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REVIEW OF ENERGY EFFICIENCY	§	PUBLIC UTILITY COMMISSION
SUBSTANTIVE RULES	§	
	§	OF TEXAS

OFFICE OF PUBLIC UTILITY COUNSEL'S COMMENTS ON
ENERGY EFFICIENCY RULEMAKING PROJECT

The Office of Public Utility Counsel ("OPUC"), representing the interests of residential and small commercial consumers in Texas, respectfully submits these comments in response to the Staff ("Staff") of the Public Utility Commission of Texas's ("Commission") memorandum relating to the rulemaking on energy efficiency substantive rules under 16 Texas Administrative Code ("TAC") § 25.181.[1] The memorandum requests comments on proposed definitions and specific questions proposed by Staff on or before March 20, 2025.[2] Therefore, OPUC's comments are timely filed.

COMMENTS

OPUC appreciates Staff's consideration of comments on the proposed definitions and questions relating to the rulemaking on energy efficiency substantive rules. OPUC intends to participate in this rulemaking to ensure that adequate guardrails are in place in the implementation of the program for residential and small commercial customers. OPUC submits the following comments addressing Staff's request for feedback:

I. **Proposed Definitions**

a. **"Low Income"**

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[1] *Review of Energy Efficiency substantive rules,* Project No. 57743, Memorandum (Feb. 24, 2025).

[2] *Id.*

Defining "low income" is an important step toward achieving greater participation in energy efficiency programs across the state. OPUC supports the proposed definition, which sets the threshold for "low income" at 80% of the calculated area median income.[3]

Additionally, OPUC notes that internet access can be a barrier for both low-income and hard-to-reach customers, as many smart appliances require an internet connection to function properly. Some customers may also struggle with operating these appliances effectively. Therefore, incorporating an educational component is essential to ensuring that low-income consumers understand the program and can fully benefit from it.

b. "Hard-to-Reach"

With respect to hard-to-reach Texans, OPUC recommends removing "rural" from the definition. Living in a "rural" county does not necessarily make a customer hard-to-reach, however, just as living in an urban area does not always mean critical services like energy are easily accessible. Furthermore, the standard for what is classified as a "rural" area is not clear from the proposed definition. Texas cities often have unincorporated communities within their county lines. If these communities are not categorized as rural, then they will not have access to the energy efficiency programs offered to other hard-to-reach customers. Therefore, OPUC recommends amending the proposed definition of "hard-to-reach" to remove "rural," as this language could unnecessarily exclude those near population-dense areas where the energy infrastructure is nonetheless inadequate for purposes of participation in an energy efficiency program.

The definition should therefore be modified as follows:

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[3] *Id.*

Option 1:

Hard-to-Reach: ~~Rural~~ Area where the utility is unable to administer energy efficiency programs in a manner similar to other areas served.

Option 2:

Hard-to-Reach: Rural area and other areas where the utility is unable to administer energy efficiency programs in a manner similar to other areas served.

c. "Cost-effectiveness"

Cost effectiveness standard is currently defined under 16 TAC § 25.181(d) as follows: "an energy efficiency program is deemed to be cost-effective if the cost of the program to the utility is less than or equal to the benefits of the program." OPUC supports the proposed definition of "cost-effectiveness;" however, further defining cost effectiveness standard may give more clarity on the implementation of energy efficiency programs. With respect to the appropriate level at which costs are compared to benefits, OPUC recommends evaluating cost-effectiveness at the sector-level. Residential consumers, small commercial consumers, commercial consumers, and industrial consumers all have distinct preferences and characteristics that make a "one-size-fits-all" approach inappropriate. A sector-level approach ensures that each customer class receives a reasonable share of efficiency investments and benefits. It will also provide more granular insights into which sectors contribute most to overall system efficiency and reliability improvements.

OPUC also recommends that the Commission take into account certain resilience considerations. As extreme weather events become more frequent, resilience-related benefits from energy efficiency programs (e.g., reducing grid stress during heatwaves or winter storms) should be quantified in avoided cost analyses. Additionally, energy efficiency programs that complement demand response and those that encourage greater adoption of Distributed Energy Resources

(DERs) should be credited with a higher value. During a conservation call or under other Energy Emergency Alert ("EEA") levels, industrial load is compensated for demand response, but residential load is not, even when residential customers are contributing to demand response. OPUC would like to encourage the adoption of a new model of analysis such that residential consumers are paid for their share of contribution to demand response and energy efficiency programs.

CONCLUSION

OPUC appreciates the opportunity to provide these comments and looks forward to working with Staff and other stakeholders on this project.

Date: March 20, 2025

Respectfully submitted,

Benjamin Barkley
Chief Executive and Public Counsel
State Bar No. 24092083

Justin Nichols
Assistant Public Counsel
State Bar No. 24091175
Nabaraj Pokharel
Director of Market & Regulatory Policy

OFFICE OF PUBLIC UTILITY COUNSEL

P.O. Box 12397
1701 N. Congress Avenue, Suite 9-180
Austin, Texas 78711-2397
512-936-7500
512-936-7525 (Facsimile)
justin.nichols@opuc.texas.gov (Service)
nabaraj.pokharel@opuc.texas.gov (Service)
opuc_eservice@opuc.texas.gov (Service)