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PROJECT NO. 56966

GOAL FOR REDUCING AVERAGE § PUBLIC UTILITY COMMISSION
TOTAL RESIDENTIAL LOAD IN §
THE ERCOT REGION § OF TEXAS

PROPOSAL FOR PUBLICATION OF NEW §25.186

The Public Utility Commission of Texas (commission) proposes new 16 Texas Administrative Code (TAC) §25.186 relating to Goal for Average Total Residential Load Reduction. This proposed rule will implement Public Utility Regulatory Act (PURA) §39.919 as enacted by Senate Bill (SB) 1699, Section 5 during the Texas 88th Regular Legislative Session. The proposed rule will create an average total residential load reduction goal through the establishment of a demand response program that may be offered by retail electric providers to residential customers that utilize smart responsive appliances or devices to reduce electricity consumption during an ERCOT peak demand period.

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed rule is in effect, the following statements will apply:

- (1) the proposed rule will not create a government program and will not eliminate a government program;
- (2) implementation of the proposed rule will not require the creation of new employee positions and will not require the elimination of existing employee positions;
- (3) implementation of the proposed rule will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed rule will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed rule will create a new regulation, as required by SB 1699 (88R);

(6) the proposed rule will not expand, limit, or repeal an existing regulation;

(7) the proposed rule will change the number of individuals subject to the rule's applicability; and

(8) the proposed rule will not affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed rule. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed rule will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

Ramya Ramaswamy, Division Director, Energy Efficiency Division has determined that for the first five-year period the proposed rule is in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the section.

Public Benefits

Ms. Ramaswamy has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be more efficient energy consumption by residential customers through the establishment of a load reduction goal and program to implement such a goal. There will not be any probable economic costs to persons required to comply with the rule under Texas Government Code §2001.024(a)(5).

Local Employment Impact Statement

For each year of the first five years the proposed section is in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

The commission will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by September 27, 2024. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website. Comments must be filed by September 27, 2024. Comments should be organized in a manner consistent with the organization of the proposed rule. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed rule. The commission will consider the costs and benefits in deciding whether to modify the proposed rule on adoption. All comments should refer to Project Number 56966.

Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

Statutory Authority

The new section is proposed under Public Utility Regulatory Act (PURA) §14.001, which grants the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by this title that is necessary and convenient to the exercise of that power and jurisdiction; §14.002, which authorizes the commission to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction; §14.052, which requires the commission to adopt and enforce rules governing practice and procedure before the commission and, as applicable, practice and procedure before the State Office of Administrative Hearings; §39.905 which prescribes legislative goals for energy efficiency and requires the commission to provide oversight and

adopt rules and procedures for such goals; and §39.919 which requires the commission to establish goals in the ERCOT power region to reduce the average total residential load and for the adoption of a program that effectuates such a goal through demand response participation to residential customers.

Cross Reference to Statute: Public Utility Regulatory Act §14.001, 14.002, 14.052, 39.905, 39.919.

§25.186. Goal for Average Total Residential Load Reduction.

(a) **Application.** This section applies to the independent organization certified under PURA §39.151 for the Electric Reliability Council of Texas (ERCOT) region, a transmission and distribution utility (TDU), and a retail electric provider (REP) providing demand response using a responsive device program to residential customers.

(b) **Definition.** When used in this section, the term “smart responsive appliance or device” has the following meaning unless the context indicates otherwise: An appliance or device that may be enabled to allow its electric usage or electric usage of connected appliances or devices to be adjusted remotely.

(c) **Responsive Device Program.** A REP may offer a responsive device program that offers an incentive to residential customers with smart responsive appliances or devices to reduce electricity consumption during an ERCOT peak demand period.

(1) A REP may contract with a demand response provider to provide a responsive device program.

(2) A responsive device program must:

(A) allow demand response participation by residential customers where reasonably available, including during the summer and winter seasons;

(B) be capable of responding to an emergency energy alert issued by the independent organization certified under Public Utility Regulatory Act (PURA) §39.151 for the ERCOT region;

- (C) ensure that the program does not adversely impact the needs of a critical care residential customer or chronic condition residential customer as those terms are defined in §25.497 of this title, relating to Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers; and
 - (D) provide that a residential customer is limited to participation in a single demand response program within the ERCOT region.
- (3) For the purposes of this section, an ERCOT peak demand period is an hour with the highest value of peak net load, where peak net load is calculated as gross load minus wind and solar.

(d) Average total residential load reduction goal.

- (1) No later than 45 days following the end of each calendar quarter, a REP providing responsive device program within the ERCOT region must submit to ERCOT, on a form prescribed by ERCOT, the following information for each calendar month in the quarter:
 - (A) the electric service identifier (ESI ID) for each residential customer with smart appliances or devices enrolled in each demand response program offered by the REP; and
 - (B) the date of each demand response event, including each demand response event start time and stop time and the ESI IDs deployed for each event.
- (2) No later than March 31 of each calendar year, for each daily ERCOT peak demand period and each ERCOT energy emergency alert period, ERCOT must provide the

commission with the following information for the preceding twelve-month period ending on November 30 of the previous calendar year:

(A) the date and time of each period, the value of gross load, and the value of peak net load during those periods;

(B) the total amount of load reduced by all residential customers enrolled in a responsive device program during those periods; and

(C) the total amount of load of all the residential customers enrolled in a responsive device program during those periods.

(3) The average total residential load reduction goal is 0.25, unless the commission adopts an updated goal under subparagraph (C) of this paragraph.

(A) The ratio of load reduced by all responsive device programs during an ERCOT peak period and the total amount of demand of all residential customers participating in the responsive device programs should meet or exceed the average total residential load reduction goal.

(B) On or before June 30 of each even-numbered year, commission staff will review the data received from ERCOT under paragraph (2) of this subsection to assess the effectiveness of the responsive device programs offered by REPs and whether the average total residential load reduction goal under paragraph (3) of this subsection is being achieved. Commission staff will file a recommendation in Project 56966 on whether the commission should adjust the goal.

(C) The commission will consider commission staff's recommendation under paragraph (3)(B) of this subsection and, if appropriate, issue a written order

adopting an updated average total residential load reduction goal, effective December 1 of that calendar year.

(e) **Confidentiality.** ERCOT must treat the information submitted by a REP under subsection (d)(3) of this section as protected information as defined by the ERCOT protocols.

(f) **Funding.** A REP may receive funding for a responsive device program through an energy efficiency incentive program established under §25.181 of this title, relating to Energy Efficiency Goal, if the program complies with commission requirements related to the evaluation, measurement, and verification of demand response programs and if smart the responsive appliances or devices meet the requirements of subsection (c) of this section. A transmission and distribution utility required to provide an energy efficiency incentive program under PURA §39.905 may use up to 10 percent of the budgeted spending for responsive device programs offered by a REP under subsection (c) of this section.

(g) **Additional information.** Commission staff may request additional data from REPs and ERCOT regarding the responsive device program under subsection (c) of this section and to assist in evaluating and revising the goal under subsection (d) of this section.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

**ISSUED IN AUSTIN, TEXAS ON THE 29TH DAY OF AUGUST 2024 BY THE
PUBLIC UTILITY COMMISSION OF TEXAS
ADRIANA GONZALES**