savings, respectively.

ERCOT 4CP Demand Savings (kW)

During the summer of 2025, Smart Thermostat program hit all four of the four ERCOT 4CP events, with a program-wide success rate of 100 percent. To report the ERCOT 4CP kW savings, we estimated the total demand savings for each event, selected the events which coincided with ERCOT 4CP, and multiplied the result by the ERCOT 4CP success rate. Scaling the average 4CP kW savings to the EOFY and newly installed customer counts yields EOFY and incremental 4CP kW savings, respectively.

7.4.4 Results

[63] The high-temperature threshold is set as 95°F for the event period. Voluntary events are also included while calculating CP kW savings.

Program impacts are presented in four data categories:

1) Average per-device kW and kWh savings during the summer of 2025 DR events.
2) Verified program impacts during the summer of 2025 DR events.
3) EOFY program capability based on program enrollment at the EOFY 2026. This information is useful for planning purposes.
4) EOFY program capability based on incremental enrollment during FY 2026. This information is used for program benefit-cost analysis, consistent with the methods used for energy efficiency programs.

Per-Device Average kW and Net kWh Savings

The following table shows average per-device kW and kWh savings for each category across all summer of DR events.

Table 7-15: Smart Thermostat – Per-Device Average kW and Net kWh Savings

Dwelling Type	Cycling/Temperature Setback Strategy	Per-Device Average kW Savings	Per-Device and Per-Event Average Net kWh Savings
Residential	33% cycling	0.08	0.12
	50% cycling	0.15	0.17
Commercial	33% cycling	0.16	0.32

Achieved Impacts

During the summer of 2025, 21 events were called for the Smart Thermostat program, with a 4CP success rate of 100 percent. These demand reduction amounts are shown in the following figure. For the summer of 2025, total kW reduction ranged from 0 kW (6/18/2025) to 22,211 kW (5/14/2025). The average reduction was 7,958 kW across all events.

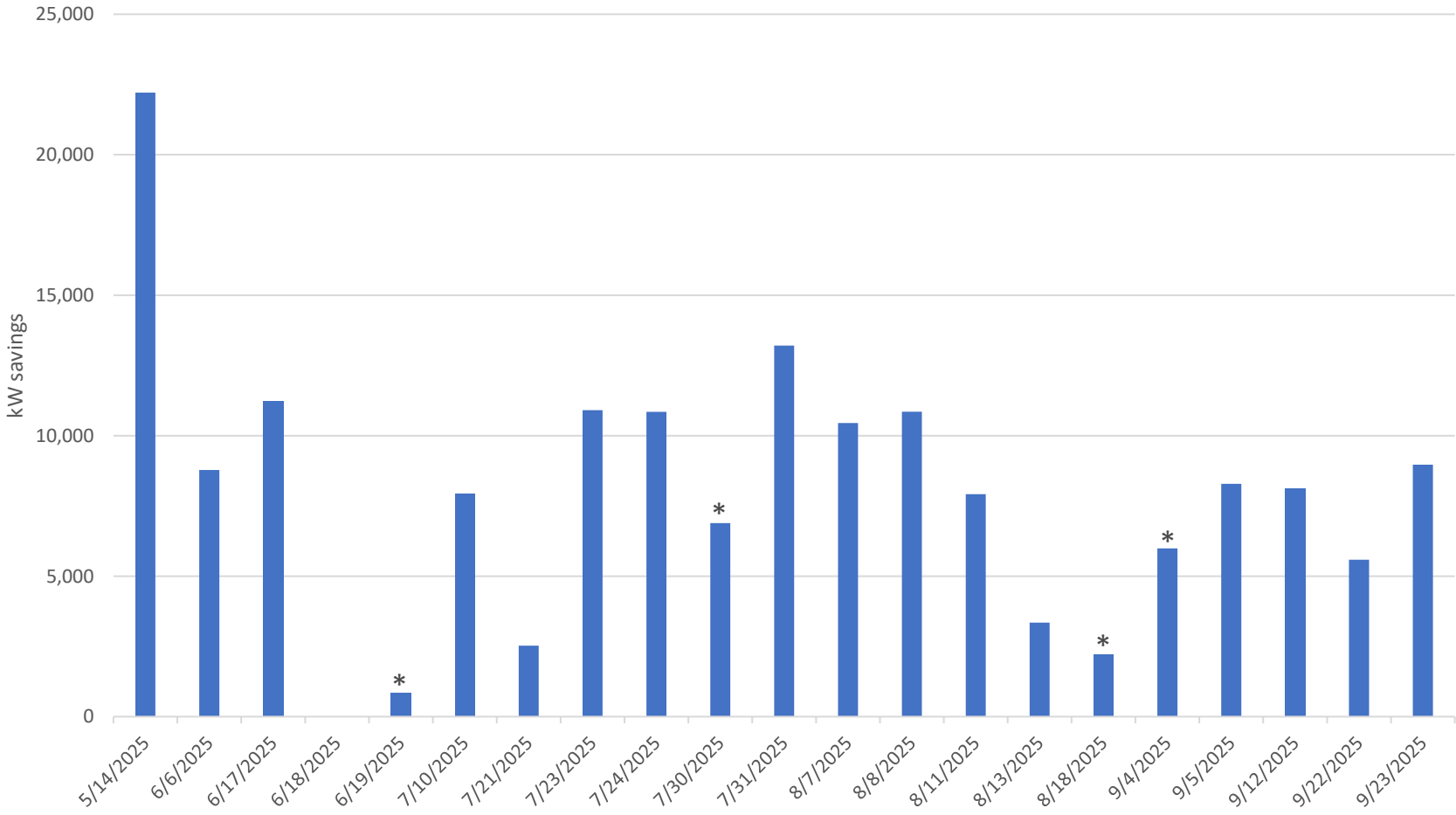


Figure 7-13: Smart Thermostat – Summer of 2025 Achieved Demand Reduction[64]

[64] Events coinciding with ERCOT 4CP intervals are designated with an asterisk (*). In addition, there were no savings reported on 6/18/2025 event, as the methodology did not yield statistically significant curtailment results for this day.

The following table shows the achieved energy and demand savings. CP kW savings are the average demand savings across high-temperature events. 4CP kW savings are the average savings during ERCOT 4CP events. NCP kW savings are the savings achieved on 8/8/2025, which is the day when maximum demand savings of all residential DR programs occurred among all events.

Table 7-16: Smart Thermostat – Achieved Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Smart Thermostat	243,843	10,856	8,205	3,988

End-of-Fiscal Year Program Capability

The following table shows EOFY program capability based on EOFY enrollment.

Table 7-17: Smart Thermostat – EOFY Gross Energy and Demand Savings

Measure	Device Count	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Smart Thermostat	84,952	234,529	10,438	7,897	3,868

Incremental Impacts

This is a legacy program, so there are no new enrollments and no incremental impacts for this program.

7.5 POWER PLAYERS (BEHAVIORAL DEMAND RESPONSE)

7.5.1 Overview

Beginning in 2017, CPS Energy partnered with Oracle Opower to implement the Power Players program for residential customers, deploying messaging to encourage customers to make minor adjustments in their residence's energy use on peak energy days. This program was implemented as an opt-out randomized controlled trial (RCT). Eligible households/accounts must be equipped with AMI meters and cannot participate in other CPS Energy DR programs.

Participants receive a welcome letter before the annual program starts. Either one day before each event or the morning of the event day, participants receive a notification message through an email and/or a phone call. These notifications also contain information explaining peak days and providing personalized energy conservation tips. After each event, customers receive a follow-up call and/or email containing personalized customer performance feedback.

Fifteen events were called throughout the summer of 2025. All events occurred from 4:00-7:00 p.m., lasting three hours each.

7.5.2 Program Participation

FY 2026 participation was made up of a combination of participants enrolled from summer 2019 to 2025. Each year's participation is referred to as a wave. For example, participants enrolled in the summer of 2019 are designated as the 2019 wave. FY 2026 was comprised of seven waves spanning from 2019 to 2025, with participants in the 2017 and 2018 waves recycled into newer waves.

The following table shows the number of active customers by wave throughout the summer.

Table 7-18: Power Players (BDR) – Summer of 2025 Participation

Wave	Treatment Group # of Households	Control Group # of Households
2019	97,106	12,241
2020	33,816	8,469
2021	20,043	4,805
2022	28,294	7,167
2023	55,472	13,902
2024	33,834	8,480
2025	94,553	23,688
Total	**363,118**	**78,752**

There were 94,553 participating households that remained active as the 2025 wave treatment group. However, the biggest share of treatment group participation was contributed by 2019 participants. In total, 97,106 remained active in the summer of 2025.

7.5.3 Savings Calculation Method

Per-household kW and kWh Savings

The evaluation team used aggregated 15-minute interval AMI meter-level data by group and wave from June 1, 2025 to September 30, 2025 for most of the participants.[65] Savings are calculated as the difference of the mean values of the two groups.

For each event, demand savings per household are the average household consumption difference between the treatment and control groups during the event period. The difference is calculated by each wave separately.

Energy savings per household are calculated based on the following rationale. Participants were notified of most events either the previous day or early the morning of the event day, so it is likely that participants took conservation actions in advance of the start of each event. To calculate energy savings, treatment group participants are assumed to start taking conservation actions as early at 9 a.m. on the event day. Therefore, energy savings are the consumption difference between the treatment and control groups during the event period and pre-event period, combined.

Using the first event (6/18/2025) of the 2021 wave as an example, the load per account by group and time period is tabulated below.

Table 7-19: Power Players (BDR) – Example: 2021 Wave Average Load by Group, Wave, and Time Period for 6/18/2025

Event period (4:00-7:00 p.m.) (kW per household)		Pre-event period (9:00 a.m.-4:00 p.m.) (kW per household)	
Treatment Group	Control Group	Treatment Group	Control Group
3.291	3.342	2.414	2.460

For the June 18, 2025 event, per-household kW savings for the 2021 wave are calculated as 3.342 – 3.291 = 0.051 kW. Total kW savings for the 2021 wave is 0.051 x 12,925 = 659.28 kW. Energy savings during the event period are calculated as 659.28 kW x 3 hours = 1,978 kWh.

Demand savings during the pre-event period can be calculated in the same manner: (2.460 kW – 2.414 kW) x 12,925 = 594.55 kW.

[65] Around 67% of all active customers were included in the aggregated 15-minute interval AMI data for analysis.

Energy savings during the pre-event period are calculated as 594.55 kW x 7 hours = 4,162 kWh.

Total energy savings for the 2021 wave during the June 18, 2025 event are the combination of savings from the pre-event period and event period: 1,978 + 4,162 = 6,140 kWh.

Savings from the other three waves can be calculated in the same manner.

Coincident Peak (CP) Demand Savings (kW)

CP kW savings are the average kW savings across all high-temperature events.[66] Because participants are recruited each year, the EOFY and incremental savings are identical to the achieved demand savings.

Non-Coincident Peak (NCP) Demand Savings (kW)

Achieved NCP kW savings represent the maximum event demand savings among FY 2026 events. Because all savings occur during the peak period, EOFY and incremental CP and NCP kW savings are equivalent to the achieved demand savings.

ERCOT 4CP Demand Savings (kW)

During the summer of 2025, three of the Power Players events coincided with the ERCOT 4CP events, with a success rate of 75 percent. The ERCOT 4CP kW savings are the average kW savings for the events that coincided with ERCOT 4CP times, multiplied by the ERCOT 4CP success rate. Year-end capability and incremental calculations are equivalent to achieved 4CP kW savings.

7.5.4 Results

Program impacts are presented in three data categories:

1) Verified program impacts during the summer of 2025 DR events.
2) EOFY program capability based on program enrollment at the EOFY 2026.
3) EOFY program capability based on incremental enrollment during FY 2026.
   This information is used for program benefit-cost analysis, consistent with the methods used for energy efficiency programs.

Achieved Impacts

Demand savings per account by wave are shown in the following table.

[66] High-temperature events are those with an average temperature no lower than 95°F.

Table 7-20: Power Players (BDR) – Demand Savings per Household by Wave

Wave	Average Demand Savings per Household (kW)
2019	0.036
2020	0.014
2021	0.058
2022	0.044
2023	0.037
2024	0.006
2025	0.018

Across 15 events, impacts ranged from 7,208 kW (6/18/2025 event) to 13,552 kW (7/30/2025 event). Demand reduction is shown in the following figure.

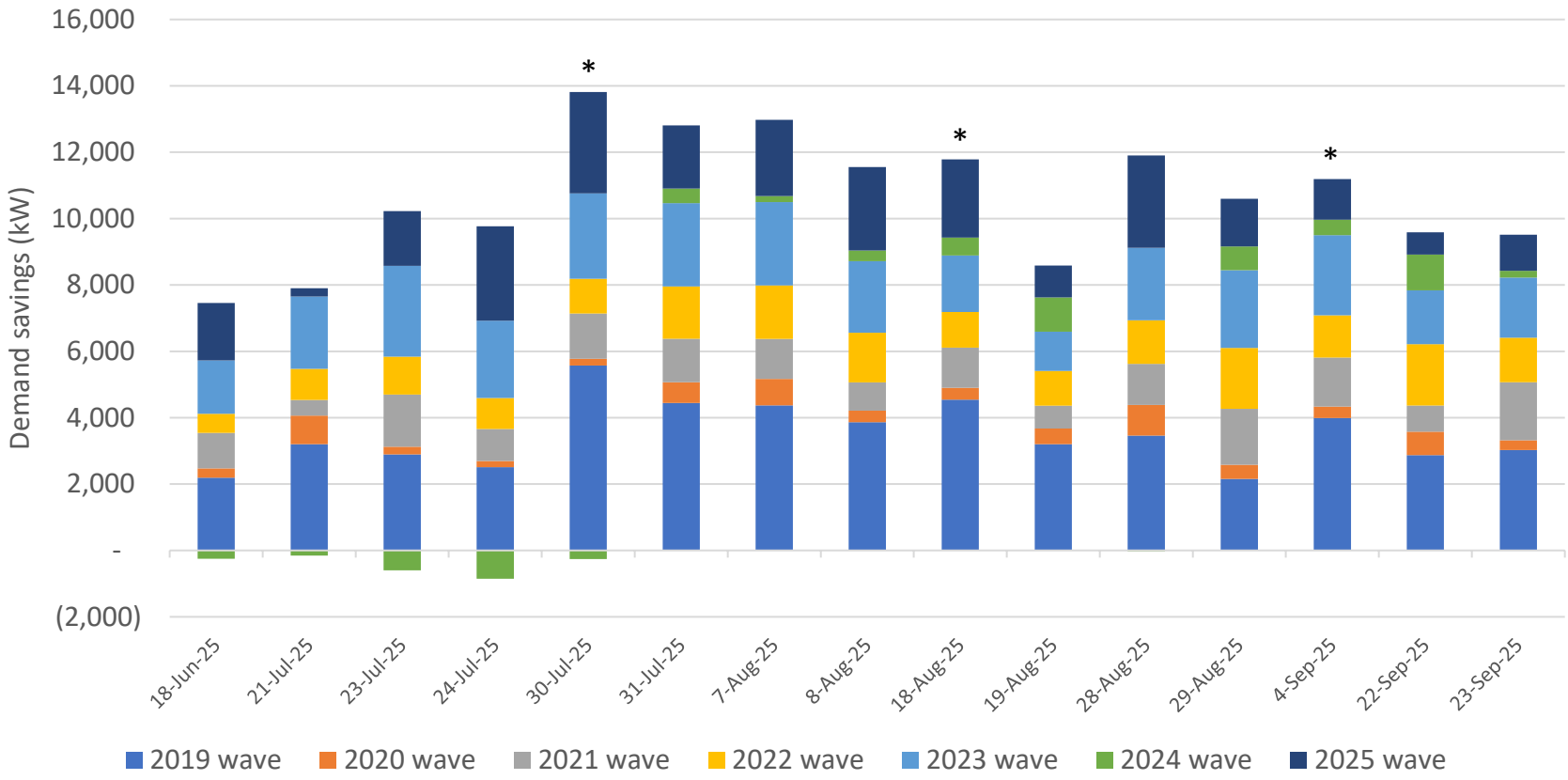


Figure 7-14: Power Players (BDR) – Demand Reduction by Event[67]

[67] Events coinciding with ERCOT 4CP intervals are designated with an asterisk (*). One 4CP occurred on Sunday, June 30th at interval ending 5:45 p.m. Another 4CP on September 20th ended at interval ending 4:00 p.m., and the DR event did not start until that time.

The following table shows achieved energy and demand savings.

Table 7-21: Power Players (BDR) – Achieved Program Energy and Demand Savings

Program	Energy Savings (kWh)	NCP Demand Savings (kW)	CP Demand Savings (kW)	ERCOT 4CP Demand Reduction (kW)
Power Players	1,025,070	13,552	10,736	9,131

End-of-Fiscal Year Program Capability

The following table shows EOFY program capability based on EOFY enrollment. These values are the same as the achieved savings.

Table 7-22: Power Players (BDR) – EOFY Program Energy and Demand Savings

Program	EOFY Enrollment	Energy Savings (kWh)	NCP Demand Savings (kW)	CP Demand Savings (kW)	ERCOT 4CP Demand Reduction (kW)
Power Players	363,118	1,025,070	13,552	10,736	9,131

Incremental Impacts

The following table shows incremental impacts used in benefit-cost analysis based on gross incremental enrollment during the program year. Incremental impacts are the same as the achieved and EOFY impacts.

Table 7-23: Power Players (BDR) – Incremental Program Energy and Demand Savings

Program	EOFY Enrollment	Energy Savings (kWh)	NCP Demand Savings (kW)	CP Demand Savings (kW)	ERCOT 4CP Demand Reduction (kW)
Power Players	363,118	1,025,070	13,552	10,736	9,131

7.6 COMMERCIAL AND INDUSTRIAL DEMAND RESPONSE PROGRAMS

7.6.1 Overview

CPS Energy's Commercial and Industrial DR (C&I DR) programs are voluntary load curtailment programs for commercial and industrial customers. They are designed to reduce peak load by incentivizing customers to shed electric loads on peak summer days. The programs run from June 1st through September 30th. Participating customers commit to participate in events from 1:00-7:00 p.m.[68]

Before FY 2019, the C&I DR programs consisted of Options 1, 2, and 3, and Automated DR (ADR). In FY 2019, Option 4 was introduced to the program portfolio. Unlike Options 1, 2, and 3, customers were given notice only a half-hour in advance.

Starting in FY 2025, a new C&I DR program was added in the portfolio called Bonus Hours. This option is designed to reduce load when the demand in the market is still high and renewable generation begins to fade with the sun setting, creating scarcity in the market. Events are only called between 7:00-10:00 p.m. during weekdays in June to September. This is generally referred to as the solar generation ramp down period. Participants are also given notice a half-hour before each event begins. The Bonus Hours program was created as an additional option for customers already participating in Options 1, 2, 3, or 4 to extend their curtailment to later hours. In FY 2026, all Bonus Hours program participants were enrolled in either Option 2 or Option 4.

CPS Energy uses each program differently to achieve different purposes, capabilities, and contractual stipulations. The following table summarizes specifications of the various C&I DR options.

Table 7-24: C&I DR – Program Characteristics

Option	Performance Period	Time Period	Event Days	Max Events	Total Hours Available	Advanced Notice (Hours)
Option 1	Jul 1 – Aug 31	13:00 – 19:00	Weekdays	18	55	2
Option 2	Jun 1 – Sep 30	13:00 – 19:00	Weekdays	25	75	2
Option 3	Jun 1 – Sep 30	13:00 – 19:00	Weekdays	6	25	1
Option 4	Jun 1 – Sep 30	13:00 – 19:00	Weekdays	25	75	0.5
ADR[69]	Jun 1 – Sep 30	24/7	All Days	–	50	–
Bonus Hours	Jun 1 – Sep 30	19:00 – 22:00	Weekdays	16	48	0.5

Programs vary by performance period, events available, total hours available, and advanced notice. Option 1 is not available in June and September, whereas other program options operate throughout

[68] Excluding ADR program, which is introduced in the following paragraphs.
[69] This program only evaluates summer ADR. ADR is also run between October 1 till May 31, when an additional 20 hours are available.

the entire summer. ADR is the most responsive, with load being curtailed immediately after calling an event. Other programs have 0.5-2 hours advanced notice.

7.6.2 Program Participation

In FY 2026, sponsor count increased slightly from 150 to 161, site count decreased slightly from 1,029 to 1,011 sites, and contracted kW increased from 98.1 MW to 110.3 MW. The total number of sponsors, sites, and contracted kW are shown in the following figures.

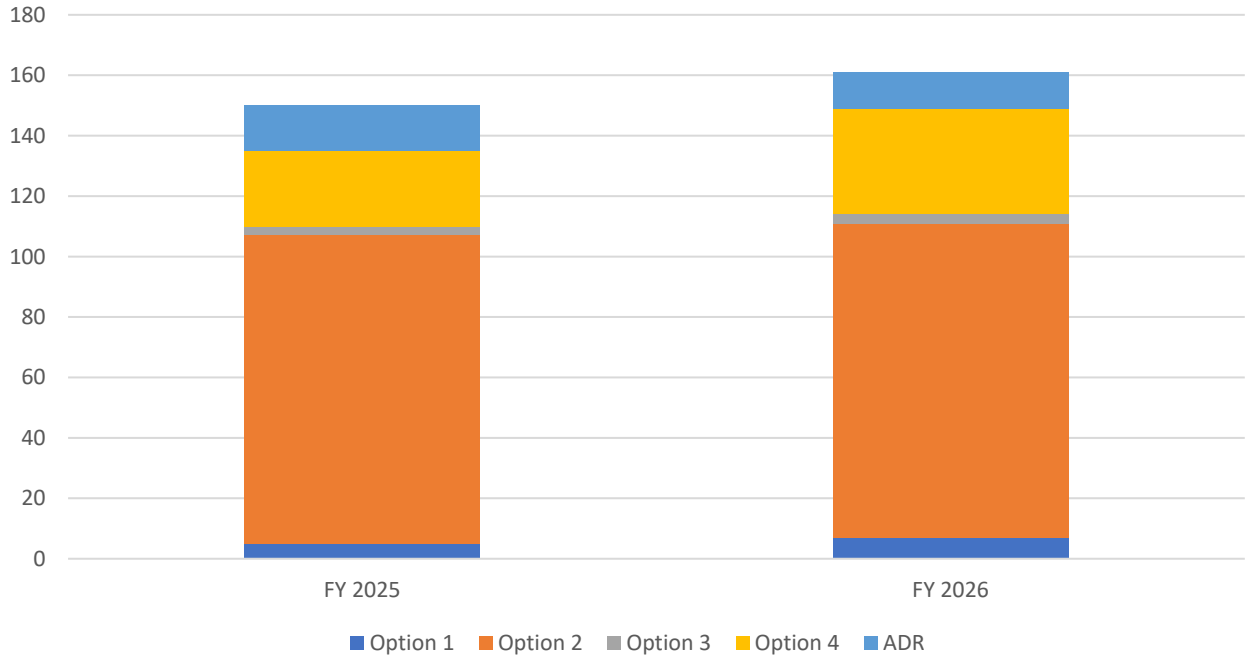


Figure 7-15: C&I DR – Sponsor Counts[70]

[70] In FY 2026, 20 sponsors from either option 2 or option 4 participated in "Bonus Hours" option.

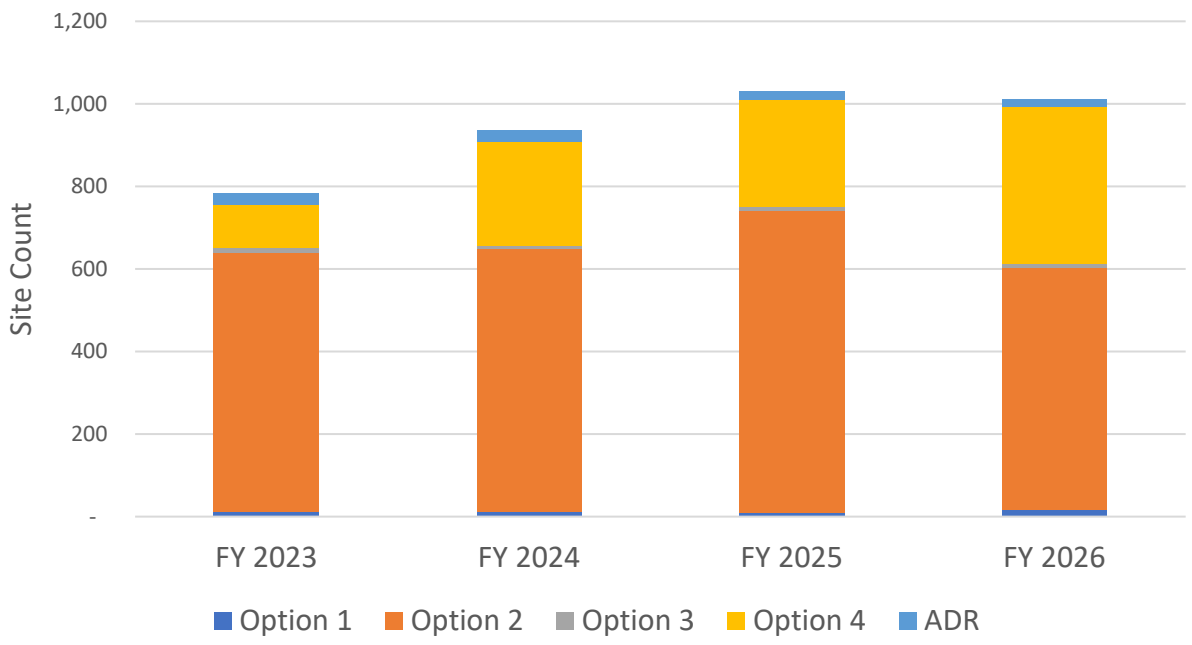


Figure 7-16: C&I DR – FY 2023-2026 Site Counts

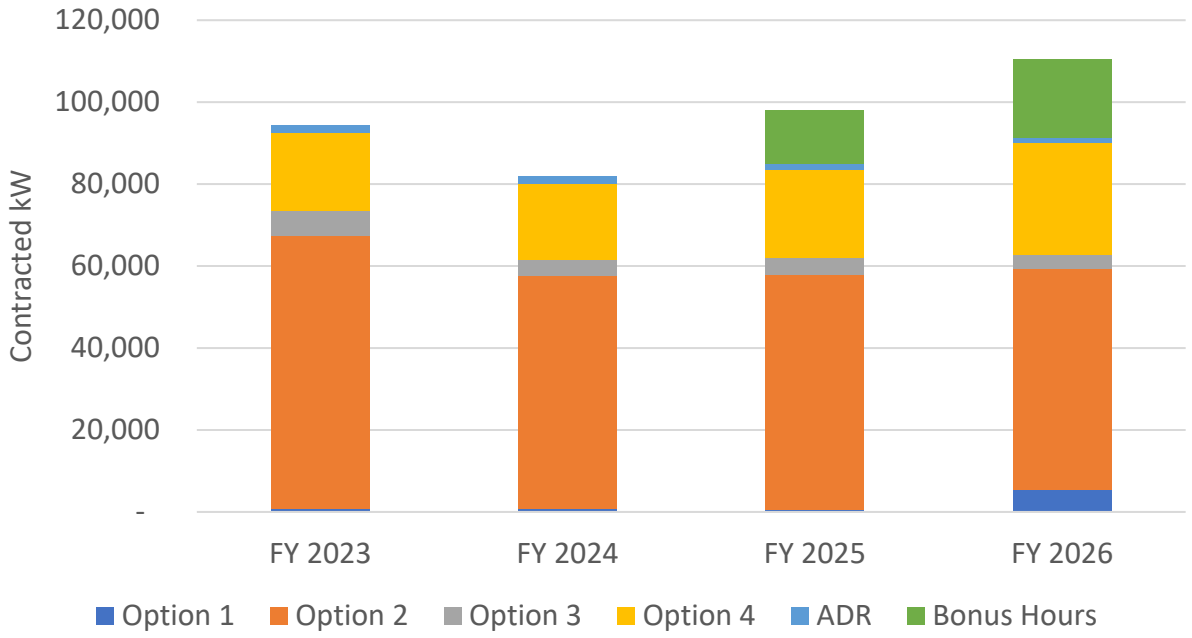


Figure 7-17: C&I DR – FY 2023-2026 Contracted kW

All Bonus Hours participants are also customers from either Option 2 or Option 4. There was no separate option for Bonus Hours in Figure 7-15 through Figure 7-16. The following table shows the number of sponsors, sites, and contracted kW for Bonus Hours option only.

Table 7-25: C&I DR – Bonus Hours Participation Summary

Measure	# of Sponsors	# of Sites	Contracted kW
Bonus Hours Participants from Option 2	11	119	10,105
Bonus Hours Participants from Option 4	9	281	8,955
Bonus Hours Total	**20**	**400**	**19,060**

CPS Energy deployed its C&I DR programs on 26 days in FY 2026. As shown in the following table, Option 2, Option 4, and ADR were called most frequently, while Option 3 was called six times due to a limit on the maximum number of allowed events.

In the table below, 4CP days are highlighted in yellow. On June 19, 2025, only one of the C&I DR programs hit the 4CP event. Four C&I DR programs hit the 4CP events on July 30, 2025 and September 4, 2025. All five C&I DR programs hit the 4CP event on August 18, 2025.[71] A detailed event scheduling summary is provided below.

Table 7-26: C&I DR – Event Date Distribution

Date	Option 1	Option 2	Option 3	Option 4	ADR	Bonus Hours
6/6/2025				X	X	
6/17/2025		X		X	X	
6/18/2025		X	X	X	X	
6/19/2025					X	
6/20/2025		X		X	X	
7/21/2025	X	X		X	X	
7/22/2025				X		
7/23/2025		X				
7/24/2025	X	X	X	X	X	X
7/30/2025	X	X		X	X	X
7/31/2025	X	X		X	X	X
8/7/2025	X	X	X	X	X	
8/8/2025	X	X		X	X	
8/11/2025		X				X
8/13/2025	X	X		X		

[71] Bonus Hours events do not hit 4CPs even though they may occur at 4CP days, as it was called between 19:00-22:00, which did not coincide with any 4CP intervals.

Date	Option 1	Option 2	Option 3	Option 4	ADR	Bonus Hours
8/14/2025	X	X		X	X	
8/18/2025	X	X	X	X	X	X
8/19/2025	X	X		X	X	X
8/28/2025	X	X		X	X	
8/29/2025	X				X	
9/3/2025		X			X	X
9/4/2025		X	X	X	X	X
9/5/2025		X	X	X	X	
9/12/2025		X				
9/22/2025		X		X	X	
9/23/2025		X		X	X	X

The following table shows the total number of events called for the past six years, broken down by program. FY 2026 saw 26 event days called, a slight increase from the 24 events called in FY 2025.

Table 7-27: C&I DR – FY 2023-2026 Total Number of Events Called

Option	FY 2023	FY 2024	FY 2025	FY 2026
Option 1	13	20 (2 voluntary)	13	12
Option 2	25	30 (4 voluntary)	19	22
Option 3	6	9 (3 voluntary)	6	6
Option 4	25	29 (4 voluntary)	17	20
ADR	27	19	17	21
Bonus Hours	–	–	9	9
Total Event Days	**36**	**33**	**24**	**26**

The following figure compares the average event duration from FY 2019 to FY 2026. The FY 2026 average event duration for all C&I programs was 2.05 hours, down from 2.56 hours in FY 2025.

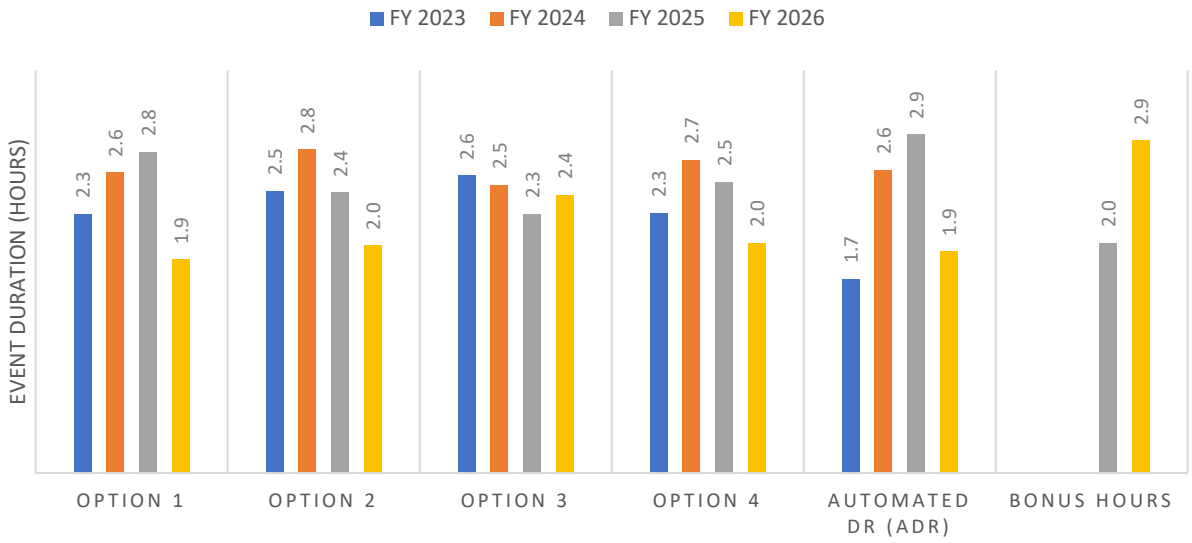


Figure 7-18: C&I DR – FY 2023-2026 Average Event Duration

7.6.3 Savings Calculation Method

For most cases in the summer of 2025, CPS Energy adopted the following methodologies to determine savings for C&I DR programs:

- High 3 of 10
- Middle 8 of 10
- Matching Day Pair[72]

The best fit baseline was selected based on statistical criteria that determined how well each estimation method aligned with the 10:00 a.m. - 1:00 p.m. time frame for the event day.

Consistent with the methodology adopted in the past three fiscal years, the evaluation team has employed a multiple-baselining method to verify savings. This approach calculates savings using four different methods and then selects the savings generated by the most appropriate method by evaluating additional statistical criteria.

Specifically, the general calculation process of this multiple-baselining method is as follows:

[72] The Matching Day Pair methodology uses a deterministic algorithm like the X of Y methodology. The algorithm looks for pairs of days that match a reference pair associated with the forecasted day. The similarity between two pairs of days is assessed using the mean squared error (MSE) between the two pairs. The 10 best pairs are then selected and averaged to obtain the baseline for the forecasted day.

Step 1: Data Selection. For each event and each customer, the previous 10 eligible days and the event day are selected. These 11 days of data are used for the analysis as outlined in the following steps.

Step 2: Calculation. For each customer event, kW savings are calculated using four methods:

- Regression: Load is modeled as a function of *cdh* (cooling degree hours), a notify period dummy variable indicating whether a time period is within the notification period, an event dummy variable indicating whether a time period is within the event period, 10 day-dummy variables indicating date, and three time-of-day dummy variables indicating time of day – 0:00-6:00, 6:00 - 12:00, 12:00 - 18:00, or 18:00 - 00:00. The model equation can be expressed as follows:

  $kW_t = \beta_0 + \beta_1 \times cdh_t + \beta_2 \times event_t + \beta_3 \times notify\text{-}period_t + \sum_{i=4}^{6} \beta_i \times time\text{-}of\text{-}day_t + \sum_{j=7}^{16} \beta_j \times date_t$

  $-\beta_2$ is the estimated load reduction for a certain customer during a certain event.

- CPS Energy's high 3-of-10 baseline analysis.

- Previous X hours: X = event duration + notifying period. For example, if an event duration is 2 hours, and CPS Energy notifies customers 2 hours in advance, then X = 4. If an event is from 3:30 p.m. - 5:30 p.m., then the baseline would be the average load within the period from 11:30 a.m. - 1:30 p.m.

- Average everything: This method calculates the average of all the load for the previous 10 eligible days to provide a baseline. This approach is designed for customers with a rather amorphous and irregular load.

Step 3: Evaluation. For the testing data period,[73] three measures including accuracy RMSE, bias (difference), and variability (standard deviation) are calculated. This step measures how well-fit the model results are when compared with actual results for a similar period.

Step 4: Final Selection. For the three measures described in Step 3, a pairwise comparison is conducted using a ranking method.[74] The method with the top ranking (lowest score) is selected.

Energy Savings (kWh)

Energy savings achieved from the C&I DR programs are determined by multiplying the demand savings estimated for each participant for each event by that event's duration and summing these energy reductions across all events (including both usual and voluntary events) for all the programs. The

[73] Testing data period refers to the same time as the event period on the top three of the previous 10 eligible days, plus 9:00 a.m.-1:00 p.m. on the event day.

[74] General rule for pairwise comparison using ranking: if the difference for a pair of baselines is greater than 2%, the baseline with the higher one gets one point. Otherwise, both baselines get 0.5 point. At the end of this process, for each method respectively, the RMSE, bias, and standard deviation score are added together.

calculation assumes there is no load shifting (e.g., rescheduling of industrial processes), pre-cooling, or snapback.

Coincident Peak (CP) Demand Savings (kW)

The evaluation team uses multiple-baselining analysis per event for each customer to calculate CP kW savings. For each option/program, an average kW savings of all standard events (excluding voluntary events) is then calculated. This is the number used to report achieved CP kW savings.

Non-Coincident Peak (NCP) Demand Savings (kW)

NCP kW savings for the C&I DR programs represent the maximum standard event (excluding voluntary events) demand savings among all events for each option/program. The achieved NCP kW savings reported for each sub-program (or program option) may have occurred on different event dates. EOFY and incremental NCP kW savings are the maximum event demand savings from those customers comprising the EOFY or incremental enrollees. For the C&I DR program, the evaluation team takes the total of the maximum event demand savings from each program option.

ERCOT 4CP Demand Savings (kW)

ERCOT 4CP kW savings obtained from the C&I DR programs are directly estimated by evaluating the average load reductions achieved by all events (including voluntary events) when each month's 4CP event occurred, multiplied by the 4CP success rate[75] for each program in FY 2026.

7.6.4 Results

Program impacts are presented as follows:

1) Verified program impacts during the summer of 2025 DR events.
2) EOFY program capability based on program enrollment at the EOFY 2026. This information is useful for planning purposes.
3) EOFY program capability based on incremental enrollment during FY 2026. This information is used for program benefit-cost analysis, consistent with the methods used for energy efficiency programs.

For C&I DR programs, there is no distinction between total EOFY participation and incremental enrollment. All participants are treated as new participants each program year. Therefore, the analysis of incremental impacts of these programs is no different than the analysis of total impacts.

[75] Success rate = # of 4CPs hit ÷ 4. For example, if only one of the 4CPs are hit, the success rate is 1/4 = 25%.

Achieved Impacts

During the summer of 2025, C&I DR events were called on 26 days. The aggregated kW savings estimates are shown in the following figure.

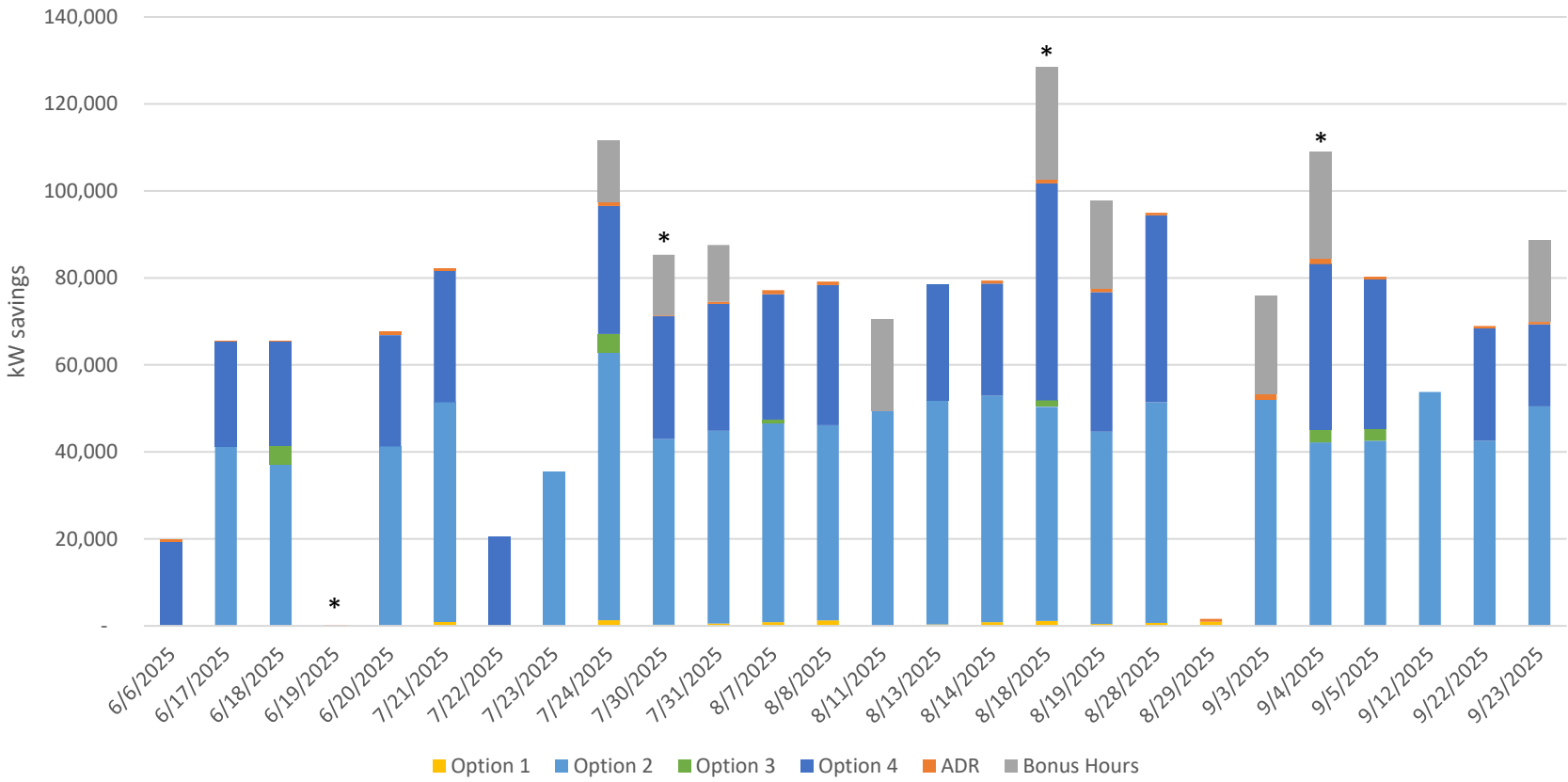


Figure 7-19: C&I DR – Summer of 2025 Achieved Demand Savings[76]

[76] Events coinciding with ERCOT 4CP intervals are designated with an asterisk (*).

Maximum total demand reduction was achieved on 8/18/2025. The total demand reduction on this day from all C&I DR programs was 128,499 kW. Given the differences in how the individual C&I DR programs are used, the evaluation team determines the demand savings achieved by each program individually. Total demand savings are presented as the total of the demand savings achieved by each of the respective programs. The demand reduction and the number of customers participating in each option/program are shown in the following figures.

Option 1 average demand savings for standard events was 800 kW.

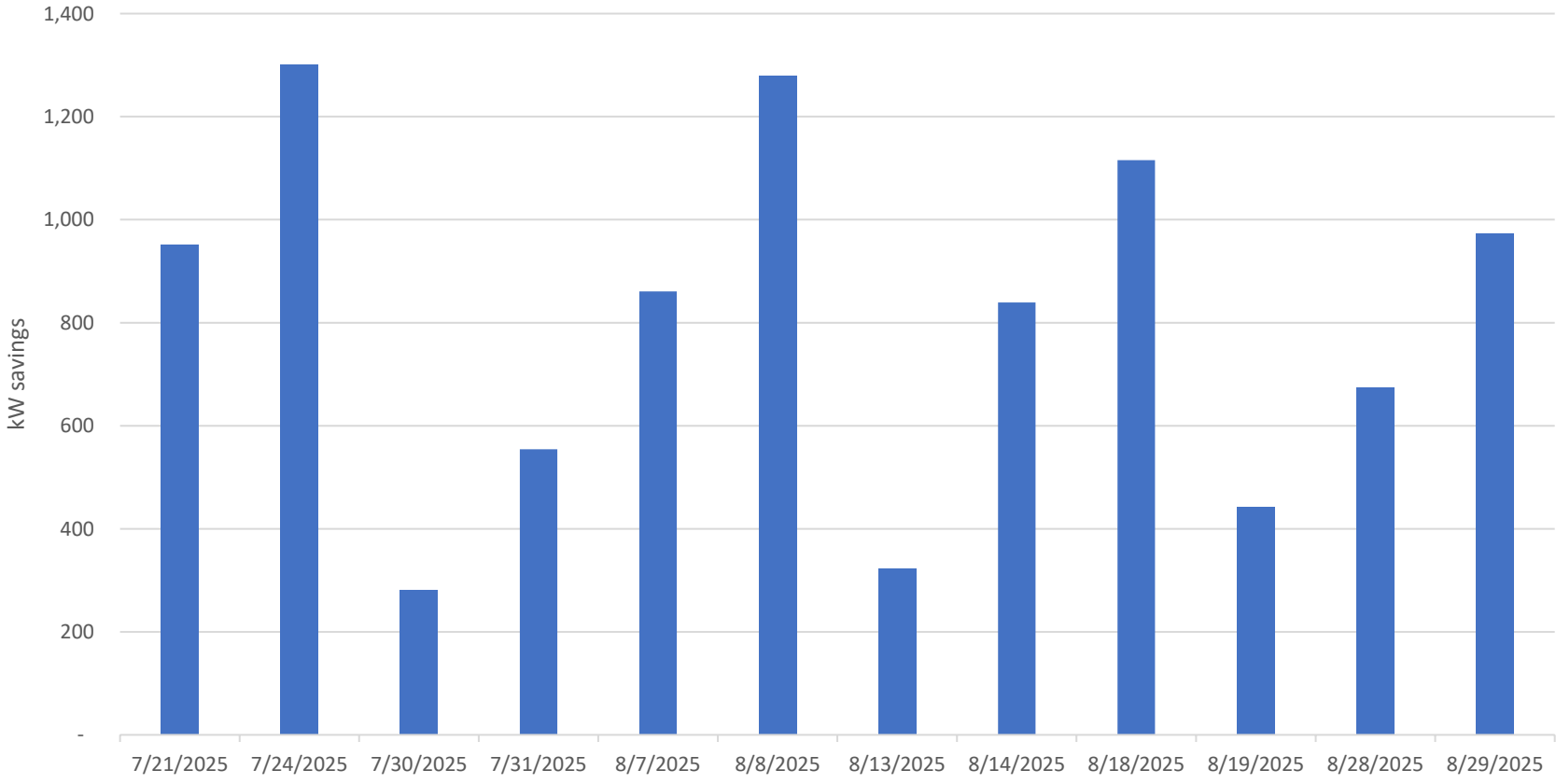


Figure 7-20: C&I DR – Option 1 Demand Savings by Event

For Option 2 participants, average demand savings for standard events was 46,595 kW.

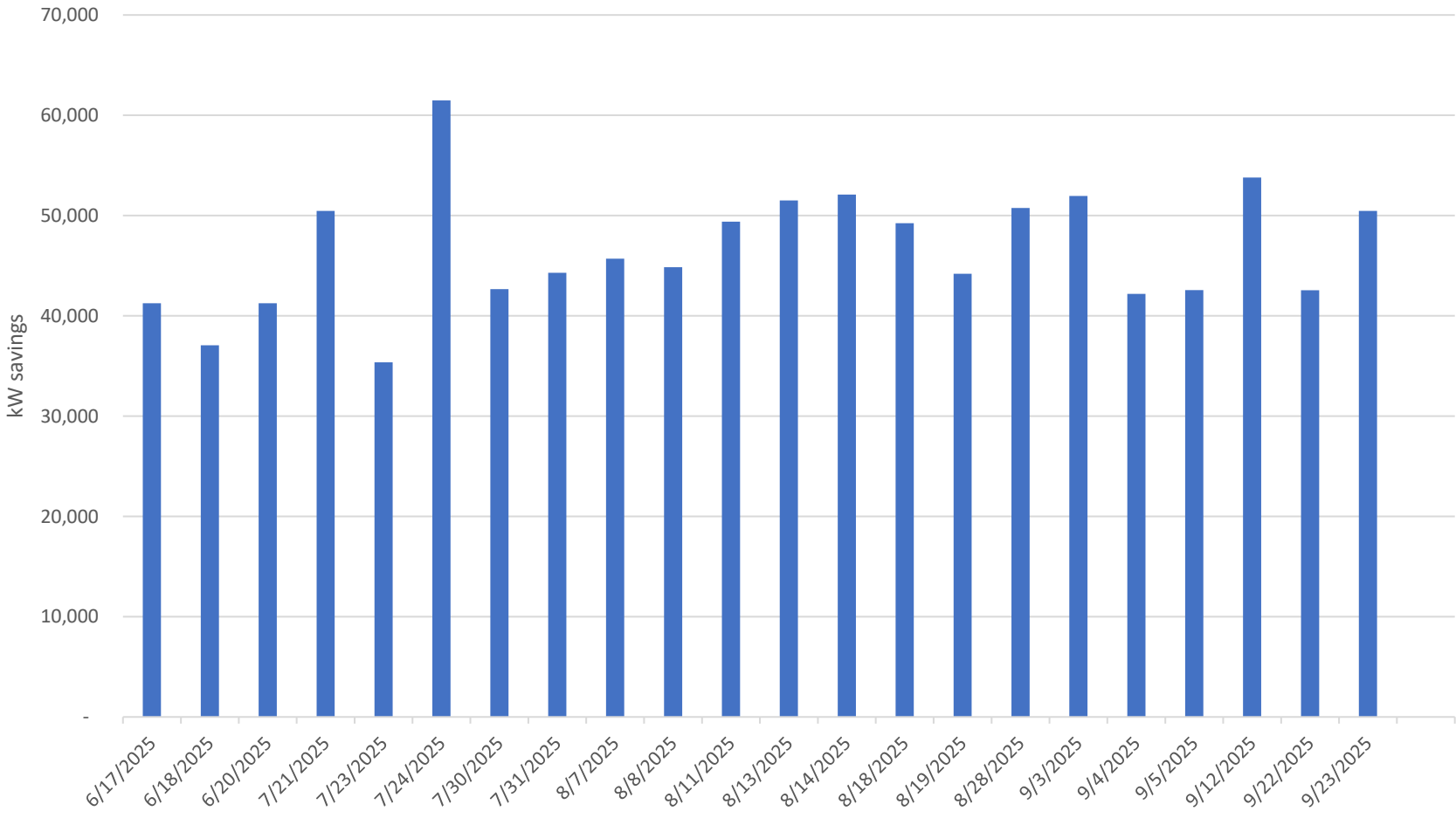


Figure 7-21: C&I DR – Option 2 Demand Savings by Event

Option 3 average demand savings for standard events was 2,785 kW.

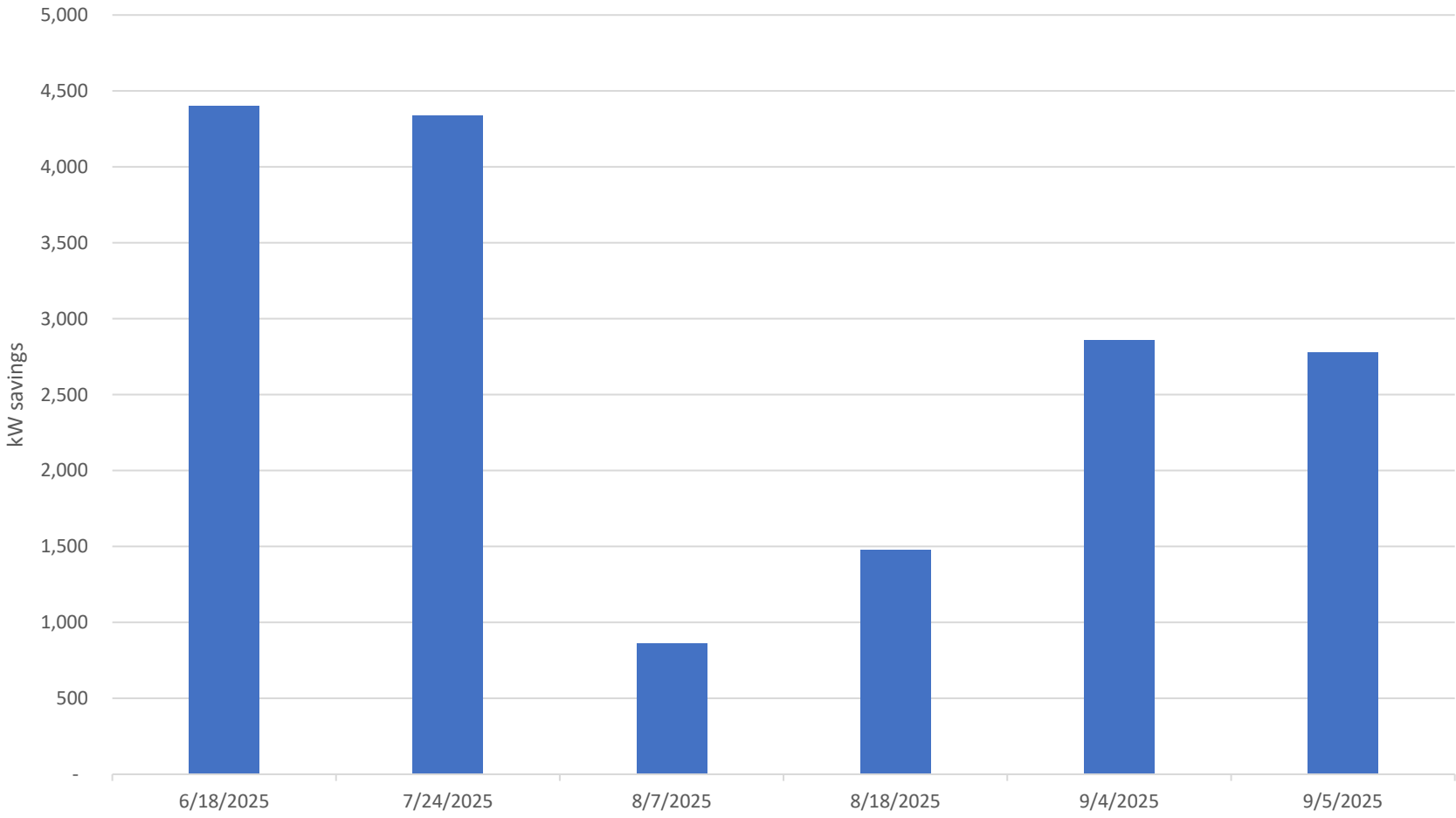


Figure 7-22: C&I DR – Option 3 Demand Savings by Event

For Option 4 participants, average demand savings for standard events was 29,309 kW.

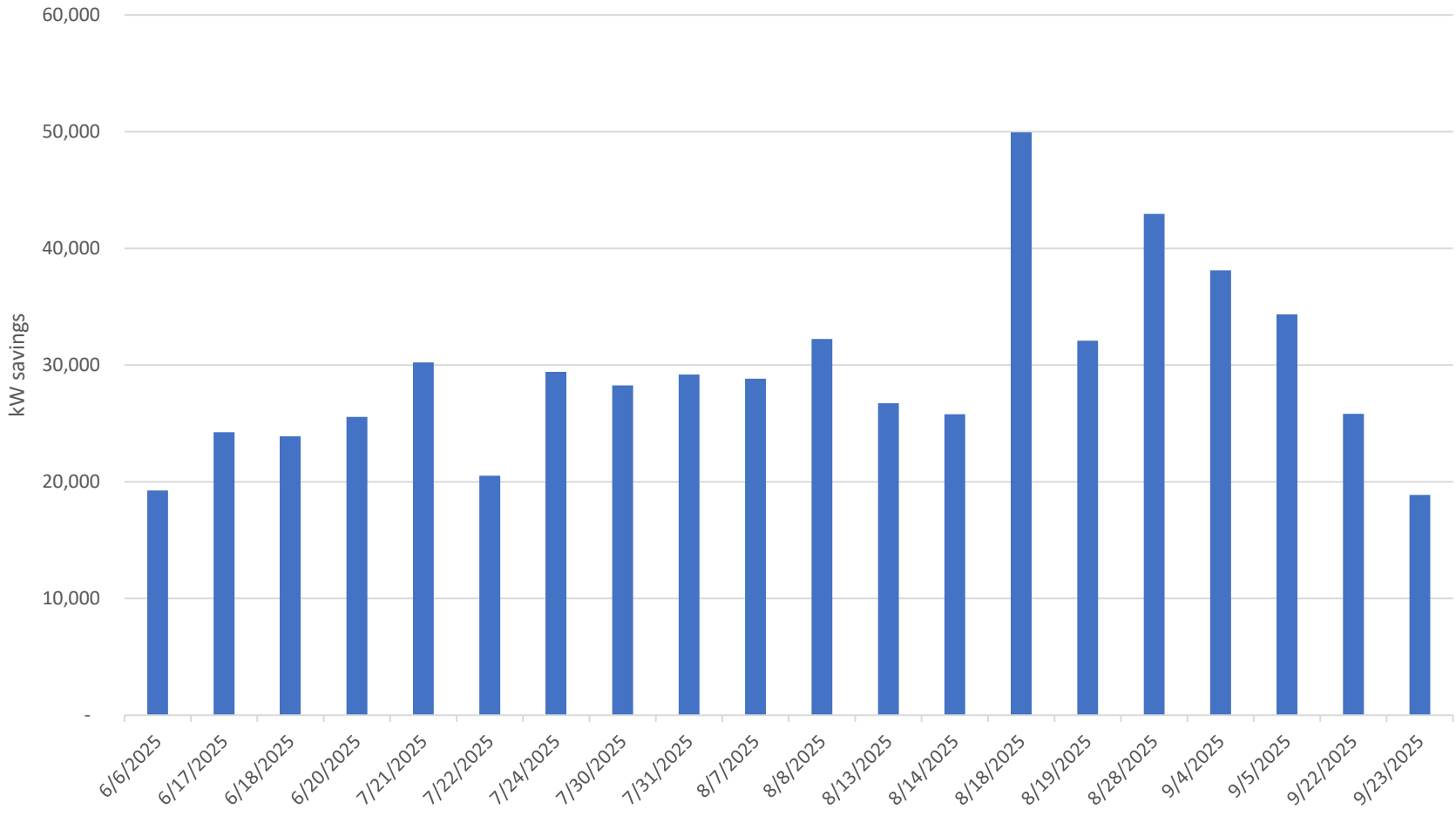


Figure 7-23: C&I DR – Option 4 Demand Savings by Event

ADR average demand savings were 646 kW.

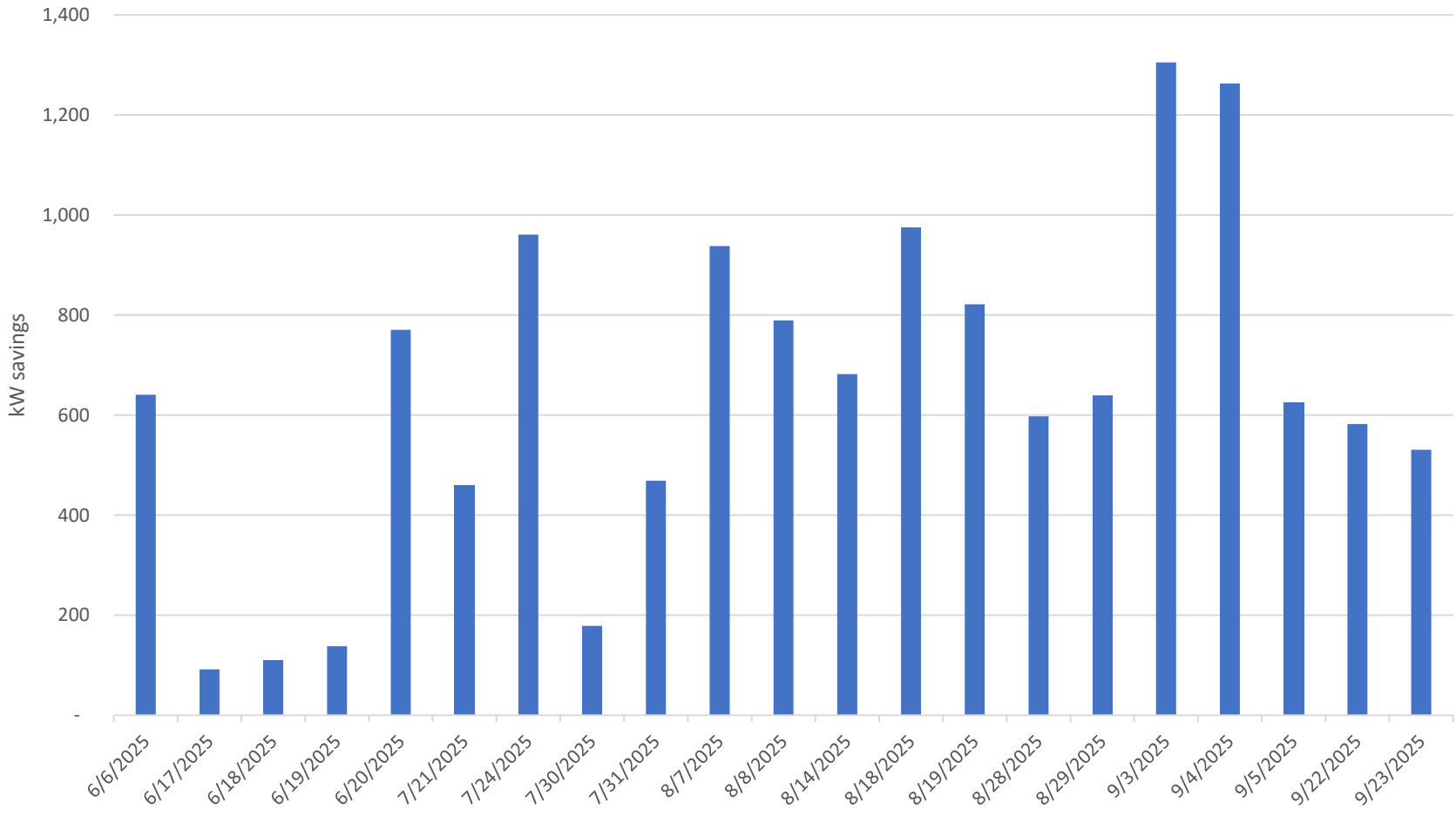


Figure 7-24: C&I DR – Automated DR Demand Savings by Event

Bonus Hours average demand savings were 19,332 kW.

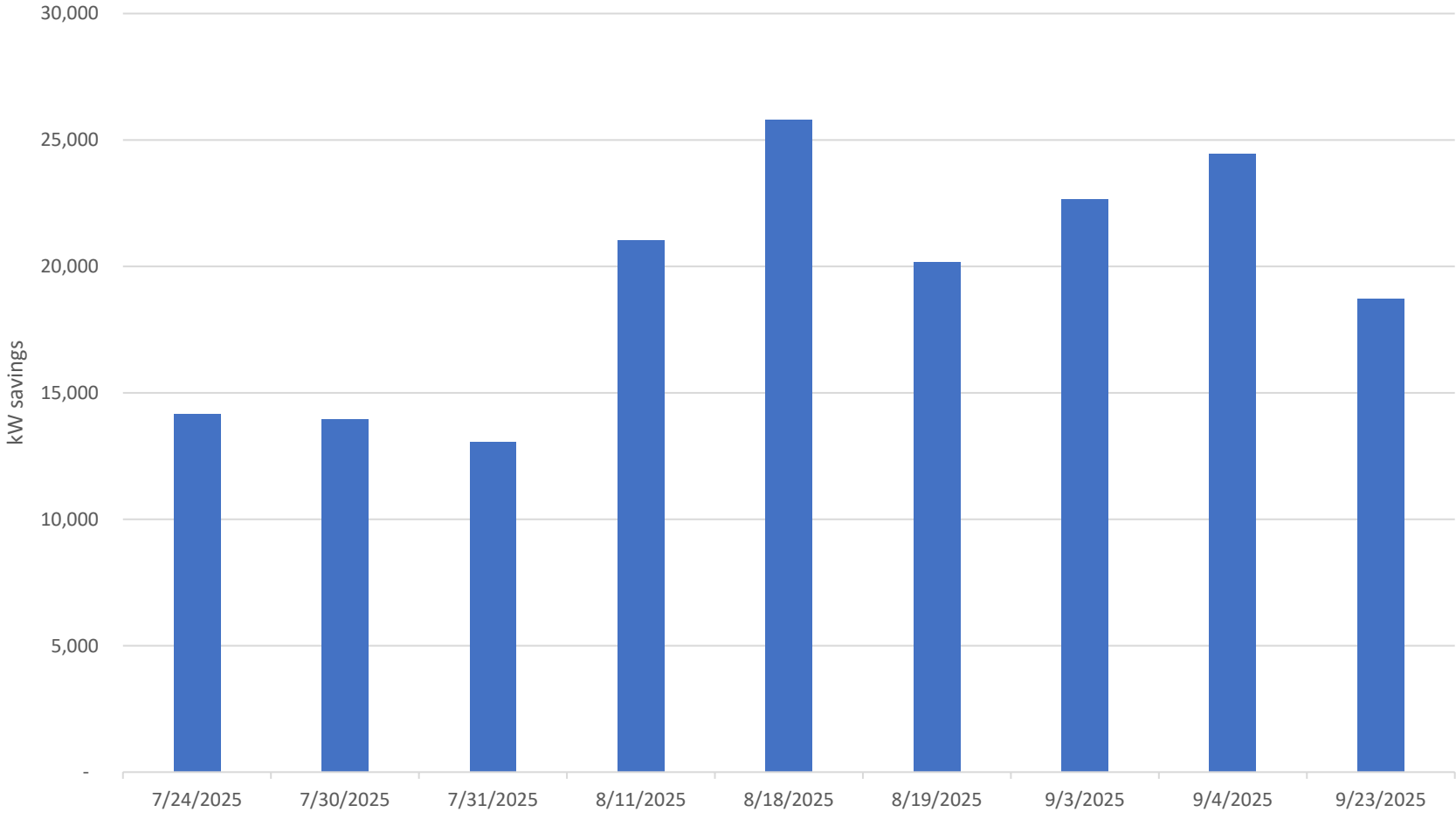


Figure 7-25: C&I DR – Bonus Hours Demand Savings by Event

A comparison of the CP kW impacts from FY 2019 to FY 2026 is shown below.

Table 7-28: C&I DR – FY 2023-2026 Achieved kW Impacts Comparison

Option	CP Savings (kW)			
	FY 2023	FY 2024[77]	FY 2025	FY 2026
Option 1	614	662	421	800
Option 2	65,373	52,275	46,386	45,026
Option 3	5,844	4,874	3,914	2,785
Option 4	18,862	23,493	22,889	28,085
ADR	923	1,072	752	646
Total[78]	**91,616**	**82,376**	**74,361**	**77,343**

The following table shows the energy and demand savings achieved during the fiscal year.

Table 7-29: C&I DR – Achieved Gross Energy and Demand Savings

Option	Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	ERCOT 4CP Demand Savings (kW)
Option 1	17,529	1,301	800	349
Option 2	2,029,563	61,478	45,026	33,522
Option 3	16,727	4,401	2,785	1,084
Option 4	1,169,856	49,897	28,085	29,069
ADR	26,145	1,305	646	639
Bonus Hours[79]	507,791			
Total[80]	**3,767,610**	**118,382**	**77,343**	**64,664**

[77] In FY 2024, there were standard events and voluntary events. Only standard event savings are averaged in FY 2024.
[78] The sum of the individual measures may not match the total due to rounding.
[79] There are no CP or 4CP kW savings claimed for Bonus Hours option, as the event calling period is outside the range of the CP or 4CP period. For NCP kW savings, Bonus Hours savings are blended into the option 2 and option 4 NCP kW savings respectively.
[80] Same as previous footnote.

End-of-Fiscal Year Program Capability

Residential DR programs typically see recurring annual participation. By contrast, most C&I DR programs are short-term and contract-based, lasting only one to two years. ADR is an exception. For energy, CP kW, and NCP kW savings, the evaluation team uses the savings achieved in the summer as the EOFY result. Because 4CP targeting has an observable success rate, the evaluation team considers it reasonable to use the average success rate of the past several fiscal years to estimate EOFY program capability for ERCOT 4CP demand savings. For example, the average success rate for Option 3 in the past four fiscal years was 25 percent, as shown in the following table. With success rate as 50 percent in FY 2026, converting achieved 4CP kW savings to EOFY demand savings yields 1,084 kW ÷ 50% x 25% = 542 kW.[81]

Table 7-30: C&I DR – EOFY ERCOT 4CP Demand Savings

Option	FY 2026 Success Rate	FY 2023 - FY 2026 Average Success Rate	Achieved FY 2026 ERCOT 4CP Demand Savings (kW)	EOFY 2026 ERCOT 4CP Demand Savings (kW)
Option 1	50%	50%	349	349
Option 2	75%	69%	33,522	30,728
Option 3	50%	25%	1,084	542
Option 4	75%	81%	29,069	31,492
ADR	100%	75%	639	479
		Total	**64,664**	**63,591**

Option 1 participants are only contracted for July and August, so they will always miss the June and September 4CP events and are therefore limited to a maximum 4CP success rate of 50 percent. Option 3 participants are available for a maximum of six events, limiting CPS Energy's ability to use these program options for 4CP avoidance. The EOFY program capability is shown in the following table.

[81] Total may not match exactly due to rounding.

Table 7-31: C&I DR – EOFY Gross Energy and Demand Savings

Options	Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	ERCOT 4CP Demand Savings (kW)
Option 1	17,529	1,301	800	349
Option 2	2,029,563	61,478	45,026	30,728
Option 3	16,727	4,401	2,785	542
Option 4	1,169,856	49,897	28,085	31,492
ADR	26,145	1,305	646	479
Total[82]	**3,259,819**	**118,382**	**77,343**	**63,591**

Table 7-32: C&I DR – EOFY Gross Energy and Demand Savings – Bonus Hours

Options	Energy Savings (kWh)	Average Demand Savings (kW)
Bonus Hours	507,791	19,332

Incremental Impacts

For all the C&I DR programs, there is no distinction between total participation and incremental participation. All participants are treated as new participants. Therefore, incremental and total impacts are the same.

[82] Same as previous footnote.

7.7 DEMAND RESPONSE PROGRAM RECOMMENDATIONS

The evaluation team makes the following recommendations for Demand Response program offerings.

7.7.1 Smart Thermostat Program

The evaluation team recommends refining device-to-account matching for this program to increase savings precision. The evaluation team also recommends continuing to upgrade these legacy thermostats to new Wi-Fi thermostats, which yield significantly higher per-device savings.

7.7.2 Direct Install Thermostat Program

Although STU participation decreased due to a FY 2026 device-cleaning process, the evaluation team recommends investigating other potential causes and attempt to re-enroll where possible.

7.7.3 BYOT (Bring Your Own Thermostat) Program

The average FY 2026 event duration was 1.72-1.95 hours. The evaluation team recommends continuing the strategy of using shorter event periods (average event duration ≤ 2 hours).

7.7.1 Future Considerations

If ERCOT moves from a 4CP June-September to a 12CP full-year peak methodology, demand response programs may be more affected than traditional energy efficiency programs. Moving to a 12CP reduces peak chasing where participants curtail during a few critical hours and rewards persistent efficiency and flexible load where DR can be deployed as a year-round operational strategy. This tends to favor strategies like HVAC optimization, energy storage, automation, and continuous commissioning.

CPS Energy may need to target DR participants with more robust controls because they will need to be able to respond more frequently, across more hours, and with less predictability. Programs will likely need to shift toward auto-DR (ADR), smart thermostats with building management system (BMS) integration, and AI-driven load forecasting and dispatch.

In C&I, ADR typically refers to BMS automatically responding to DR signals. In residential applications, device-level options are most effective, including ADR-enabled smart thermostats, water heaters, EV chargers, pool pumps, and batteries. Energy efficiency programs may also be redesigned to target ADR-compatible equipment.

Under 12CP, residential ADR becomes less focused on emergency peak events and more about continuous, distributed grid flexibility. Many of CPS Energy's existing residential demand portfolio will thrive under this environment because they are not reliant on customer intervention. Behavioral programs like Power Players may have a more difficult time producing consistent results. Under 4CP, customers are asked curtail under a smaller subset of peak months and hours. Events feel rare and important, leading to greater customer response. 12CP peaks will be more frequent and less predictable, which could lead to customer fatigue.

8. EMERGING TECHNOLOGY PROGRAMS

8.1 SUMMARY OF EMERGING TECHNOLOGY PROGRAMS

This section includes two active programs – *Flex*EV Off-Peak Rewards program and the My Battery Rewards Program. The *Flex*EV Smart Rewards program was discontinued in FY 2026, and existing participants were transitioned into the *Flex*EV Off-Peak Rewards program.

*Flex*EV Off-Peak Rewards Program – A pair of EV behavioral charging programs were launched in FY 2022 called FlexEV Off-Peak and FlexEV Smart Rewards. In FY 2026, these two were transitioned into a single program offering. Enrolled customers with a level 2 EV charger receive an incentive to limit EV charging during peak hours (from 4:00 to 10:00 p.m.) throughout the year.

My Battery Rewards Program – Launched in FY 2025, the My Battery Rewards program is a collaborative, customer-driven program where CPS Energy partners with homeowners who own a Battery Energy Storage System (BESS) to support the grid and strengthen reliability. During select times of high demand, CPS Energy notifies participants via email, phone call, or text message to engage their BESS to help reduce load and lessen the strain on the grid. Customers receive a $10 bill credit for each event they participate in, and events may be called year-round.

Although these programs operate similarly to demand response (DR), the evaluation team categorizes and presents Electric Vehicle and My Battery Rewards program results separately as emerging technology programs due to their unique end-uses. For simplicity and reporting clarity, the results from these emerging technologies are combined with DR results in Table 3-1. As participation grows and evaluations provide new insights, future assessments may warrant an updated methodology for establishing baselines and measuring impacts.

The following figures show each program's contributions to the Emerging Technologies program portfolio, as measured at the device level and adjusted to account for line losses.

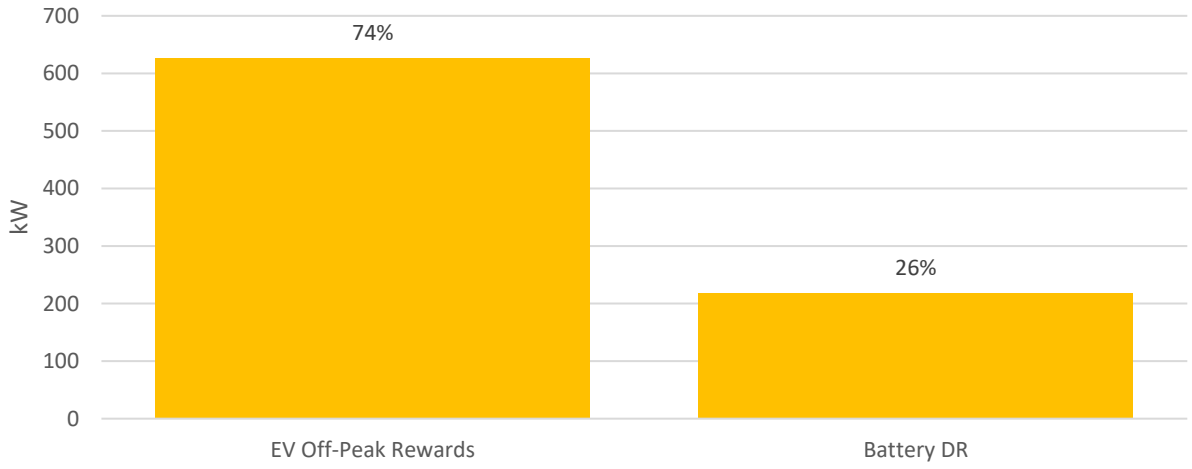


Figure 8-1: Emerging Technology Summary – Non-Coincident Peak Demand (kW) by Program

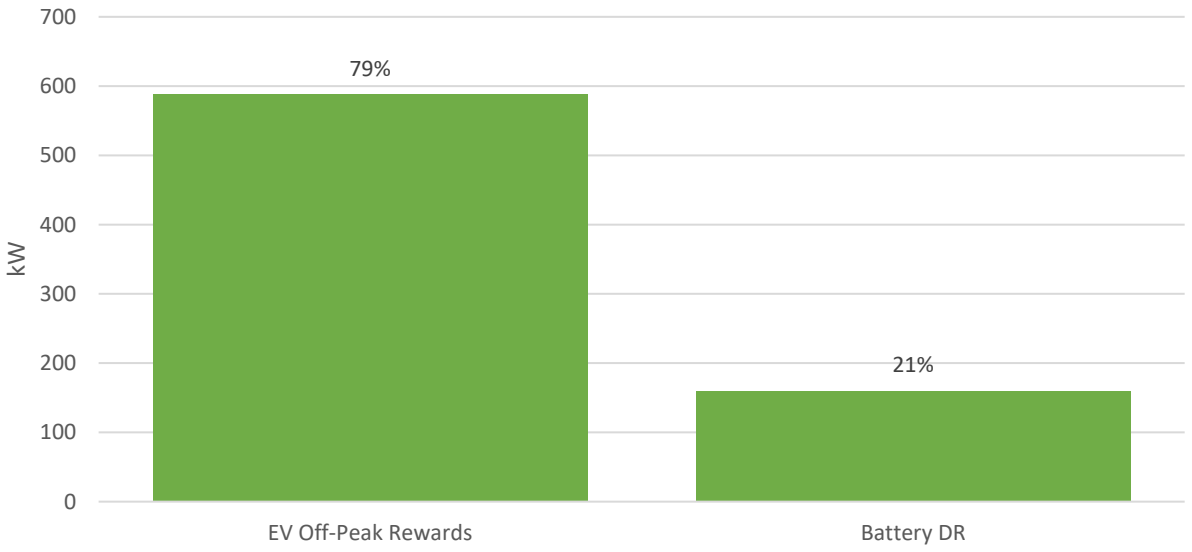


Figure 8-2: Emerging Technology Summary – Coincident Peak Demand (kW) by Program

8.2 *FLEX*EV OFF-PEAK REWARDS

8.2.1 Overview

Starting in FY 2022, CPS Energy offered two EV programs – the *Flex*EV Smart Rewards program and the *Flex*EV Off-Peak Rewards program. The *Flex*EV Smart Rewards program was no longer offered for FY 2026, and all participants were migrated to a revamped *Flex*EV Off-Peak Rewards program.

The *Flex*EV Off-Peak Rewards program incentivizes customers to voluntarily stop charging during peak hours without any direct intervention from CPS Energy. In FY 2026, peak hours for the *Flex*EV Off-Peak Rewards program are defined as 4:00 p.m. - 10:00 p.m. on weekdays. In return, customers receive a one-time $50 credit on their utility bill and can earn a $10 monthly bill credit if charging is limited to no more than twice monthly during peak hours.

In FY 2026, device-level consumption data was no longer available to determine whether customers charged during the peak period. Therefore, the evaluation team worked extensively with CPS Energy to develop several models leveraging whole-house AMI meter interval data to understand customer charging behaviors and detect whether customers charged at certain points in time. Participation was determined based on a combination of these models. To build a repeatable strategy for future use, models are refined through a monthly cross-matching process. Customers identified through any individual model are included in final participation totals. On average, this strategy generates a matching rate in the range of 70-80 percent. Further methods for quantifying program savings are discussed later in this section.

8.2.2 Program Participation

The following figure shows the participation trend by date throughout the fiscal year. CPS Energy expanded program eligibility in FY 2026 to all EV brands, and the number of new participants increased drastically from 247 to 1,531 participants.

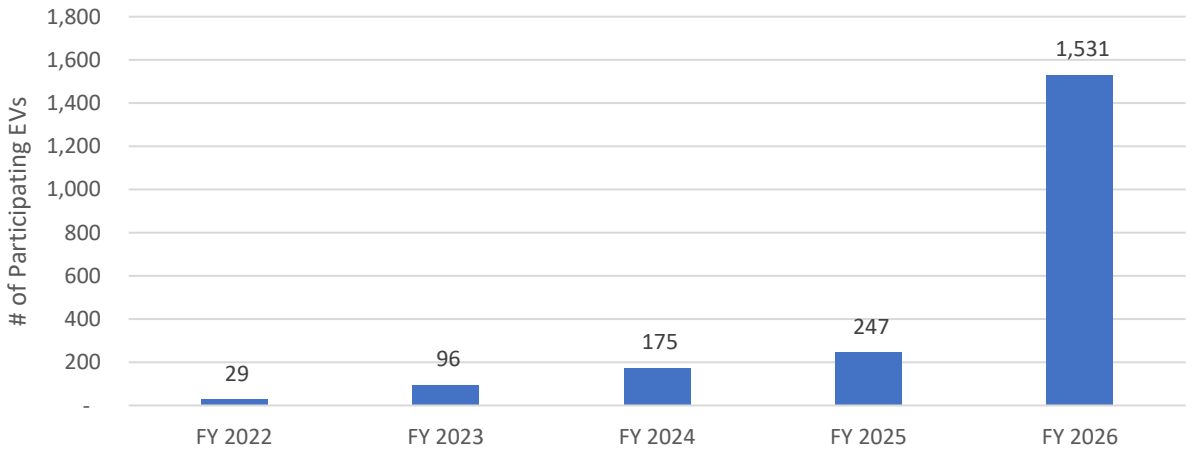


Figure 8-3: *Flex*EV Off-Peak Rewards Participation Trend

8.2.3 Savings Calculation Methods

Developing a baseline to estimate the savings of FY 2026 Off-Peak Rewards program is especially challenging for the following reasons:

- Unlike previous years, 15-minute interval data was limited to whole-house AMI meter data, which is confounded with various other consumption factors, such as HVAC and other home appliance usage. Charger device-level 15-minute interval data was no longer available in FY 2026.
- In previous years, non-event day weekdays in *Flex*EV Smart Rewards program served as a control group in the savings estimation analysis for *Flex*EV Off-Peak Rewards. This was not possible in FY 2026.

Considering these challenges, the evaluation team used FY 2025 monthly per-device savings to estimate the savings in corresponding months for FY 2026. Savings and monthly participation is shown in the following table.

Table 8-1: *Flex*EV Off-Peak Rewards – Estimated Monthly Per-Device Savings

Period[83]	Number of Participants	Estimated Per-device kW savings
Jun-25	840	0.31
Jul-25	915	0.35
Aug-25	1,029	0.36
Sep-25	1,201	0.38
Oct-25	1,337	0.33
Nov-25	1,385	0.29
Dec-25	1,452	0.25
Jan-26	1,531	0.28

8.2.3.1 Energy Savings (kWh)

Total energy savings are assumed to be zero because the program assumes only load shifting rather than consumption reduction.

[83] The first four months of FY 2026 are excluded due to migration process. Feb – May 2025 is the transition period of moving all *Flex*EV Smart Rewards participants to *Flex*EV Off-Peak Rewards program, therefore these months are not included here.

8.2.3.2 Coincident Peak (CP) Demand Savings (kW)

To compute CP kW savings, the per-device demand savings is multiplied by the total number of participating devices for each event. Achieved CP kW savings is the average kW savings during the summer of 2025 during non-holiday weekdays. Scaling the per-device average kW savings by the EOFY customer count yields EOFY CP kW savings. Multiplying per-device CP kW savings by number of newly added participants yields incremental CP kW savings.

8.2.3.3 Non-Coincident Peak (NCP) Demand Savings (kW)

Achieved NCP kW savings are represented by the maximum kW savings across all events in FY 2026. The maximum kW savings across all events occurred in September 2025. EOFY NCP kW was calculated by multiplying NCP per-device kW savings in September 2025 by EOFY participation count. Multiplying per-device NCP kW savings by the number of newly added participants yields incremental NCP kW savings.

8.2.3.4 ERCOT 4CP Demand Savings (kW)

During the summer of 2025, all four 4CP intervals occurred after 4:00 p.m. on weekdays, coinciding with the *Flex*EV Off-Peak Rewards load shifting period (4:00-10:00 p.m.) at a success rate of 100 percent. To estimate 4CP kW savings, average kW savings for these four days is multiplied by the success rate. EOFY capability is calculated by scaling 4CP per-device kW savings to the number of devices at the EOFY 2026. Multiplying per-device 4CP kW savings by number of newly added participants yields incremental 4CP kW savings.

8.2.4 Results

Program impacts are presented in the following data categories:

1) Estimated per-device kW savings.
2) Estimated program impacts throughout the fiscal year.
3) EOFY program capability based on EOFY program enrollment.
4) EOFY program capability based on incremental enrollment. This information is used for program benefit-cost analysis, consistent with the methods used for energy efficiency programs.

8.2.4.1 Achieved Impacts

The following table shows achieved energy and demand savings.

Table 8-2: *Flex*EV Off-Peak Rewards – Achieved Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
*Flex*EV Off-Peak Rewards	–	451	351	351

8.2.4.2 End-of-Fiscal Year Program Capability

The following table shows EOFY program capability based on EOFY enrollment.

Table 8-3: *Flex*EV Off-Peak Rewards – EOFY Program Energy and Demand Savings

Measure	EOFY Enrollment	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
*Flex*EV Off-Peak Rewards	1,531	–	575	540	540

8.2.4.3 Incremental Impacts

The following table shows incremental impacts used in benefit-cost analysis based on gross incremental enrollment during the program year.

Table 8-4: *Flex*EV Off-Peak Rewards – Incremental Program Energy and Demand Savings

Measure	Gross Incremental Enrollment	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
*Flex*EV Off-Peak Rewards	887	–	333	313	313

8.3 MY BATTERY REWARDS PROGRAM

8.3.1 Overview

The My Battery Rewards pilot program, launched in FY 2025, is a collaborative, customer-driven program where CPS Energy partners with homeowners who own a Battery Energy Storage System (BESS) to support the grid and strengthen reliability. During select times of high demand, CPS Energy notifies participants via email, phone call, or text to engage their BESS to help reduce load. For each event, customers are notified half-hour in advance. Customers receive a $10 bill credit for each event they participate in.

In FY 2026, seven events were called. One event occurred in February and six events occurred between May and August. The February event occurred in the morning 7:00 a.m. - 9:00 a.m. The remaining six events began at 7:00 p.m. and events duration ranged from 1.5 hours to 3 hours.

8.3.2 Program Participation

The following figure shows the participation trends throughout the fiscal year. By the EOFY 2026, there were 142 participants. Each participant had a solar photovoltaics (PV) system, and 66 also participated in the BYOT residential thermostat DR program.

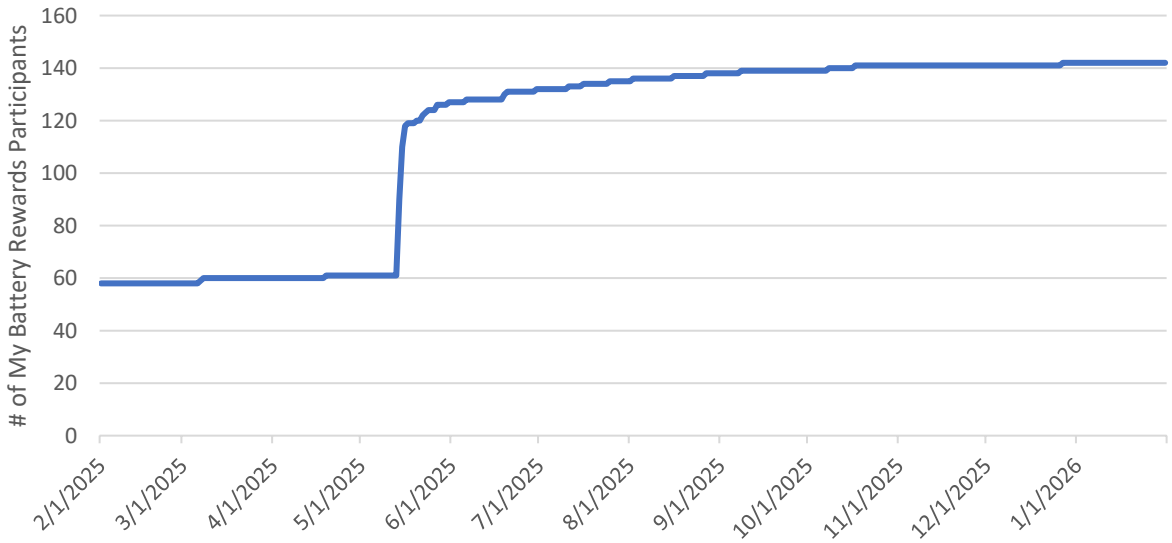


Figure 8-4: My Battery Rewards – FY 2026 Program Participation Trend

The following table shows the participating battery brands among all participants.

Table 8-5: My Battery Rewards – FY 2026 Participation by Battery Brand

Battery Brand	Participants
Tesla	86
Enphase	36
Franklin	11
SolarEdge Energy Bank	4
LG	3
Schneider	1
Growatt	1
Total	**142**

Not all customers participated in each event. The average participation rate[84] was 51 percent. The following table shows participation rates for each event.

Table 8-6: My Battery Rewards – FY 2026 Participation Rate

Date	Total Customers	Participants	Participating Rates
2/20/2025	62	29	47%
5/15/2025	112	64	57%
6/17/2025	134	68	51%
6/18/2025	134	76	57%
7/24/2025	142	69	49%
7/30/2025	142	62	44%
8/18/2025	141	68	48%
Average Participation Rate			**50%**

8.3.3 Savings Calculation Methods

The evaluation team reviewed both solar and 15-min interval AMI revenue meter data from February, May, and September 2025 for each participant. The following data categories were included in the 15-minute interval datasets:

- Overall consumption – customer consumption data
- PV generation – customer PV generation data
- Flow-out – customer generation that is returned to the grid

[84] The participation rate for each event is defined as the number of participants who participated/get $10 credit divided by the total number of My Battery Rewards customers on that event.

Customer net consumption is the difference between customer consumption data and customer generation that is returned to the grid. Customer electric bills are based on net consumption.

Customer net consumption = overall consumption – flow-out

The following figure shows average overall consumption, PV generation, flow-out, and customer net consumption from May to September 2025.

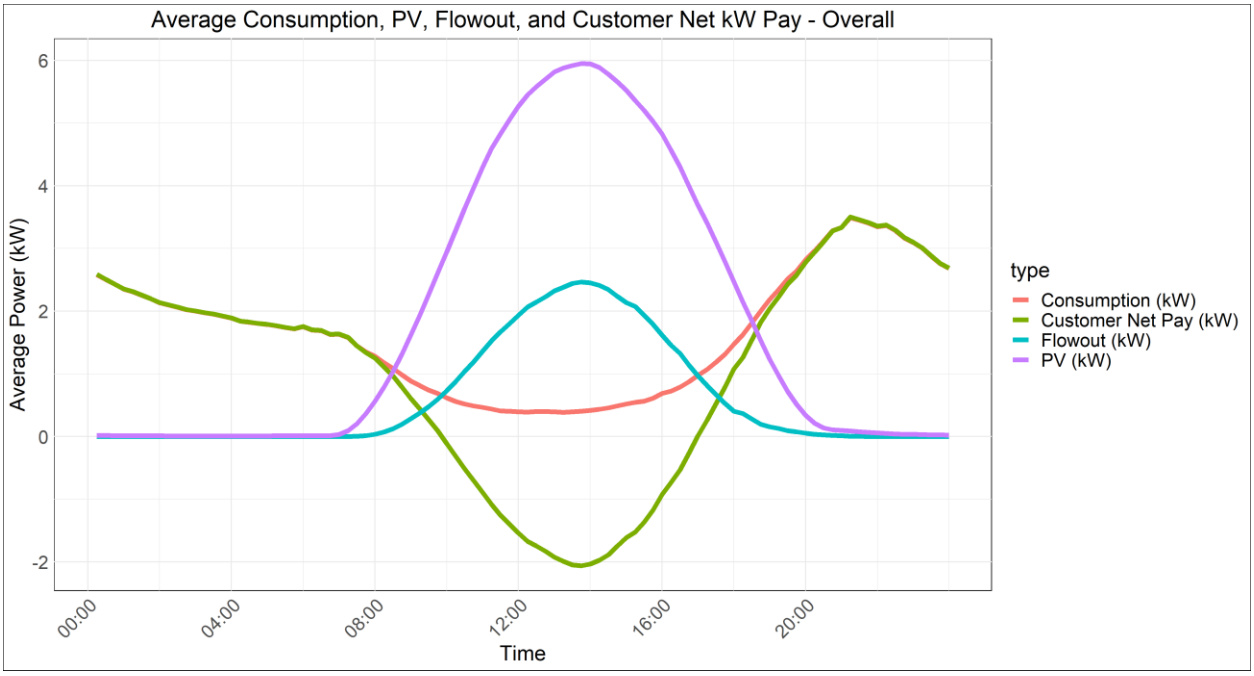


Figure 8-5: My Battery Rewards – Average Overall Consumption, PV generation, Flow-out, and Customer Net Consumption from May to September 2025

The following figures show average consumption, PV generation, flow-out and customer net consumption for an example event day (05/15/2025 event). The event period is identified by yellow shading.

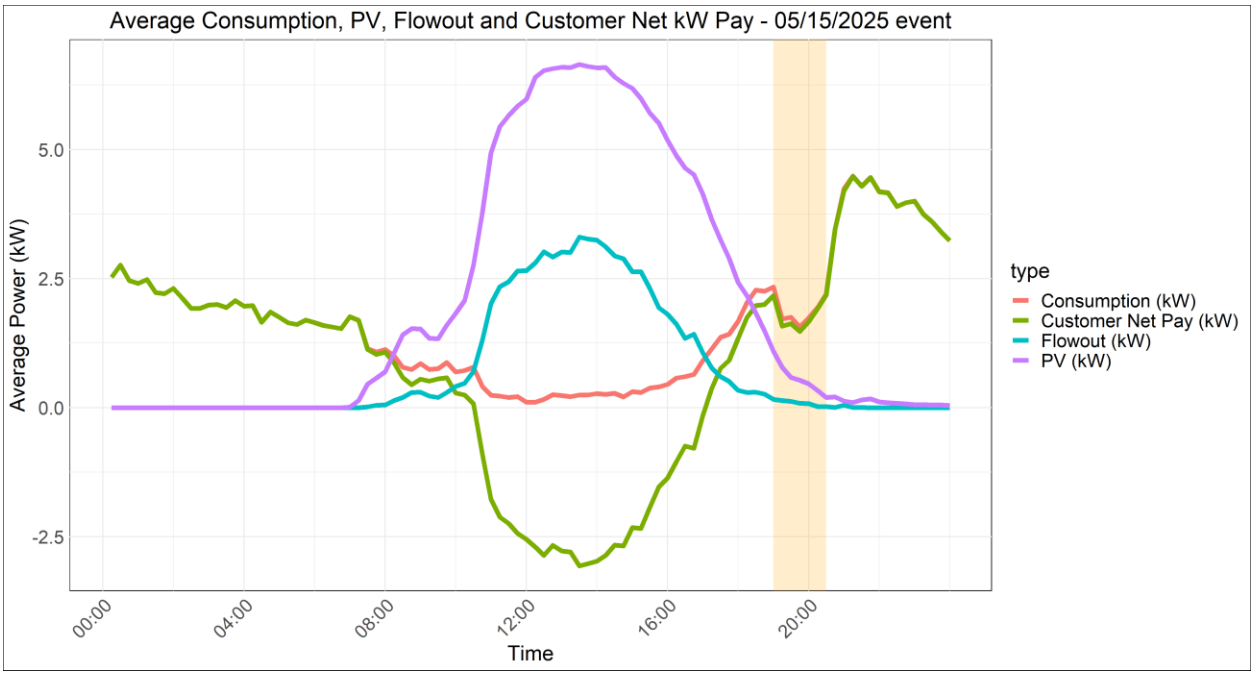


Figure 8-6: My Battery Rewards – Average Consumption, PV generation, Flow-out, and Customer Net Consumption – 05/15/2025 Event

As shown in above figure, there was an obvious load drop during the event time for both the consumption and net consumption profiles.

Both demand and energy savings analysis is based on net consumption, as this dataset is directly related to customer electric bills. A top 3-of-10 analysis with a difference adjustment is adopted for this program. As all Summer of 2025 began at 19:00, the evaluation team adopted an adjustment period of 17:30 – 19:00 to avoid potential conflict with the residential thermostat DR program event periods. For the single winter event that occurred at 7:00 - 9:00 on 02/20/2025, the evaluation team adopted a corresponding adjustment period of 5:30 - 7:00 Specifically, this evaluation methodology is implemented as follows, using the 05/15/2025 example event.

Step 1: Aggregate customer net consumption data and identify the top 3 days during the event period (19:00 - 21:00) among the previous eligible days. In this case, the top 3 days selected are 5/14/2025, 5/13/2025 and 5/12/2025.

Step 2: Aggregate and average load profile for these baseline days and calculate kW during the event period: 3.18 kW.

Step 3: Calculate average kW during the event period on the event day: 1.74 kW.

Step 4: Calculate original savings. Original savings = baseline during event period – event day during event period: 3.18 – 1.74 = 1.44 kW.

Step 5: Calculate the average kW during the adjustment period (17:30 – 19:00) for both baseline and event day: 1.31 kW and 1.69 kW, respectively.

Step 6: Calculate the difference between baseline and event day during the adjustment period: 1.69 – 1.31 = 0.38 kW. The adjustment period is identified by purple shading in the following figure.

Step 7: Adjusted kW savings are the total of the original savings and the difference generated in step 6: 1.44 + 0.38 = 1.82 kW.

Load profile and savings for the 05/15/2025 event are shown in the following figure. kW savings per account for other events can be calculated in a similar manner.

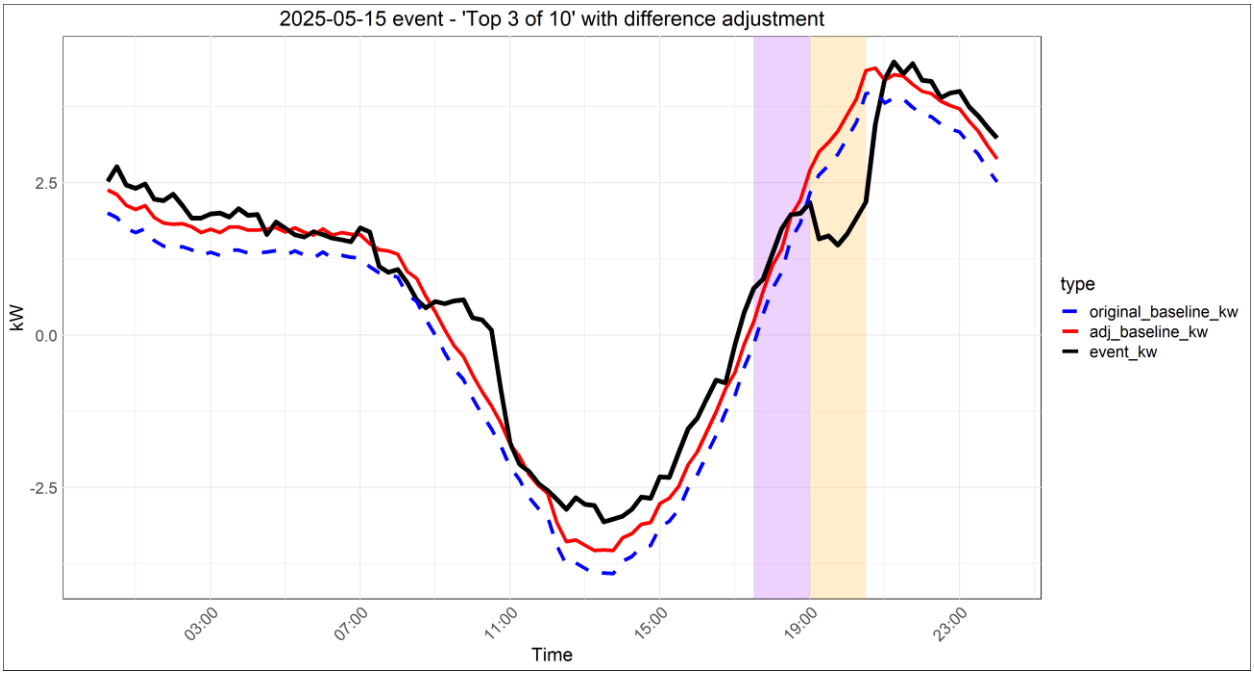


Figure 8-7: My Battery Rewards – Event vs. Baseline Load Profile – 05/15/2025 Event

8.3.3.1 Energy Savings (kWh)

Energy Savings per-event per-device are defined as follows:

$$\begin{aligned} &Net\ Energy\ Savings \\ &\quad = Adjusted\ kW\ Savings \times Event\ Duration \\ &\quad - Adjusted\ kW\ Overconsumption \times Snapback\ Period\ Duration \end{aligned}$$

Define the snapback period as the 3-hour window immediately after the event ends. In the case of the 05/15/2025 19:00-20:30 event, the snapback period is 20:30 - 23:30. For events ending at 22:00, the 3-hour snapback window is 22:00 – 1:00 the following day.

Continuing to use the 05/15/2025 event as an example, net energy savings are calculated as follows:

Step 1: Calculate the average kW during the snapback period for both baseline and event day: 3.57 kW and 4.01 kW, respectively.

Step 2: Calculate difference between baseline and event day during the snapback period: 4.01 - 3.57 = 0.44 kW.

Step 3: The adjusted kW overconsumption during the snapback period is the difference of the original savings and the difference generated in step 6 in the kW savings calculation steps: 0.44 - 0.38 = 0.06 kW.

Step 4: Net energy savings are the energy savings during the event period offsetting the overconsumption during the snapback period: 1.82 x 1.5 – 0.06 x 3 = 2.54 kWh[85]

Net energy savings per account for other events can be calculated in a similar manner.

8.3.3.2 Coincident Peak (CP) Demand Savings (kW)

Per-device demand savings are multiplied by the total number of participating devices for each event. Achieved CP kW savings are the average kW savings during all events. Average kW savings are scaled by the EOFY customer count to yield EOFY CP kW savings. Multiplying per-device CP kW savings by the number of newly added participants yields incremental CP kW savings. Incremental and EOFY savings are equivalent because this program started in FY 2026.

8.3.3.3 Non-Coincident Peak (NCP) Demand Savings (kW)

Achieved non-coincident peak savings is the maximum kW savings across all events. This occurred on 05/15/2025 from 19:00-22:30. The kW savings on this day are the NCP kW savings. EOFY NCP kW is calculated as multiplying maximum per-device savings during non-holiday weekdays by EOFY number of participants. Multiplying per-device NCP kW savings by the number of newly added participants yields incremental NCP kW savings. Incremental and EOFY savings are equivalent because this program started in FY 2026.

8.3.3.4 ERCOT 4CP Demand Savings (kW)

During the summer of 2025, all events occurred after 19:00, targeting the ERCOT solar generation ramp down period, which is later than all ERCOT 4CPs. Therefore, no 4CP kW savings are achieved.

[85] Calculation may not match exactly due to rounding.

8.3.4 Results

Program impacts are presented in the following data categories:

1) Estimated per-device kW savings.
2) Estimated program impacts throughout the fiscal year.
3) EOFY program capability based on EOFY program enrollment.
4) EOFY program capability based on incremental enrollment. This information is used for program benefit-cost analysis, consistent with the methods used for energy efficiency programs.

8.3.4.1 Achieved Impacts

The following tables show per-account and overall kW and net energy savings for each event.

Table 8-7: My Battery Rewards – FY 2026 Savings Summary – kW Savings

Date	kW Savings Per Account/Device	Total kW Savings
2/20/2025	0.57	33
5/15/2025	1.82	200
6/17/2025	1.25	160
6/18/2025	1.07	137
7/24/2025	0.73	97
7/30/2025	0.92	122
8/18/2025	1.25	166
Average	**1.09**	**131**

Table 8-8: My Battery Rewards – FY 2026 Savings Summary – Net Energy Savings (kWh)

Date	Net Energy Per Account/Device (kWh)	Total Net Energy Savings (kWh)
2/20/2025	3.01	175
5/15/2025	2.54	279
6/17/2025	2.53	324
6/18/2025	1.63	209
7/24/2025	–	–
7/30/2025	1.42	189
8/18/2025	3.44	458
Total	**14.11**	**1,612**

The following table shows achieved energy and demand savings.

Table 8-9: My Battery Rewards –Achieved Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
My Battery Rewards	1,633	200	131	–

8.3.4.2 End-of-Fiscal Year Program Capability

The following table shows EOFY program capability based on EOFY enrollment.

Table 8-10: My Battery Rewards – EOFY Program Energy and Demand Savings

Measure	EOFY Enrollment	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
My Battery Rewards	142	1,972	258	158	–

8.3.4.3 Incremental Impacts

The following table shows incremental impacts used in benefit-cost analysis based on gross incremental enrollment during the program year.

Table 8-11: My Battery Rewards – Incremental Program Energy and Demand Savings

Measure	Gross Incremental Enrollment	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
My Battery Rewards	83	1,153	151	92	–

8.4 EMERGING TECHNOLOGY PROGRAM RECOMMENDATIONS

The evaluation team makes the following recommendations for Emerging Technology program offerings.

8.4.1 *Flex*EV Off-Peak Rewards Programs

In March 2025, CPS Energy made the decision to sunset the Smart Rewards program and transition all participants to the Off-Peak Rewards program. Throughout FY 2026 a significant number of new participants also enrolled in *Flex*EV Off-Peak Rewards.

In FY 2026, savings analysis for *Flex*EV Off-Peak Rewards was especially challenging because device-level interval data was no longer available, and *Flex*EV Smart Rewards program could no longer serve as a control group. Various methodologies were developed to estimate whether customers charged during the prescribed event window based solely on AMI whole-house meter data. The evaluation team will work with CPS Energy to use whole-house AMI data independently and consider other data sources to quantify the savings and refine the evaluation process in the coming fiscal year.

8.4.2 My Battery Rewards Program

FY 2026 represented the second year of My Battery Rewards. There was a significant participation increase compared to the FY 2025 pilot year (58 EOFY 2025 vs. 142 EOFY 2026). However, the per-device average savings decreased from 2.44 kW in FY 2025 to 1.09 kW in FY 2026. This is partly due to lower FY 2026 participation rates. In FY 2025, the average participation rate across all events was 62 percent, while FY 2026 participation rate dropped to 50 percent. The evaluation team recommends exploring approaches to increase participation rates. CPS Energy should also continue varying event calling strategies to improve savings, unlocking the full potential of My Battery Rewards.

9. SOLAR ENERGY PROGRAMS

9.1 SUMMARY OF SOLAR ENERGY IMPACTS

Over the past several years, CPS Energy has shifted its solar efforts significantly. Residential and many commercial solar installations have continued without rebates, and CPS Energy now focuses more on providing solar education for customers through the Bring Solar Home program[86] provided by Build San Antonio Green, and on promoting solar among hard-to-reach customers via community solar programs.

Commercial solar projects contributed 100% of solar savings achieved during FY 2026.

9.2 COMMERCIAL SOLAR PROGRAM

9.2.1 Overview

CPS Energy has offered rebates for solar PV systems installed on commercial buildings for nearly 20 years. CPS Energy's current commercial solar programs are focused on supporting the adoption of solar for small businesses (system size under 100 kW AC), schools, and non-profit organizations. Rebates are $0.60 per AC Watt for the first 25 kW, and $0.40 per AC Watt for over 25 kW, with a $0.10 per AC Watt premium for projects utilizing locally-manufactured modules. All commercial solar rebates are capped at $80,000 or 50% of the invoice cost, whichever is less. The rebate for registered non-local installers is reduced to 75% of the local installer rebates as detailed above.

The following table summarizes FY 2026 Commercial Solar participation by rebate level. Installed systems that did not receive a rebate are not included in this review.

Table 9-1: Commercial Solar – Summary by Rebate Level[87]

Incentive Level (First 25 kW_{DC}/ next kW_{DC})	# of Projects	Total Capacity (kW_{DC})	Rebated Amount
$0.70/$0.50	6	544	$280,329
$0.60/$0.40	21	1,394	$599,026
$0.45/$0.30 (75%)	1	92	$28,877
Total[88]	**28**	**2,030**	**$908,232**

[86] Bring Solar Home, https://www.bringsolarhome.com/.
[87] One project at the $0.60/$0.40 level received a maximum $80,000 incentive.
[88] The sum of the individual line items may not match the total due to rounding.

Commercial solar systems varied in size from 12 kW_{DC} to greater than 200 kW_{DC}. Large installations (>100 kW_{DC}) comprised the greatest proportion of new capacity added and rebates earned. The following table summarizes FY 2026 Commercial Solar participation by system size.

Table 9-2: Commercial Solar – Summary by System Size

System Size (kW_{DC})	# of Projects	Total Capacity (kW_{DC})	Rebated Amount
0-10 kW_{DC}	0	0	$0
>10-25 kW_{DC}	6	112	$60,864
>25-50 kW_{DC}	4	130	$67,473
>50-100 kW_{DC}	9	663	$304,671
>100-250 kW_{DC}	9	1,125	$475,224
Total[89]	**28**	**2,030**	**$908,232**

All systems are required to be interconnected to the CPS Energy distribution system on the customer's side of the meter. Systems must be approved, permitted, pass all required inspections, and comply with CPS Energy's requirements for interconnection.

In FY 2026, there were 28 rebated commercial solar PV systems installed through the program, totaling 2,030 kW_{DC} and $908,232 in distributed rebates. The average rebated commercial system size was 72 kW_{DC}. Additionally, 25 commercial solar projects were completed without rebates during FY 2026, comprising another 3,459 kW_{DC}. Since these projects did not receive energy efficiency rebates, neither the projects nor their associated energy or demand savings are included in this summary.

The figure below summarizes the rebated Commercial Solar program history in terms of installed capacity, average system prices, and annual rebate levels.

[89] Same as previous comment.

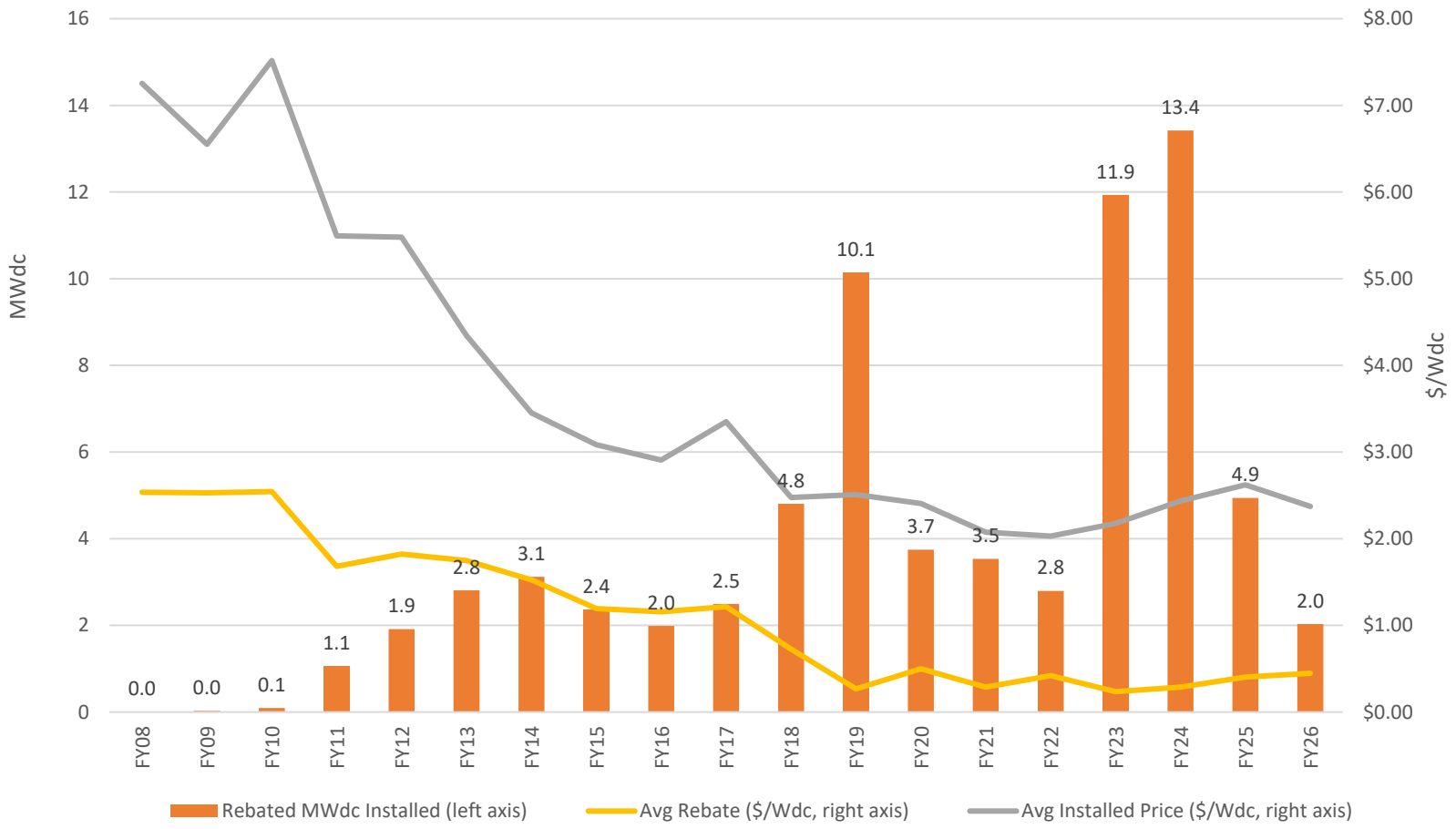


Figure 9-1: Commercial Solar – Program History: Annual Capacity Installed, Average System Price, and Average Rebate Levels

FY 2026 utility rebates currently covered approximately 19 percent of installed costs. This metric tends to vary widely depending on the number of very large systems installed, with rebate amounts capped at a maximum limit, each year. Only one installation in FY 2026 was large enough to have its rebate capped.

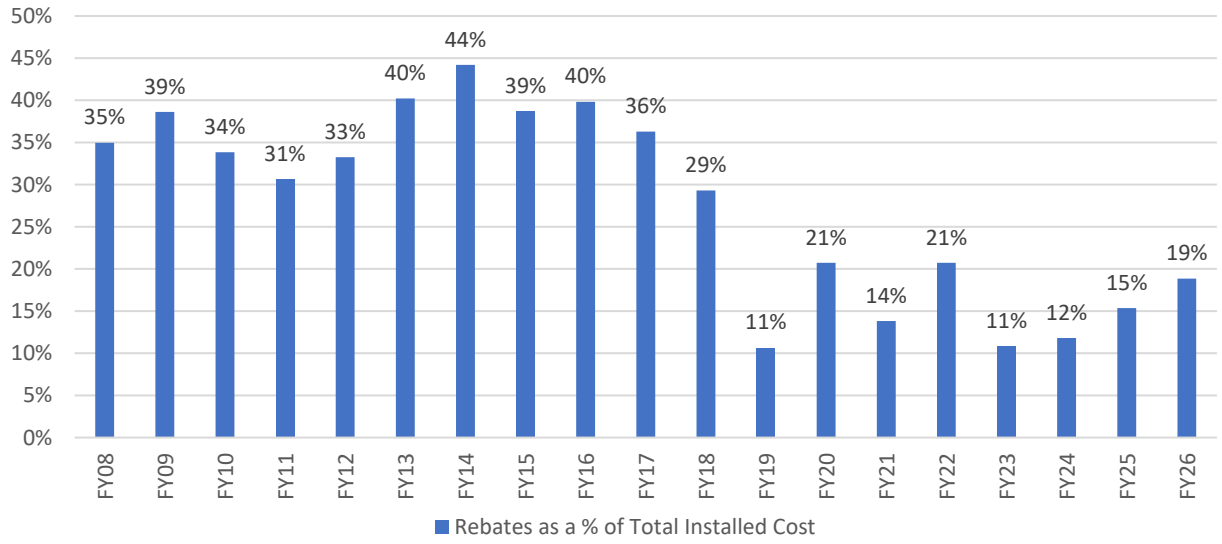


Figure 9-2: Commercial Solar – Percent of Installed System Costs Paid by Program Rebates

9.2.2 Results

The gross energy and demand savings for the Commercial Solar program are presented below.

Table 9-3: Commercial Solar – Program Gross Energy and Demand Savings

Measure	Gross Energy Savings (kWh)	Gross NCP Demand Savings (kW)	Gross CP Demand Savings (kW)	Gross ERCOT 4CP Demand Savings (kW)
Commercial Solar PV	2,447,945	1,857	834	700

Deemed savings values originally developed by the evaluation team in FY 2017 were validated via desk and field reviews during FY 2019. All savings calculations were updated during FY 2022 based on evaluated metered solar data. These updated deemed savings were applied to FY 2026 projects.

9.3 SOLAR PROGRAMS RECOMMENDATIONS

The number and capacity volume of commercial solar installations receiving CPS Energy rebates declined significantly in FY 2026 relative to previous years, mainly due to shifting availability of federal incentives. Current federal policy maintains a 30% investment tax credit for commercial solar projects that are in service by December 31, 2027. In the past, these deadlines, unless extended, have tended to spur a significant volume of activity prior to their expiration date, suggesting that CPS Energy might expect an uptick in commercial solar installations in late 2027, affecting the FY 2028 STEP evaluation.

CPS Energy's residential solar rebates have been discontinued, replaced by efforts aimed at development of community solar facilities and consumer education. No community solar additions were completed during FY 2026.

Legacy rebate programs supporting residential and larger commercial solar installations have successfully created and sustained a vibrant local solar market. In addition to the Commercial Solar rebates discussed above, 25 commercial solar installations comprising more than 3.4 MW_{DC} of new solar capacity and 2,306 residential solar installations comprising 20.6 MW_{DC} were completed without rebates. These figures indicate the presence of a strengthening and sustainable local market for solar.

10. TOTAL IMPACTS AND COST EFFECTIVENESS

10.1 NET PROGRAM IMPACTS & COST EFFECTIVENESS

Program impacts presented in the Weatherization, Residential Energy Efficiency, Commercial Energy Efficiency, Demand Response, and Solar Energy sections of this report are gross program impacts (measured at the customer's meter) without any adjustments for distribution losses or Net-to-Gross (NTG) adjustments.

Adjustments to gross impacts include accounting for energy losses in the transmission and distribution system at the time of peak demand.

- The net program energy savings values shown here and in the executive summary were derived by converting the program-level gross energy savings at the meter to savings at the source using an energy loss factor provided by CPS Energy equal to 5.08 percent.
- The net program capacity savings values were derived by converting the program-level gross capacity savings at the meter to savings at the source using a CPS Energy-provided capacity loss factor equal to 8.15 percent.

The gross energy and capacity savings were further adjusted using the NTG values as shown in the following table. Based on industry standards for low-income programs in Texas, a 100 percent NTG factor was used for the Weatherization program. Residential NTG ratios were recently updated through a combination of industry benchmarking and a surveyed sample of FY 2024 program participants. Commercial NTG ratios were provided by CPS Energy.

Overall, CPS Energy's Energy Efficiency, Demand Response, and Solar portfolio produced positive net benefits. The evaluation team also calculated the following three economic metrics, in line with previous evaluations:

1. Cost of Saved Energy (includes DR) ($/kWh) = $0.0350/kWh
2. Reduction in Revenue Requirements (includes DR) = $272,017,449
3. Benefit-Cost Ratio = 5.78

The net program impacts and results of the benefit-cost tests are provided in the following table.

Table 10-1: FY 2025 Net Portfolio Impacts and Cost Effectiveness[90,91]

Program	NTG Ratio	Net Energy Savings (kWh)	Net CP Demand Savings (kW)	Net NCP Demand Savings (kW)	Net ERCOT 4CP Demand Savings (kW)	Rebate $	Admin and Marketing $	Total Program $	PACT [92]
Weatherization Program									
Weatherization	100%	4,379,684	2,192	3,980	2,069	$11,441,817	$2,521,559	$13,963,376	0.89
Energy Efficiency Programs									
Residential HVAC	85%	6,845,142	2,657	2,955	2,657	$2,812,114	$189,638	$3,001,752	5.58
Home Efficiency	95%	1,110,409	661	1,022	609	$670,275	$45,201	$715,475	5.57
New Home Construction	100%	17,975,621	6,203	7,325	6,213	$5,139,866	$346,612	$5,486,479	8.05
Retail Discounts	77%	3,840,598	472	1,194	609	$1,329,501	$89,656	$1,419,157	2.56
Home Energy Assessment	100%	2,712,033	122	367	96	$708,278	$47,763	$756,042	2.36
High-Performance AC Tune-up	100%	13,805,247	4,802	5,339	4,802	$1,719,618	$115,964	$1,835,582	6.08
Multifamily	100%	4,042,815	713	1,453	680	$2,579,725	$173,966	$2,753,691	1.95
Residential Subtotal		50,331,864	15,630	19,656	15,665	$14,959,377	$1,008,801	$15,968,178	5.44
Commercial & Industrial Solutions	97%	33,366,035	7,572	9,388	7,393	$5,105,354	$344,285	$5,449,639	8.88
Schools & Institutions	98%	32,367,208	7,920	10,254	7,727	$3,150,363	$212,448	$3,362,811	7.55
Small Business Solutions	96%	55,399,201	8,340	13,096	8,452	$5,450,660	$367,571	$5,818,231	10.65
Commercial Subtotal		121,132,445	23,832	32,737	23,572	$13,706,377	$924,304	$14,630,681	9.28
Energy Efficiency Subtotal		171,464,309	39,463	52,394	39,237	$28,665,754	$1,933,104	$30,598,858	7.28

Table continues on next page.

[90] NTG = Net-to-gross, NCP = Non-coincident peak, CP = Coincident peak, 4CP = ERCOT four coincident peak, PACT = Program administrator benefit-cost ratio.
[91] Net savings = gross savings x net-to-gross ratio ÷ (1 - line loss factor).
[92] The Program Administrator Cost Test (PACT) output, the benefit-cost ratio, is the ratio of the net present value (NPV) of avoided energy and capacity benefits, divided by the program's incentives and administrative costs. A PACT ratio greater than 1.0 indicates that the program delivered more benefits than costs incurred from the utility's perspective. The PACT is sometimes referred to as the Utility Cost Test (UCT).

Program	NTG Ratio	Net Energy Savings (kWh)	Net CP Demand Savings (kW)	Net NCP Demand Savings (kW)	Net ERCOT 4CP Demand Savings (kW)	Rebate $	Admin and Marketing $	Total Program $	PACT [93]
Demand Response Programs[94]									
Smart Thermostat[95]	100%	265,480	8,933	11,819	4,342	$771,646	$52,037	$823,682	N/A
Power Players	100%	1,116,026	11,689	14,754	9,941	$1,214,689	$81,914	$1,296,602	3.56
Direct Install Thermostats	100%	14,269,166	11,741	14,324	10,709	$413,315	$27,872	$441,187	9.26
Bring Your Own Thermostat	100%	69,508,085	58,101	70,210	53,168	$4,338,830	$301,799	$4,640,629	**12.26**
Commercial and Industrial DR	100%	4,101,916	84,206	128,886	70,402	**$4,903,629**	$16,071	$4,919,700	6.67
FlexEV Off-Peak Rewards	100%	–	382	491	382	$206,740	$19,030	$225,770	1.31
My Battery Rewards	100%	1,778	143	218	-	$4,290	$2,176	$6,466	7.03
Demand Response Subtotal		89,262,451	175,194	240,703	148,944	$11,853,138	$500,899	$12,354,037	7.82
Renewable Energy Programs [96]									
Commercial Solar PV	100%	2,578,956	908	2,022	762	$1,114,214	$96,680	$1,210,894	5.52
Roofless Solar	100%	–	–	–	–	$–	$40,941	$40,941	N/A
Solar Energy Subtotal		2,578,956	908	2,022	762	$1,114,214	$137,621	$1,251,835	5.50
Grand Total [97]		267,685,399	217,757	299,099	191,012	$53,074,923	$5,093,183	$58,168,106	5.78

[93] The Program Administrator Cost Test (PACT) output, the benefit-cost ratio, is the ratio of the net present value (NPV) of avoided energy and capacity benefits, divided by the program's incentives and administrative costs. A PACT ratio greater than 1.0 indicates that the program delivered more benefits than costs incurred from the utility's perspective. The PACT is sometimes referred to as the Utility Cost Test (UCT).

[94] The PACT for Demand Response Programs is calculated based on the net present value of avoided cost benefits divided by the net present value of program costs attributable to new, incremental participants during the program year. Because total program costs in the table represent the costs attributable to all participants, the PACT for Demand Response Programs cannot be directly calculated from data presented in the table. Demand response program net energy and demand savings represent program capability based on achieved savings.

[95] The Smart Thermostat program is a legacy program that is no longer enrolling new customers. No PACT score is calculated because there was no incremental participation.

[96] CPS Energy's solar rebate programs are evaluated independently from the utility's net metering rate policy.

[97] The sum of the individual programs and sectors may not match the totals due to rounding.

10.2 EMISSIONS REDUCTION

Environmental emission reductions are based on annual energy savings and represent the emissions avoided through the STEP portfolio. Emission factors were provided by CPS Energy and include avoided Carbon Dioxide (CO_2) emissions factors in tons per kWh with a 25-year forecast, and emission factors in pounds per kWh for Nitrous Oxide (NOx), Sulfur Dioxide (SO_2) and Total Suspended Particles (TSP).[98]

First year avoided emissions include avoided CO_2 emissions attributable to the gross number of participants in FY 2026. Lifetime avoided emissions include avoided CO_2 emissions attributable to program impacts across the estimated useful lifetime (EUL) of each measure within each program. Measure EULs are documented in the CPS Energy Guidebook; program-level weighted average EULs are listed below.

Table 10-2: FY 2025 CO_2 Emissions Reduction Impacts by Program (tons)

Program	1st Year CO_2 Emissions (tons)	Lifetime CO_2 Emissions (tons)	Program Weighted Average EUL
Weatherization (Casa Verde)	1,538	16,915	19.9
Residential HVAC	2,399	26,595	20.0
Home Efficiency	389	4,931	23.7
New Home Construction	6,299	78,103	23.0
Retail Discounts	1,346	9,862	11.8
Home Energy Assessment	950	6,762	11.0
High-Performance AC Tune-up	4,837	19,105	5.0
Multifamily	1,417	12,203	14.5
Residential Subtotal	17,636	157,560	
Commercial & Industrial Solutions	11,692	90,726	12.6
Schools & Institutions	11,342	57,799	8.6
Small Business Solutions	19,412	167,715	14.6
Commercial Subtotal	42,445	316,240	
Energy Efficiency Subtotal	61,620	490,715	

Table continues on next page.

[98] First year emissions factors provided by CPS Energy. The evaluation team converted these values to report imperial tons of each pollutant, consistent with past evaluations. Lifetime CO_2 emissions were derived from a long-term forecast of CPS Energy emissions factors.

Program	1st Year CO_2 Emissions (tons)	Lifetime CO_2 Emissions (tons)	Program Weighted Average EUL
Smart Thermostat	–	–	–
Power Players	391	391	1.0
Direct Install Thermostats	5,538	36,949	10.0
BYOT	22,111	147,514	10.0
C&I DR	1,437	1,437	1.0
FlexEV Smart Rewards	–	–	–
FlexEV Off-Peak Rewards	–	–	–
Battery DR	–	3	–
Demand Response Subtotal	29,478	197,681	
Comm Solar PV	904	13,792	30.0
Roofless Solar	–	–	–
Solar Energy Subtotal	904	13,792	
Grand Total[99]	92,002	702,164	

Commercial EE programs delivered the most first-year and lifetime avoided CO_2 emissions. Based on their implementation design, C&I DR and the Power Players behavioral DR programs have a one-year EUL. This short EUL is a primary reason why DR programs contribute a lower share of overall lifetime avoided CO_2 compared to first-year avoided emissions.

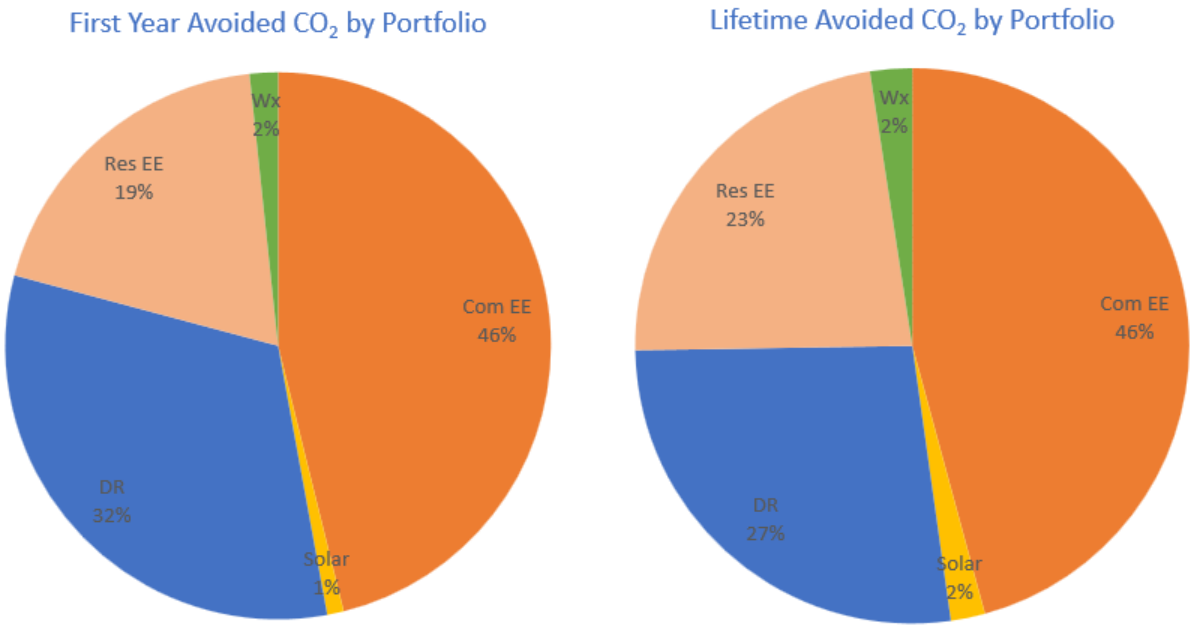


Figure 10-1: First Year and Lifetime Avoided CO_2 Emissions

[99] The sum of the individual measures may not match the total due to rounding.

Commercial EE and Solar programs provide the highest level of avoided emissions per participant due to the larger overall energy savings opportunity per site. Although Weatherization contributes only approximately two percent of avoided emissions, it has a higher avoided emission value per participant than Residential EE or DR programs. Program participation counts are provided in section 3.3.

Table 10-3: FY 2024 First Year Avoided CO_2 Emissions per Program Participant[100]

Portfolio	1st Year Avoided CO_2 Emissions (tons) per Participant	Lifetime Avoided CO_2 Emissions (tons) per Participant
Weatherization	0.96	10.51
Residential Energy Efficiency	0.51	4.52
Commercial Energy Efficiency	24.03	179.07
Demand Response	0.06	0.41
Solar	32.27	492.56
Portfolio Average	**0.14**	**0.03**

First year avoided emissions for Nitrous Oxide (NOx), Sulfur Dioxide (SO_2) and Total Suspended Particles (TSP) are presented in the following table.

Table 10-4: FY 2024 First Year Avoided NOx, SO_2, and TSP Emissions

Program	1st Yr NOx (lbs)	1st Yr SO_2 (lbs)	1st Yr TSP (lbs)
Weatherization (Casa Verde)	1,393	143	357
Residential HVAC	2,173	223	557
Home Efficiency	352	36	90
New Home Construction	5,706	585	1,463
Retail Lighting Discounts	1,219	125	313
Home Energy Assessment	861	88	221
High-Performance AC Tune-up	4,382	449	1,124
Multifamily	1,283	132	329
Residential Subtotal	15,977	1,639	4,097
Commercial & Industrial Solutions	10,592	1,086	2,716
Schools & Institutions	10,275	1,054	2,635
Small Business Solutions	17,586	1,804	4,509
Commercial Subtotal	38,452	3,944	9,860
Energy Efficiency Subtotal	55,823	5,725	14,314

[100] Retail Discounts participants are not included in participant counts because savings are claimed per product.

Program	1st Yr NOx (lbs)	1st Yr SO_2 (lbs)	1st Yr TSP (lbs)
Smart Thermostat	–	–	–
Power Players (Behavioral DR)	354	36	91
Direct Install Thermostats	4,530	465	1,161
BYOT	22,065	2,263	5,658
C&I DR	1,302	134	334
FlexEV Smart Rewards	–	–	–
FlexEV Off-Peak Rewards	–	–	–
Battery DR	–	–	–
Demand Response Subtotal	28,251	2,898	7,244
Res Solar PV	–	–	–
Com Solar PV	819	84	210
Roofless Solar	–	–	–
Solar Energy Subtotal	819	84	210
Grand Total[101]	84,889	8,707	21,767

[101] The sum of the individual measures may not match the total due to rounding.

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