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PUC PROJECT NO. 56517

REVIEW OF ENERGY EFFICIENCY PLANNING	§ § § §	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS
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**TEXAS-NEW MEXICO POWER COMPANY’S COMMENTS TO COMMISSION
STAFF’S QUESTIONS FOR COMMENT**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Texas-New Mexico Power Company (“TNMP”) respectfully submits these comments to the Public Utility Commission of Texas (“Commission”) in response to the Commission Staff’s questions for comment filed on April 23, 2024, related to energy efficiency planning. TNMP appreciates the opportunity to submit these comments and looks forward to collaborating with Commission Staff on this project. TNMP joined and supports the Joint Utilities’ Comments on Commission Staff’s Questions for Comment (“Joint Utilities’ Comments”) filed concurrently in this project. Additionally, TNMP files these separate comments to provide information specific to TNMP as well as supplemental answers to a few of the questions presented by Commission Staff.

TNMP is a Transmission and Distribution Service Provider (“TDSP”) serving approximately 274,000 end-use customers across Texas. TNMP’s service territory consists of four non-contiguous geographic regions: North Texas, Central Texas, Gulf Coast, and West Texas. In addition to being non-contiguous, TNMP’s service territory does not include large, densely populated cities such as Houston, Dallas, or Fort Worth. Despite its diverse service territory, TNMP has implemented a successful, cost-effective portfolio of energy efficiency programs. However, certain challenges exist with attracting energy efficiency service providers due to the need to target multiple areas, both rural and urban, and to diversify the portfolio of programs for different customer bases. Particularly with rural areas, TDSPs may face headwinds that do not exist in more urban areas. Because TNMP must attract service providers to work in all parts of its diverse service territory, incentives and administration costs are increased, making it more difficult to achieve some types of energy savings. Depending on the specifics of any changes to the Commission’s energy efficiency rules, attracting providers could be even more difficult than under existing rules. Accordingly, these issues should be carefully balanced when determining potential changes to the Commission’s energy efficiency rules.

I. Response to Commission Staff's Questions

Question 1: Should certain hours of the day be considered more valuable within the design of standard offer or targeted market-transformation programs offered by utilities? Please discuss your rationale in detail.

TNMP supports the Joint Utilities' Comments related to this question.

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?

TNMP agrees with the Joint Utilities' Comments on this question and that there are multiple metrics currently used to track the success of low-income ("LI") and hard-to-reach ("HTR") programs under the existing 16 TAC §25.181. Additionally, TNMP supports increasing the potential participation of "hard-to-reach" and "low-income" customers by expanding the definition of eligibility. Broadening the definition of LI and HTR will have a positive impact and allow for a greater number of program opportunities as well as the flexibility that is needed to allow utilities to address their diverse territory needs.

Question 3: Avoided cost of capacity and energy:

a. Existing 16 TAC §25.181(d)(2) calculates the avoided cost of capacity. Should this calculation be revised in a future energy efficiency rulemaking? If so, how? Please discuss your rationale in detail.

b. Existing 16 TAC §25.181(d)(3) calculates the avoided cost of energy. Should this calculation be revised in a future energy efficiency rulemaking? If so, how? Please discuss your rationale in detail.

TNMP supports the Joint Utilities' Comments related to this question.

Question 4: Existing 16 TAC §25.182 calculates utility performance bonuses. Should this calculation be revised in a future energy efficiency rulemaking? If so, how? Please discuss your rationale in detail.

TNMP supports the Joint Utilities' Comments related to this question. Additionally, as stated in those comments, Tex. Util. Code §39.905 defines the "incentive" that is required by the statute. Should the Commission decide to revise any part of 16 TAC §25.182, it should further align the rule with the statute and exclude the incentive from the cost-effectiveness calculation in the rule.

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.

The demand reduction and energy savings goal metrics within existing 16 TAC §25.181 are directly related to the goal calculation defined in Tex. Util. Code §39.905. The Commission rules must be consistent with the legislative statutes and, significantly, cannot contradict or violate those statutes. As a result, there are limitations to the types of revisions that can be implemented in a Commission rulemaking without first implementing legislative changes to the statute. Changes to the goal calculation as defined in the statute, for example, would need a statutory amendment prior to a Commission rulemaking revision.

Question 6: In the upcoming rulemaking to implement SB 1699, what other issues should be considered? Should the existing energy efficiency rules be restructured? Please discuss your rationale in detail.

TNMP supports the Joint Utilities' Comments related to this question and strongly agrees that the Commission should focus only on rulemaking changes necessary to implement the statute.

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

In addition to the Joint Utilities' Comments and recommendations on opportunities to increase potential customer participation pathways, streamline program administrative tasks to reduce costs, and increase utility flexibility to help reach more customers and deliver more savings statewide, TNMP also recommends that the Commission perform a comprehensive independent

study that compares energy efficiency achievements by Texas utilities, municipalities, and cooperatives to the same types of achievements in other states. Current national reports about energy efficiency savings include measures in other states that do not apply to energy efficiency metrics in Texas, such as measures related to natural gas. Accordingly, performing a study that includes only similar energy efficiency measures across different states would establish a Texas savings baseline and provide a more accurate picture of the energy efficiency savings in Texas.

TNMP appreciates the opportunity to submit these comments and looks forward to continuing to work with the Commission and Staff to improve energy efficiency programs in Texas.

Respectfully submitted,

/s/ Stephanie Sparks

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**EXECUTIVE SUMMARY OF TEXAS-NEW MEXICO POWER COMPANY'S
COMMENTS**

Texas-New Mexico Power Company ("TNMP") respectfully submits this executive summary of its comments to the Public Utility Commission of Texas ("Commission") in response to the Commission Staff's questions for comment related to energy efficiency planning. In addition to joining and supporting the Joint Utilities' Comments on Commission Staff's Questions for Comment ("Joint Utilities' Comments") filed in this project, TNMP's separate comments provide information specific to TNMP as well as supplemental answers to a few of the questions presented by Commission Staff.

TNMP's overarching recommendations all confirm that modifications to the Commission's energy efficiency rules must be considered holistically. Increasing flexibility and decreasing complexity are keys to improving 16 Texas Administrative Code (TAC) §§25.181 - 25.182. Any potential changes must also consider the jurisdiction of the Commission to make modifications to the statute, Texas Util. Code §39.905.

TNMP highlights the following three recommendations for Commission review:

- a) Recognize that Texas Util. Code §39.905 set the Texas Legislature's directives for energy efficiency, so legislative changes may be necessary to modify the energy efficiency rules if they conflict with the statute. Such modifications would include alterations to the goal calculation or deviating from the statutory incentive for utilities administering programs that exceed minimum goals.
- b) Consider options streamlining the regulatory program tracking and reporting requirements to reduce complexity and time requirements while maintaining current transparency and accountability standards (for example, EECRF filings could be streamlined, and transitioned from contested case filings to administrative filings).

- c) Identify specific changes to the energy efficiency rules to increase program flexibility including, but not limited to, conducting cost-effectiveness at the portfolio level, allowing all utilities to offer self-delivered program without a contested case hearing, defining “hard-to-reach area” and “low-income customer,” and permitting access to relevant confidential low-income customer data to more easily confirm customer eligibility.