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ENERGY EFFICIENCY IMPLEMENTATION PROJECT WORKING GROUP FOLLOW UP	**§** **§**	**PUBLIC UTILITY COMMISSION OF TEXAS**

COMMENTS OF THE SOUTH-CENTRAL PARTNERSHIP FOR ENERGY EFFICIENCY AS A RESOURCE

NOW COMES the South-Central Partnership for Energy Efficiency as a Resource (SPEER) to files these comments relating to the completion of the four Energy Efficiency Implementation Project (EEIP) working groups efforts to identify potential changes to the Texas energy efficiency program rules.

Comments

SPEER appreciates the efforts of both the Public Utility Council of Texas (PUCT) staff and Tetra Tech staff in facilitating the four EEIP working groups. Additionally, we are thankful for the opportunity to participate in the program planning sessions. As noted throughout the meetings, SPEER believes it is imperative to the state that our energy efficiency programs are reviewed and improved where possible. As noted in the minutes taken from all meetings, there are several consensus items identified that would make a substantial impact on our current programs and save Texas ratepayers money on their monthly electricity bills.

Program Cycles:

As discussed in the initial meeting, SPEER supports changes that would provide the needed flexibility for utilities to adjust each program without the pressure of a single year planning timeframe. This can take shape in different ways as mentioned by the working group. Potentially extending the planning cycle to a three-year period rather than annual cycle and/or extended the pilot program period from its current annual timeline. SPEER

has recommended extending the planning cycle to three years in the past and continues to do so today. While annual updates would be needed to ensure adequate oversight is provided, we are sensitive to the concerns of additional administrative burden on utilities and would seek to limit that where possible. We believe in combination with other proposed changes, a three-year cycle would allow programs to mature over the course of the longer cycle. Additional consideration of extended pilot program cycles can and should still be considered.

Another topic discussed during the program cycles meeting was with syncing up timelines for avoided cost calculations and program cycles. As noted, currently utilities are given very little time to review changes to avoided cost calculations and how they impact their programs since they are published in November preceding the next cycle that beings in the following January. If possible, shifting the date for publishing these calculations would allow utilities more time to review their programs and make changes where needed to meet cost-effectiveness standards and develop incentive plans.

Cost-Effectiveness Standard:

The current cost-effectiveness standard at the program level was mentioned in all working groups, not just program planning sessions. There appears to be considerable consensus around shifting the cost-effectiveness standard to the portfolio level instead of at the program level. This change to portfolio level would give utilities the opportunity to leverage perhaps lower scored cost-effective programs against higher scored programs to have met energy efficiency cost-effective standard. This change would substantially benefit low- and moderate-income customer classes that historically have score lower in cost-effectiveness measures. Another area relating to cost-effective standards is how exactly the standards are measured. SPEER supports inclusion of addition factors, such as societal benefits, into a Texas Utility Cost Test. These societal factors are not currently valued, however are very beneficial to Texas given the growth in population and business in the region that increases grid demand.

Avoided Cost:

Accurate and consistent values in the avoided cost determination are crucial for energy efficiency programs to continue to be effective. There were several items brought up during the second program planning working group meeting that SPEER supports. These items include inclusion of the avoided cost of transmission and distribution as well as addressing the low escalation rate, currently at only 2% of the estimated useful life of any given measure. Making these changes would likely increase the total avoided cost of energy efficiency programs and allow utilities to claim more accurate savings for their efforts. An increase in avoided cost calculations would also boost the amount of incentive dollars utilities are able to use to get contractors to implement these measures.

While this list is not inclusive of all topics discussed over the last two months, these three areas appear to have a large amount of consensus among stakeholders in not just the program planning group, but also the other stakeholders in this space. SPEER's ultimate hope for energy efficiency programing in the state is to help mitigate the enormous growth in demand projected in the near future with more cost-effective means as opposed to expensive supply-side proposals. While there is still much to be determined not just through EEIP but the wholesale electricity market redesign, energy efficiency remains a low-cost and very effective tool in the toolbox that can ease demand on the grid and reduce bills to all customer classes.

Conclusion

SPEER appreciates your consideration of the important issues discussed in these comments and stands ready to participate as the proceeding moves forward.

Respectfully Submitted,

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