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**REVIEW OF WHOLESALE
ELECTRIC MARKET DESIGN**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMENTS OF the South central Partnership for Energy Efficiency as a Resource
(SPEER)**

COMES NOW SPEER and files these Comments in response to the Commission's Questions for Comment filed in this proceeding on September 9, 2021.

Executive Summary

Effective demand response programs reduce the need for peak electricity generation power plants, which are often the most expensive and polluting. In addition to demand response energy efficiency can help solve several of the largest problems facing the state right now which are resource adequacy, or grid reliability, and resilience during our summer heat waves or winter storms, as we recently experienced. Making energy efficiency and demand response a priority is economical, simple to implement, and necessary. Texas' average electricity consumption per home is roughly 26% higher than the national average, creating high energy bills for customers and even higher during peak times. The inefficiency of most Texas homes is a direct contributing factor to high energy peaks and high energy bills. In fact, residential and small commercial load represent 73% of the peak summer load that ERCOT strives to satisfy. This is due to the lack of building standards and ineffectiveness of current energy efficiency measures across the state.

Increasing focus on and implementing more energy efficiency measures, alongside demand response, can help ease demand on the ERCOT market. The PUC increased energy efficiency programs in 2010, over ten years ago, but most notable did so by its own authority *without*

legislative direction. Efficiency programs have not been increased since, yet our consumption has significantly increased as our state's population continues to rapidly grow. Texas sits dead last, ranked 29th out of 29 states with energy efficiency resource standard goals, spending \$6.77 per capita with our neighbors in Oklahoma spending \$17 and Arkansas at \$22.

Efficiency, as opposed to demand response, includes the investment in equipment or building components or materials that have continuous or regular impacts on a load's energy profile, resulting in predictable reductions in peak load or total energy consumption in different but predictable ways throughout the day and year.

Introduction

The South-central Partnership for Energy Efficiency as a Resource (SPEER), is a 501(c)3 non-profit regional energy efficiency organization (REEO). We are one of six in the country that aims to accelerate the adoption of advanced building systems and energy efficient products and services throughout the nation. We work collaboratively to strengthen local economies, improve health and quality of life, and improve the environment.

Comments

We as an organization understand the need to put priority on demand response, but there is a significant untapped potential. SPEER feels the Commission can tap into this important resource in the following ways:

- We could increase Emergency Response Service (ERS) to 3GW and hire out a study to determine additional potential in the ERS.

- Increasing energy efficiency programs, including both load management and energy efficiency. We need to focus these programs on HVAC systems, building envelopes, and thermostats, all of which are the most cost effective measure which will address both winter and summer peak. Energy efficiency and demand response will work in tandem and complement each other; energy efficiency increases the potential for demand response. Energy efficiency is how we ensure grid resiliency and reliability, by removing load permanently. Working in tandem with demand response we could see significant decrease in both peaks.
- In the terms of raising energy efficiency and load management goals, we need to give utilities extra credit toward those goals for programs that couple energy efficiency and demand response (e.g. new high efficiency heat pump and smart thermostat)
- The last potential study done by the Public Utility Commission was conducted in 2008, before smart thermostats existed. We need to commission a study of the potential for energy efficiency and load management.
- Ancillary services must remain market neutral.
- Commissioners have often commented that the Commission should establish the standard or define the outcome but not the technology needed to reach it. We agree. Many clean energy resources could meet various standards so long as those standards don't pick winners and losers or predetermine the outcome.

In short, SPEER believes that increasing energy efficiency programs, coupled with demand response we better ensure the reliability and resiliency of the Texas grid. We believe that if the PUCT would increase Texas' existing EERS to at least 1% retail sales, coupled with a demand

response goal for TDUs and REPs, set market rules for compensation and aggregation to enable residential demand response.

Conclusion

SPEER appreciates the opportunity to provide these Comments and looks forward to working with the Commission and other interested parties on these issues.

Respectfully submitted,

A handwritten signature in black ink that reads "Kelly Herbert". The signature is written in a cursive style with a large, stylized "K" and "H".

Kelly Herbert
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