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Public Utility Commission of Texas

TO: Interested Persons

FROM: Therese Harris, Infrastructure Division

DATE: June 26, 2022

RE: Project No. 38578 - Energy Efficiency Implementation Project under 16 TAC § 25.181(q)

Avoided Cost of Energy for the 2022 Program Year

Due to the unique circumstances caused by the February 2021 winter-weather event, the Commission found good cause to grant an exception to the requirements of 16 TAC § 25.181(d)(3)(A) and set the avoided cost of energy at \$85 per MWh for the 2022 program year.¹

From February 12 through 17, 2021, Winter Storm Uri brought extreme cold weather conditions to Texas, resulting in extensive generator outages and derates across Texas. ERCOT real-time energy prices were at or very near the high system-wide offer cap of \$9,000 per MWh from February 15 through 19, 2021. Using the competitive load-zone-settlement-point prices for the 2020 through 2021 winter peak period to calculate the 2022 avoided cost of energy as required under 16 TAC § 25.181(d)(3)(A) would have resulted in a final load-weighted average of \$156.48 per MWh. In its petition, Commission Staff asserted that the use of this average would result in abnormal cost-effectiveness determinations for utilities' energy-efficiency programs for the 2022 and 2023 program years.²

¹ *Commission Staff's Petition for a Good Cause Exception to 16 Texas Administrative Code § 25.181(D)(3)(A) and to Set the Avoided Cost of Energy Under § 25.181(D)(3)(A) For 2022 Electric Utility Energy Efficiency Programs, Docket No. 52871, Order (May 12, 2022).*

² *Id at 4.*



