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PUC PROJECT NO. 57743

REVIEW OF ENERGY EFFICIENCY RULES	§ § § §	**BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

COMMENTS OF BANDERA ELECTRIC COOPERATIVE, INC.

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

COMES NOW, Bandera Electric Cooperative, Inc. ("BEC") and late files these comments in support of **requiring actual savings from real-time data, integrating demand response, adopting comprehensive avoided-cost accounting, and aligning with USDA definitions for low-income and remote areas in rural Texas.** BEC requests leave of the Commission to late file these comments. While BEC does not serve in the competitive areas impacted by the Energy Efficiency programs regulated by the Commission, our experience in rural Texas along with developing our own member-financed energy efficiency, demand response, and aggregated DER program provides relevant, real-world information for the Commission to consider.

I. INTRODUCTION AND SERVICE TERRITORY CONTEXT

BEC appreciates the opportunity to provide comments on the Public Utility Commission of Texas's (PUCT) **review of energy efficiency substantive rules** under Project No. 57743. BEC serves approximately 30,000 households or 76,000 people in Bandera, Kendall, Real, Medina, Uvalde, and Kerr Counties, covering a largely rural region northwest of San Antonio.

- In **parts** of this territory—particularly in Real and Uvalde Counties—travel times to population centers exceed 60 minutes. Such areas are likely to be classified by the U.S. Department of Agriculture's (USDA) Economic Research Service (ERS) as "Frontier and Remote" (FAR), underscoring that our members are indeed "hard-to-reach" when it comes to traditional energy efficiency and demand-side management programs.

II. PROPOSED DEFINITIONS FOR "LOW INCOME" AND "HARD-TO-REACH"

1. Low Income

BEC supports the Commission's proposal to define "Low Income" as households below a given income threshold. However, for rural or remote areas, we recommend adopting the USDA Rural Development standard that considers households or communities "low-income" if they do not exceed ***80% of statewide (or national) non-metropolitan median household income*** (see 7 CFR § 3570.53 and 7 CFR part 1780). This approach more accurately identifies the rural populations most in need of energy efficiency investments.

2. Hard-to-Reach

BEC encourages the Commission to **explicitly include remote rural territories** by referencing USDA ERS "Frontier and Remote" metrics. These FAR designations hinge on travel times to towns or cities above specific population sizes—capturing the genuine logistical and cost challenges unique to rural communities. Such areas face:

- Higher service-delivery costs (travel, outreach, contractor availability)
- Fewer local resources and limited economic development opportunities
- Greater reliance on programs that deliver actionable feedback and on-bill financing

Identifying "hard-to-reach" as inclusive of these **frontier and remote** regions would allow the Commission to tailor energy efficiency guidelines and cost-effectiveness standards to the on-the-ground realities of rural Texans.

III. COST-EFFECTIVENESS STANDARD (16 TAC § 25.181(D))

Under current rules, an energy efficiency program is cost-effective if the utility's program costs (incentives, EM&V, R&D, administrative costs, etc.) do not exceed its benefits (based on avoided-cost calculations). BEC recommends modernizing this standard in four key areas:

1. Require Real-Time Data and Actual Savings

- ***Deemed savings are not real savings.*** The current paradigm often relies on **deemed savings**, which help standardize program evaluations but may not capture **actual, real-time** behavioral changes and reduced electricity consumption. Program participation requires real savings that reduce costs for Texans. Deemed saving enable the energy efficiency program operator industry an easy standard to claim achievement of program goals, however, the true measure of success comes from actual savings measured in real time.
- BEC's **Apolloware** platform provides real-time energy monitoring—akin to a car's fuel gauge—which, in combination with a smart thermostat, delivers a **verified 10% reduction** in monthly usage.
- In BEC's service area, with an average consumption of about **1,238 kWh/month** at $0.12/kWh, the **monthly savings** is roughly **$14.86**, or about **$178 annually** per household.
- By **giving customers direct feedback** and coupling it with smart thermostats, we see actual realized savings, not just deemed values.

2. Integrate Demand Response for Greater System-Wide Value

- ***Energy efficiency should be one brick stacked with demand response***. Demand response reduces peak demand, lowers wholesale power costs, and can delay expensive T&D upgrades, **significantly enhancing overall cost-effectiveness**. A robust and effective energy efficiency program combined with demand response capabilities could have avoided the rolling outages during Uri and saved lives. BEC's **Apolloware** platform provide **real-time monitoring along with demand response capabilities** making an **extremely cost-effective solution**. BEC encourages the Commission to view these programs holistically instead of in siloed operations. Betterment of the grid requires an all-hands-on deck philosophy.

- BEC members pay **$8/month** for Apolloware but **receive that amount as a credit** if they allow BEC to control their smart thermostats during peak events. This arrangement offsets the monthly cost, so participants who opt into demand response effectively pay **$0** for Apolloware while securing a consistent 10% energy savings.

- Through a combined EE, DR, and DER philosophy, BEC's programs deliver real savings to individual members while also benefitting all the members through lower wholesale power costs, less grid congestion, and delivering behind the meter electricity to the ERCOT wholesale power market.

3. Include Comprehensive Avoided Costs

- The Commission should ensure that cost-effectiveness evaluations account for the **full spectrum** of avoided costs: energy, capacity, T&D deferrals, reliability improvements, and environmental benefits (where relevant). It should also encourage revenues as part of the equation. When EE is combined with DER and ADER, additional opportunities arise in the cost-benefit equation that have not presently been considered.

- This comprehensive approach is particularly critical in rural or frontier territories, where aging housing stock yields substantial lifetime savings from even moderate upgrades.

4. Incorporate Financing Mechanisms

- BEC offers on-bill financing for efficiency measures, adding a modest interest rate that allows members to overcome up-front cost barriers.

- To the extent that such financing expands participation—leading to deeper, persistent energy and demand savings—any related administrative or interest costs should be **factored positively** into the cost-benefit calculation, recognizing the added value of higher adoption rates.

IV. APPROPRIATE LEVEL OF COMPARISON (SECTOR OR PORTFOLIO BASIS)

We also urge the Commission to permit **sector-level or portfolio-level** cost-effectiveness evaluations. This approach ensures:

- Programs serving "hard-to-reach" or low-income populations are not prematurely dismissed due to higher near-term costs.
- Efficiencies in combining measures—such as real-time monitoring plus demand response—can be recognized collectively rather than each measure standing alone.

V. CONCLUSION

Bandera Electric Cooperative believes an updated regulatory framework—one that **requires actual savings from real-time data, integrates demand response, adopts comprehensive avoided-cost accounting, and aligns with USDA definitions for low-income and remote areas**—will substantially improve the reach and impact of energy efficiency programs across Texas. In particular:

1. **"Hard-to-Reach"** should encompass communities that the USDA classifies as **frontier and remote** (FAR), reflecting genuine geographic and logistical challenges.
2. **"Low-Income"** in rural contexts should align with the **80% non-metropolitan median household income** threshold used in USDA Rural Development programs.
3. **Cost-effectiveness standards** should evolve to capture **actual usage reductions, demand-response benefits**, and the **long-term advantages** of more resilient, efficient infrastructure.

Such changes will enable broader participation, especially among rural and lower-income Texans who face higher barriers to energy efficiency but stand to benefit **disproportionately** from these programs.

Thank you for the opportunity to submit these comments and for your service to the great state of Texas.

John Padalino
General Counsel and Chief Administrative Officer
Bandera Electric Cooperative, Inc.