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SIERRA CLUB

LONE STAR CHAPTER

April 20th, 2023

Comments on the Energy Efficiency Working Group Summary Comments Project No 38578

The Lone Star Chapter appreciated the opportunity to participate in the working group on goals under Project No. 38578. We are submitting some additional comments as a result of the stakeholder and EEIP meeting. We appreciate being part of the discussion and thank both Commission staff and Tetra Tech for helping facilitate the meetings.

We believe that there are some general areas where utilities, retail electric providers cities and advocates are in agreement.

1. Both demand goals and energy goals are important and the Commission should maintain a focus on both.
2. In terms of demand goals, the Commission should assure that utilities have programs to meet both winter and summer peak periods. If the programs only focus on summer programs, the Commission will miss an opportunity to address winter loads, particularly from residential loads.
3. Cost-effectiveness is important, but it is important that the portfolio be cost-effective and not as important that each individual program be found to be cost-effective. We would support changing rules to give utilities more flexibility.
4. In the ERCOT area, it is important to continue to utilize third-parties ESCOs and retail electric providers and aggregators to carry out the programs, but there may be cases such as in rural areas where utilities may need to be more directly involved.
5. There is agreement that many utilities are already at their cost caps or very close to them. Utilities would support an increase in cost caps, though some stakeholders like the cities are concerned if cost caps rise too much.

Areas where the Sierra Club would like to see strong action but where there may be some opposition from certain parties.

1. We urge the Commission to consider raising the goals, both for demand, as well as for energy. We think there is room to double the peak demand goal to 0.8 percent - which is approximately what the utilities are achieving today. We also think we could set a specific energy percentage or even MWhs goal for different sized utilities. While our proposal to raise the energy savings goal to 1 percent - as opposed to the current goal of a 20% load factor on the demand goal - would be ambitious, we think it could be phased in over time. Alternatively, significantly increasing the load factor would be another way to approach it.
2. Cost caps will need to be raised and the Commission should also consider granting some credit for the delayed and reduced transmission and distribution costs that result from energy efficiency programs. We think cost caps could be doubled.
3. Some consideration on how to better incorporate REPs in residential demand response programs partially funded by the TDUs.
4. The current performance bonuses are unsustainable, particularly if they are part of the cost-caps. Increasing goals - both demand and energy - could help lower the high bonuses - which are eating up about a third of the budget currently - and placing them outside of the cost caps would assure that utilities could pursue more programs without having to balance the need to earn a performance bonus with the need to stay under the cost cap.

We appreciate the Commission's attention to this important issue, and look forward to a future rulemaking on the issue.

Sincerely,

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