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ENERGY EFFICIENCY IMPLEMENTATION § PUBLIC UTILITY COMMISSION OF
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COMMENTS OF TEXAS ADVANCED ENERGY BUSINESS ALLIANCE

Texas Advanced Energy Business Alliance (TAEBA) submits these comments in response to the Commission Staff’s request for comment made on April 4th, 2023 in Project No. 38578.¹

Introduction

TAEBA includes local and national advanced energy companies seeking to make Texas’s energy system secure, clean, reliable, and affordable. Advanced energy technologies include energy efficiency, energy storage, demand response, solar, wind, hydro, nuclear, and electric vehicles (“EVs”). Used together, these technologies and services will create and maintain a higher performing energy system—one that is reliable, resilient, diversified, and cost effective—while also improving the availability and quality of customer facing services. TAEBA’s membership also includes advanced energy buyers, representing the interests of large electricity consumers interested in increasing their purchases of advanced energy to meet clean energy and sustainability goals. The advanced energy industry employs approximately 247,000 people in Texas, as of 2022, with 64% of those jobs being in energy efficiency.²

TAEBA appreciates the Commission’s commitment to energy efficiency. We believe that these conversations will greatly improve energy efficiency and energy savings in the state if substantive feedback from stakeholders is incorporated into future rulemakings. We would like to amplify a few key considerations for the Commission.

Increase Energy Efficiency Goals & Performance Incentives to Enhance Grid Resilience

¹ [Project No. 38578](#)

² [Advanced Energy Employs 247,600 In Texas \(2022\) Texas Advanced Energy Business Alliance](#)

Texas is a leader in energy but not energy efficiency. The American Council for an Energy-Efficient Economy (ACEEE) ranked Texas 29th in the 2022 state energy efficiency scorecard.³ The ACEEE categorized the Texas Energy Efficiency Resource Standard (EERS) as the weakest in the nation as of 2021 and found that “Texas is far behind other states in deploying energy efficiency and demand response to manage demand, support customer bill affordability, and reduce the likelihood of damage from future summer and winter extreme weather events”.⁴

The prolonged underinvestment in energy efficiency is a significant missed opportunity as energy efficiency directly contributes to lowering system peak demand, and passive survivability, or a building’s ability to maintain life-support functions in the event of an emergency.⁵ For example, a more energy efficiency home will maintain a safer temperature internally when there is a blackout due to extreme weather like during Winter Storm Uri. By enhancing energy efficiency, Texas can achieve greater emergency and grid resilience.

Increasing energy efficiency targets and prioritizing electricity savings is a practical pathway to improve grid resilience by decreasing demand. We recommend:

- updating the Energy Efficiency Resource Standards (EERS);
- doubling the summer peak demand reduction goal;
- and commissioning a study to determine if energy efficiency and demand reduction goals should be increased further.

Another proposal includes increasing energy efficiency goals annually to match or exceed 1% of energy retail sales by 2030 to ensure Texas takes full advantage of the benefits of energy efficiency.⁶ Additionally, the Commission should evaluate and update the investor-owned-utilities (IOUs) performance incentives or bonuses, if needed, to ensure that they appropriately motivate IOUs to achieve energy and peak demand goals, targeting primarily summer and winter peak load.

Ensure Accurate Valuation Methodologies For Cost-Effectiveness Standard

³ [2022 State Energy Efficiency Scorecard Texas \(ACEEE\)](#)

⁴ Relevant remarks begin on page 4. [Energy Efficiency And Demand Response: Tools To Address Texas’s Reliability Challenges \(2021\)](#) ACEEE

⁵ Energy efficiency discussion begins on page 38. [Future Proofing the Texas Grid with Distributed Energy Resources \(2022\)](#) Texas Advanced Energy Business Alliance

⁶ [Policy One-Pager \(2022\)](#) South-Central Partnership for Energy Efficiency as a Resource (SPEER)



TAEBA supports testing for cost effectiveness at the portfolio level and modifying the Utility Cost Test (UCT) standard to capture all the benefits associated with energy efficiency, demand response, and distributed energy resources. Externalities, including health and safety measurements, are a vital component to the benefit cost analysis. Foregoing these variables will result in an inaccurate measure of cost-effectiveness, because the benefits have been underestimated or undervalued. Additionally, the Commission should increase the avoided cost of energy to better value energy efficiency.

Integrate Tools and Programs Where Feasible

Where feasible, energy efficiency and demand response should be combined to amplify benefits. The Commission should ensure that changes to the substantive rules complement ERCOT markets, and retail electric providers' offerings. The Commission is also encouraged to support comprehensive reporting of energy efficiency progress by utilities and REPs to the Commission. The PUCT should thoroughly engage REPs and 3rd party providers of demand response services during this process.

Ensure Program Changes Allow for the Use of All Funding Sources Available for EE & DR

We encourage the Commission to ensure that changes to the substantive rules complement federal and state programs that can be used to increase energy efficiency in the state.

For example, the Inflation Reduction Act allocates approximately \$690M to Texas for the Home Energy Rebate and the High Efficiency Electric Home Rebate programs.⁷ Texas is eligible to receive \$5M to support administrative costs for capacity building, strategic planning, workforce analysis, coordination across programs, and consumer outreach in preparation to administer the rebate programs. The State and Community Energy Programs Office published an Administrative and Legal Requirements Document on March 23, 2023, which provides guidance on how states can access funds.⁸ Additionally, Texas is eligible for approximately \$4.8M through the Energy Efficiency and Conservation Block Grant. Applications for this competitive grant are due July 31st, 2023.⁹

⁷ <https://www.energy.gov/articles/biden-harris-administration-announces-state-and-tribe-allocations-home-energy-rebate>

⁸ https://www.energy.gov/sites/default/files/2023-03/Home_Energy_Rebates_ALRD.pdf

⁹ <https://www.energy.gov/scep/energy-efficiency-and-conservation-block-grant-program>



We recommend the following report as a guide to unlocking federal resources available for energy efficiency: *Unleashing America's Advanced Energy Future: Federal Resources for Utility Regulators to Combat Inflation, Create Jobs, and Achieve Energy Independence*.¹⁰

Conclusion

The Texas Advanced Energy Business Alliance appreciates the Commission's consideration of our comments on this important issue and welcomes future opportunities to work toward improving energy efficiency in Texas.

Respectfully submitted,

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¹⁰ Energy efficiency discussion begins on page 27. *Unleashing America's Advanced Energy Future Federal Resources for Utility Regulators to Combat Inflation, Create Jobs, and Achieve Energy Independence* (2022) Advanced Energy United



