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PUC PROJECT NO. 57743

REVIEW OF ENERGY EFFICIENCY§PUBLIC UTILITY COMMISSIONSUBSTANTIVE RULES§OF TEXAS

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S COMMENTS

On February 24, 2025, Commission Staff requested feedback on several topics relating to the Commission's energy efficiency rule, 16 Texas Administrative Code (TAC) § 25.181, including the "cost-effectiveness standard" in subsection (d). Electric Reliability Council of Texas, Inc. (ERCOT) provides these limited comments in response to Commission Staff's request for comment regarding "changes, if any, that may be warranted to elements of the benefits determination, including measurement and avoided costs."

Regarding the elements of the benefits determination, ERCOT offers two observations. First, in Project No. 56517, *Review of Energy Efficiency Planning*, several commenters noted that the Commission should consider changing the avoided cost of capacity and avoided cost of energy calculations to account for transmission and distribution losses. ERCOT agrees that these losses should be considered in calculating program benefits. Using only the amount of demand reduction at the meter level understates the generation capacity that is avoided due to those measures because some of the power that would otherwise need to be generated to serve that load would be lost in the transmission and distribution losses when evaluating both availability and testing and actual event performance for its Emergency Responsive Service (ERS). This adjustment allows those bidding in ERS to offer, and get paid for, larger megawatt (MW) amounts for a Resource than they would if the performance was evaluated with data at the meter level.

Second, some commenters in Project No. 56517 discussed using actual interval meter data where possible to measure load reductions for purposes of calculating program benefits instead of using engineering estimates of such load reductions. While feasibility of this approach would depend on the specific manner of implementation, ERCOT believes that quantifying the amount and value of capacity and energy reductions associated with energy efficiency measures using actual meter data would be reasonable, as a general principle. ERCOT suggests that the Commission consider further evaluation of this approach.

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ERCOT does not have any feedback on the other questions from PUCT Staff's February 24, 2025 memo at this time but appreciates the opportunity to comment on these questions and looks forward to continued collaboration as the energy efficiency rules are reevaluated. As always, ERCOT would be pleased to provide the Commission any information that may be useful in this evaluation.

Dated: March 20, 2025

Respectfully submitted,

<u>/s/ Katherine Gross</u>

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