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**PROJECT NO. 56517**

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| **REVIEW OF ENERGY EFFICIENCY PLANNING** | **§ §** | **PUBLIC UTILITY COMMISSION OF TEXAS** |

**COMMENTS BY TEXAS ENERGY POVERTY RESEARCH INSTITUTE (TEPRI)**

Texas Energy Poverty Research Institute (TEPRI) appreciates the opportunity to provide comments on Project No. 56517 Review of Energy Efficiency Planning. TEPRI is a 501(c)3 nonprofit organization that advances equitable solutions for affordable, reliable, and clean energy for disadvantaged communities across Texas. We engage with communities and test solutions that can support an equitable energy transition as the country integrates more diverse sources into our energy composition. Our work advances research on the energy needs of low-income households, develops solutions to address those needs, and establishes a network of on the ground relationships to enable deployment.

From TEPRI's recent report Community Voices in Energy Survey (CVES), we found that 40% of surveyed respondents found their bills unaffordable. The report also uncovers a lack of awareness about available assistance programs, leaving 90% of households who may be income-eligible for energy assistance, grappling with unaffordable electricity bills. It is a stark reminder of the urgent need for increased support, targeted outreach campaigns, and streamlined application processes to ensure that support reaches those who need it most.[1] The Commission's work to expand the energy efficiency program is an important step towards improving energy affordability, reliability, and resiliency.

**Question 2: What metrics should be used to track the success of low-income and hard-to-reach programs under 16 Texas Administrative Code (TAC) §25.181?**

TEPRI recommends that utilities should provide the information listed below in their energy efficiency program reports, to enable evaluation of low income (LI) and hard-to-reach (HTR) programs using appropriate metrics:

a. Descriptions of the different retrofit activities that each utility offers under their HTR and LI programs. Utilities should report on the customer take-up rates (number of premises enrolled), kW savings, kWh savings, and expenditures for each activity so that the Commission and the industry can better understand which retrofits are most appealing to customers and most effective. Program metrics should also be separated into single-family, multi-family, and manufactured residences separately.

b. Given that residential energy affordability is tied to energy use, utilities should provide statistical analysis of how low income and HTR efficiency retrofits reduced energy usage

[1] *Community Voices in Energy Survey*. TEPRI. (2024, April 3). https://tepri.org/2024/04/2023-community-voices-in-energy-survey-statewide-report/

compared to premises' previous year's kWh usage. Such efforts will help to create a baseline performance metric to understand efficiency impacts on energy usage and measure program success.

c. To better understand how well the HTR and LI customers are being represented in these programs, the utilities should report on the percentage of participating premises that are eligible for the HTR and LI programs, and (per item a above) how many actually participate in the programs. Ideally, the percentage of participating LI and HTR premises should be proportional to the percentage of total LI and HTR customers in the utility's territory.

d. To gauge how well the utilities are communicating the programs to new customers, the utilities should report the number of new meters (customers) enrolled in the programs each year. Utilities should also report on the channels, partners, and methods that they use to reach low income and hard-to-reach customers. Utilities should also indicate how effective each channel is in reaching and enrolling customers.[2]

e. Include reporting on the number of meters that have been previously enrolled in the last 5 years to measure percentage of repeat program subscribers.

**Question 5: Existing 16 TAC §25.181 addresses energy savings and demand reduction goals. Should these existing goals be revised in a future energy efficiency rulemaking? If so, how? Please discuss your rationale in detail.**

TEPRI recommends increasing the current targeted low-income energy efficiency program requirement of spending "not less than 10% of the utility's energy efficiency budget" for the targeted low-income energy efficiency program to "no less than 20% of the utility's annual energy efficiency budget." When utilizing current 200% Federal Poverty Level (FPL) income requirements, 32% of households[3] in the state would qualify for the low-income program and as such, spending requirements should be increased to target energy efficiency improvements to a broader base of low-income customers. Lower-income customers often pay a disproportionately higher percentage of their monthly incomes toward energy costs (energy burden), and as such would experience outsized benefits from energy efficiency improvements.

While 16 Texas Administrative Code §25.181 currently defines hard-to-reach (HTR) customers as "residential customers with an annual household income at or below 200% of the federal

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[2] TEPRI would be pleased to work with utility program officers and their consultants to suggest effective ways to reach low income and hard-to-reach customers in markets across Texas. TEPRI's E4-TX tool allows utility staff and contractors to identify qualifying households in real time through a web-based portal that utilizes HUD's Low Mod Income Summary Data (LMISD) and Qualified Census Tract (QCT) data. The tool reduces time delays that have historically plagued the income verification process. The E4-TX tool has been successfully deployed and utilized in Oncor's service territory under license, increasing the rate of successful home eligibility verifications since deployment.

[3] *Distribution of the total population by Federal Poverty Level (above and below 200% FPL)*. KFF. (2023, October 27). https://www.kff.org/other/state-indicator/population-up-to-200-fpl/

poverty guidelines," there is no similar definition of low-income (LI) customers outlined in statute. Instead, the Technical Reference Manual (TRM) notes that "the qualifying income level of 200% federal poverty level (FPL) is the same for hard-to-reach and low-income programs though the programs are implemented differently." As such, there is flexibility within the TRM to redefine the income qualification thresholds for LI customers to better align with incomes and the cost of living in Texas compared to the federal poverty level qualification. TEPRI recommends amending the TRM to define low-income customers as "residential customers with an annual household income at or below 80% of the state median income (SMI)." This increased threshold helps account for localized cost-of-living and inflationary concerns and broaden the customer base for utilities as they adjust to the higher budgetary spending requirements recommended above. Below is a chart which outlines the income threshold differences between 80% of the SMI and 200% of the FPL:

| Number of household members | 80% of State Median Income | 200% of Federal Poverty Level | Difference |
|---|---|---|---|
| 1 | $39,297 | $30,120 | *$9,177* |
| 2 | $51,388 | $40,880 | *$10,508* |
| 3 | $63,480 | $51,640 | *$11,840* |
| 4 | $75,572 | $62,400 | *$13,172* |

Current statute also requires that the "savings achieved through programs for hard-to-reach customers shall be no less than 5.0% of the utility's total demand reduction goal." Data shows that approximately 32% of Texans households earn below 200% of the FPL.[4] As such, the current program design falls far short of the level of resources required to serve the third of Texas households that are low income. TEPRI recommends increasing the HTR goals and modifying 16 TAC §25.181 to require that the "savings achieved through programs for hard-to-reach customers shall be no less than 10.0% of the utility's total demand reduction goal," and/or require a budget minimum similar to the low-income programs proportional to the % of HTR customers in the utility's service territory.

**Question 7: What activities should the Energy Efficiency division prioritize over the next twelve months?**

In addition to the previously answered questions, TEPRI also recommends the division prioritize the following:

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[4] *Distribution of the total population by Federal Poverty Level (above and below 200% FPL)*. KFF. (2023, October 27). https://www.kff.org/other/state-indicator/population-up-to-200-fpl/

a. Given the immense growth Texas has seen in recent years, increasing the overall energy efficiency goals should be a top priority.

b. Energy affordability and energy burden[5] are top of mind for the lower income households in Texas. The Commission should look to increase the proportion of the energy efficiency program that is dedicated to the HTR and LI households. Additional program metrics should be reported to validate the performance of these programs.

c. To improve transparency and program evaluation, the Commission should require utilities to also report data in standard format in Microsoft Excel so that it is easier for the Commission and the industry to evaluate performance across programs and utilities.

Respectfully submitted,


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[5] Energy burden is the percentage of household income spent on energy expenses. TEPRI considers households that spend 6% or more of their incomes on energy expenses to be in energy poverty and households that spend 10% or more of their incomes on energy expenses to be extremely energy burdened.

**Project No. 56517: Review of Energy Efficiency**
**Submitted by Texas Energy Poverty Research Institute**

<u>Executive Summary</u>

The Texas Energy Poverty Research Institute (TEPRI) is a nonprofit, nonpartisan statewide organization dedicated to ensuring that all Texans have access to affordable, reliable, and clean energy. TEPRI is focused on developing solutions that predominantly serve low-to-moderate income households and underserved communities throughout the state.

In response to Project Number 56517, TEPRI makes the following overarching recommendations:

1. **Enhanced Reporting Metrics:** Utilities should provide detailed information on retrofit activities, customer take-up rates, energy savings, and expenditures for LI and HTR programs. Reporting should differentiate between single-family, multifamily, and manufactured residences to facilitate targeted analysis and decision-making.

2. **Baseline Performance Metrics:** Analysis should be conducted to compare energy usage before and after efficiency retrofits, establishing baseline metrics for evaluating program success.

3. **Representation and Participation:** Utilities should report the percentage of eligible LI and HTR premises participating in programs, aiming for proportional representation to the total customer base. Strategies to improve program awareness and enrollment, including tracking new customer enrollments and assessing communication channels' effectiveness, are crucial.

4. **Revision of Income Qualification Thresholds:** The Technical Reference Manual (TRM) should redefine income qualification thresholds for LI customers to 80% of the state median income (SMI), reflecting localized cost-of-living considerations and broadening the customer base for energy efficiency programs.

5. **Increased Program Spending Requirements:** TEPRI recommends increasing the targeted LI energy efficiency program spending from 10% to 20% of the utility's annual energy efficiency budget, considering the significant energy burden faced by lower-income households.

6. **Geo-eligibility Tools:** Utilities are encouraged to adopt geo-eligibility tools such as TEPRI's E4-TX tool to qualify households in low-income census tracts, streamlining customer acquisition and participation processes.