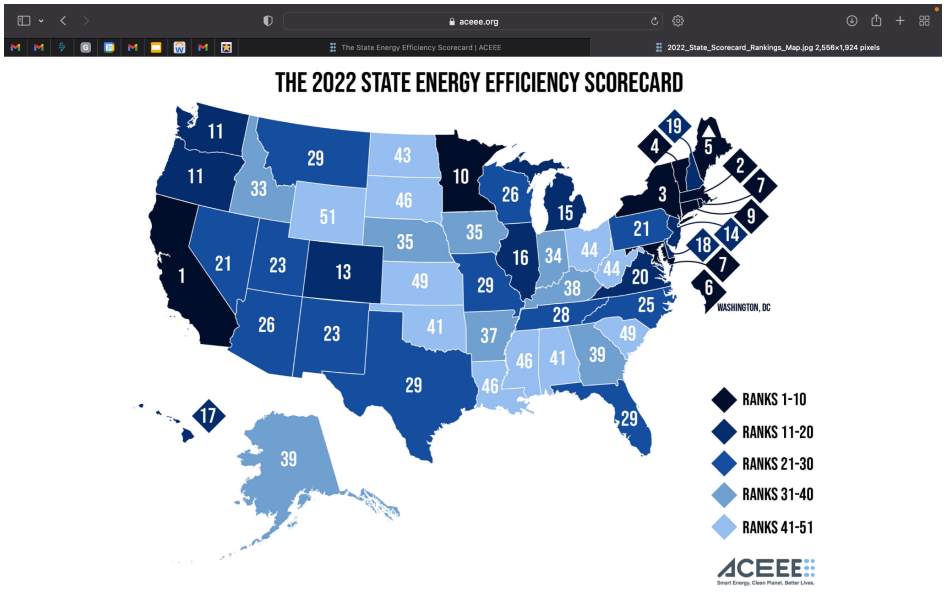
SIERRA CLUB
LONE STAR CHAPTER

To: The Honorable Dr. Charles Schwertner, Chair
Members, Senate Committee on Business and Commerce
From: Cyrus Reed, Sierra Club, Lone Star Chapter, cyrus.reed@sierraclub.org, 512-888-9411
Re: SB 258 (Eckhardt), Relating to Energy Efficiency Goals

April 13, 2023

Texas was the first state in the nation to adopt an Energy Efficiency Resource Standard, but today is the state with the lowest energy efficiency goals among those with statutory goals. Currently the programs run by Oncor, Centerpoint Energy, AEP, TNMP, SPS, Entergy, SWEPCO and El Paso Electric only save roughly 0.23 percent per year. Other states like Arkansas, Oklahoma and New Mexico have much higher goals.

No grid fix can be complete without considering the cheapest, quickest and cleanest way to meet our energy needs: energy efficiency and load management. Energy efficiency saves money, reduces air pollution and creates jobs. Every year the American Council for an Energy Efficient Economy (ACEEE) releases a state policy guidebook. In the 2022 edition, Texas ranked 29th for all state policy and last on energy efficiency programs for those states with a stated energy efficiency goal.



As filed, SB 258 would establish a goal of one percent energy savings by 2027. We believe this goal is achievable, would save Texans money and make our system more reliable. The one percent goal is however just one approach, and

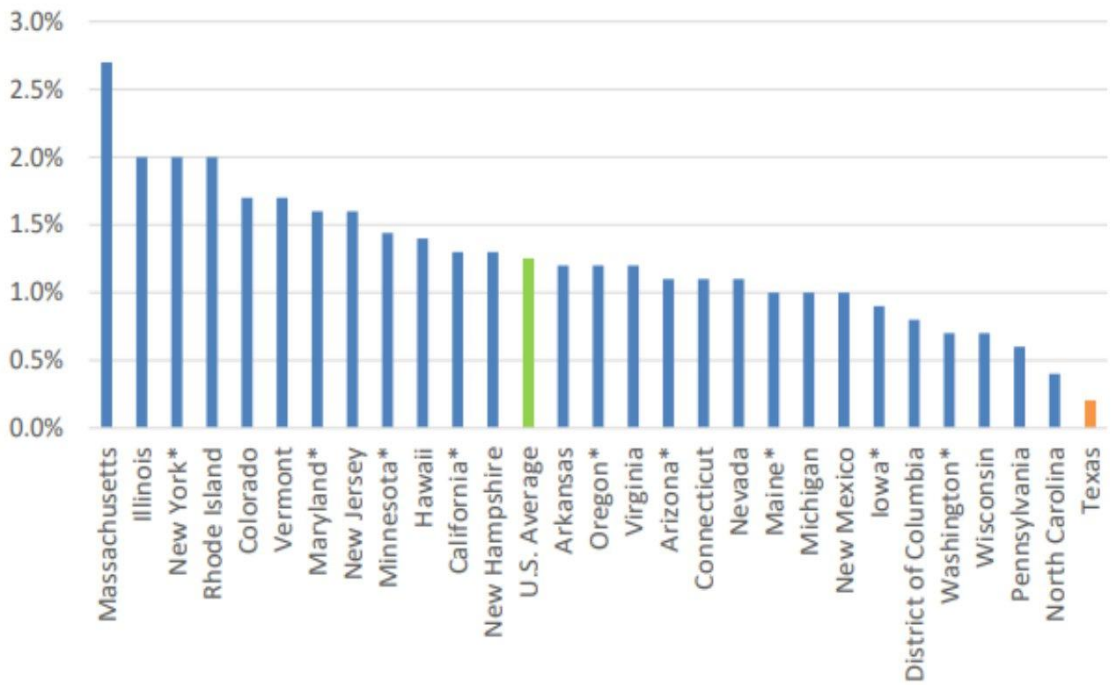


Figure 2. Annual electricity savings as a percent of state energy MWh sales per state EERS policies. For the purpose of comparison, ACEEE estimated an average annual savings target by calculating each state's EERS savings over the years specified in the EERS policy. *State savings are reported on a gross basis; a net adjustment was applied to compare with states' reporting net savings.

While Sierra Club is very supportive of SB 258 as filed, as it mirrors a rulemaking petition we filed back in 2022 at the PUCT to raise peak and energy goals, we have reviewed the committee substitute and believe it is a good compromise, balancing some of the needs for utilities to have flexibility to meet higher goals, while ensuring the state moves forward and also study if we can go further.

Among the aspects of CSSB 258 we support include:

- Establishing both demand and energy goals for TDUs based on the size of utilities in kilowatts and kilowatt hours;
- Increasing the demand and energy goals in a steplike manner over the next several years by 25% per year for demand and 50% for energy through 2027;
- Making sure that utilities have a portfolio of cost-effective programs, but not requiring them to make sure every program is cost-effective;
- Having performance bonuses and Evaluation, Measurement and Verification programs not count against the cost caps, thus encouraging companies to spend more on the programs themselves;
- Doubling spending on programs that benefit low-income and hard-to-reach populations;
- Giving utilities more flexibility to reach those populations directly where third parties are not available to serve them
- Requiring that a study be conducted every two years to optimize energy savings

How do the goals in CSSB 258 compare to the current achievements in the PUCT programs?

If passed, CSSB 258 would over the next four years roughly double peak demand goals and quadruple energy goals. However it is worth noting that because utilities already are doubling current peak and energy goals, the practical impact would be only a slight increase in peak demand achievements and a modest increase in energy goals.

Table 1 shows what TDUs are currently achieving, while Table 2 shows what they would be required to meet under CSSB 258.

Table 1. Current Level of Demand and Energy Savings Achieved by 8 Utilities

	Category	21 Demand Goal	Energy Goal	21 Achieved Demand	21 Energy Achieved	23 demand achieved	23 energy achieved
TNMP	A	5,440.00	9,531,000	11,693	19,182	11,606	13,755,472
SWEPCO	A	5,600.00	9,811,000	8,884	17,418	11,728	14 039,157
SPS (Excell)	A	6,030.00	10,559,000	8,840	17,418	11,610	22,944,000
Oncor	E	94,500.00	165,564,000	209,900	309,870	215,946	294,270,436
Entergy	B	15,500.00	27,156,000	22,277	61,827	15,697	27,500,598
El Paso	B	11,160.00	19,552,000	28,037	27,921	23,968	25,977,489
Centerpoint	D	63,900.00	111,585,000	212,300	236,837	185,432	227,636,000
AEP Texas	C	20,600.00	36,091,000	45,500	83,663	60,932	76,686,342
Total		222,730.00	389,849,000	547,431	774,136.95	536,919	688,770,337

Energy Efficiency Goals (KW and KwHs), CSSB 258

Utilities			2024 Demand Goal	2024 Savings Goal	2025 Demand	2025 savings	2026 demand	2026 savings	2027 demand	2027 savings
Category A	TNMP, SWEPCO, SPS(EXCEL)	300,000 Customer	5,000	8,760,000	6,250	13,140,000	7,813	19,710,000	9,766	29,565,000
Category B	Entergy, El Paso	300,000 to 750,000 Customer	15,000	26,280,000	18,750	39,420,000	23,438	59,130,000	29,297	88,695,000
Category C	AEP	750,000 to 1.5 million	25,000	43,800,000	31,250	65,700,000	39,063	98,550,000	48,828	147,825,000
Category D	Centerpoint	1.5 million to 3 million	75,000	131,400,000	93,750	197,100,000	117,188	295,650,000	146,484	443,475,000
Category E	Oncor	three to four million	100,000	175,200,000	125,000	262,800,000	156,250	394,200,000	195,313	591,300,000
Category F		4 million	125,000	219,000,000	156,250	328,500,000	195,313	492,750,000	244,141	739,125,000
		Total	245,000	429,240,000	306,250	643,860,000	382,813	965,790,000	478,516	1,448,685,000