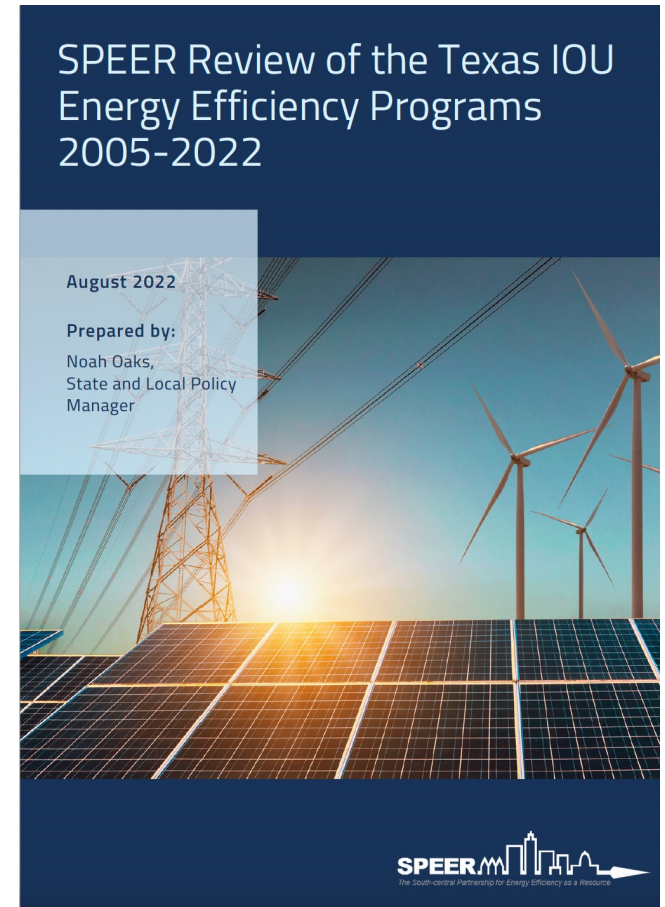


IOU EE REPORT 2005–2022

SPEER Policy + Industry Workshop



Why Look at IOU EE Programs Historically?

- Important to review programs to ensure programs are effective in reducing total demand while addressing issues that arise over time
- Our last review was in 2019. A lot has happened in the last three years (Frequent extreme weather, population and economic growth, federal funding opportunities, etc...)
- Wholesale market redesign process, possible energy efficiency rulemaking, and 88th Legislative Session
- Provide policymakers, academics, and interested stakeholder's possible considerations for future actions and research

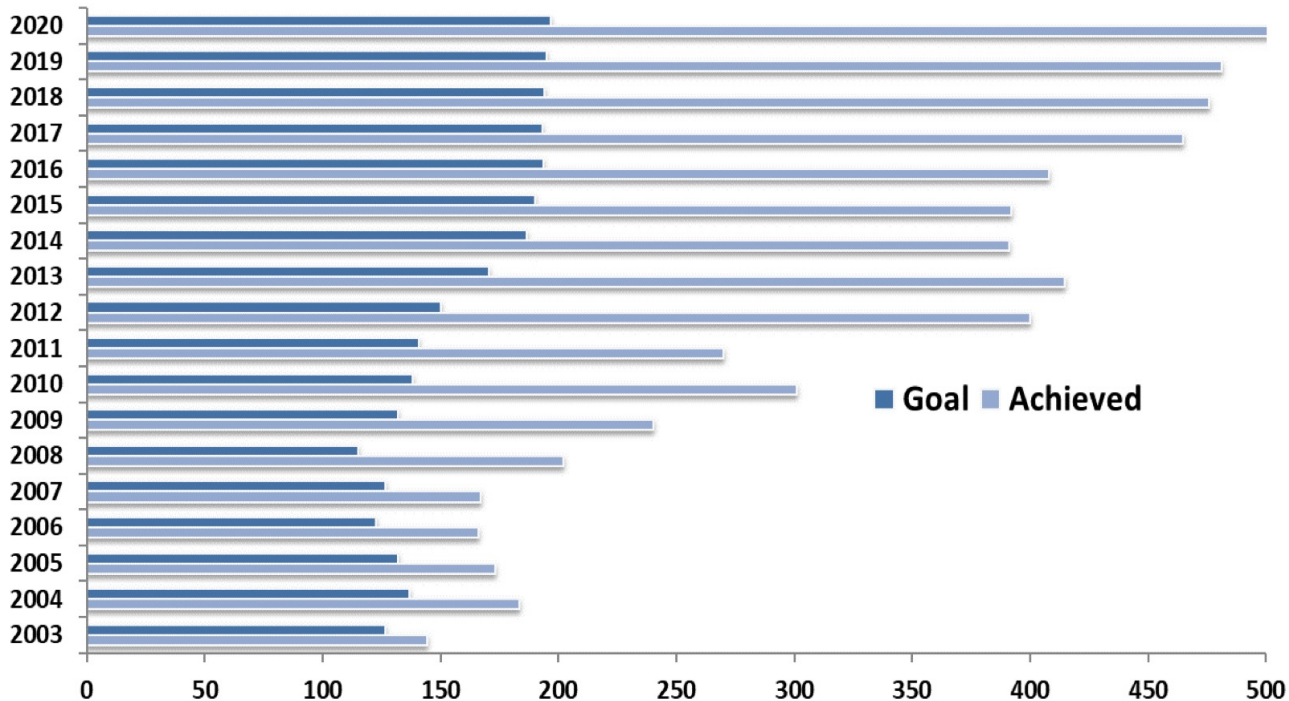
Factors Considered

- **Recent Events and Trends**
 - Pandemic: Energy reduction reported savings dropped 1.1% nationally
 - Winter Storm Uri and record-breaking summer 2022
 - Federal legislation increased funding
- **Energy Efficiency Potential**
 - Itron, ACEEE, EPRI
- **Job Growth and Economic Benefits**
 - Energy sector growth rate outpaced workforce growth rate
 - Texas added 6,771 jobs, or 11.7% of new EE jobs nationally last year
- **Contribution to Grid Reliability**

Current EE Goals and Rules

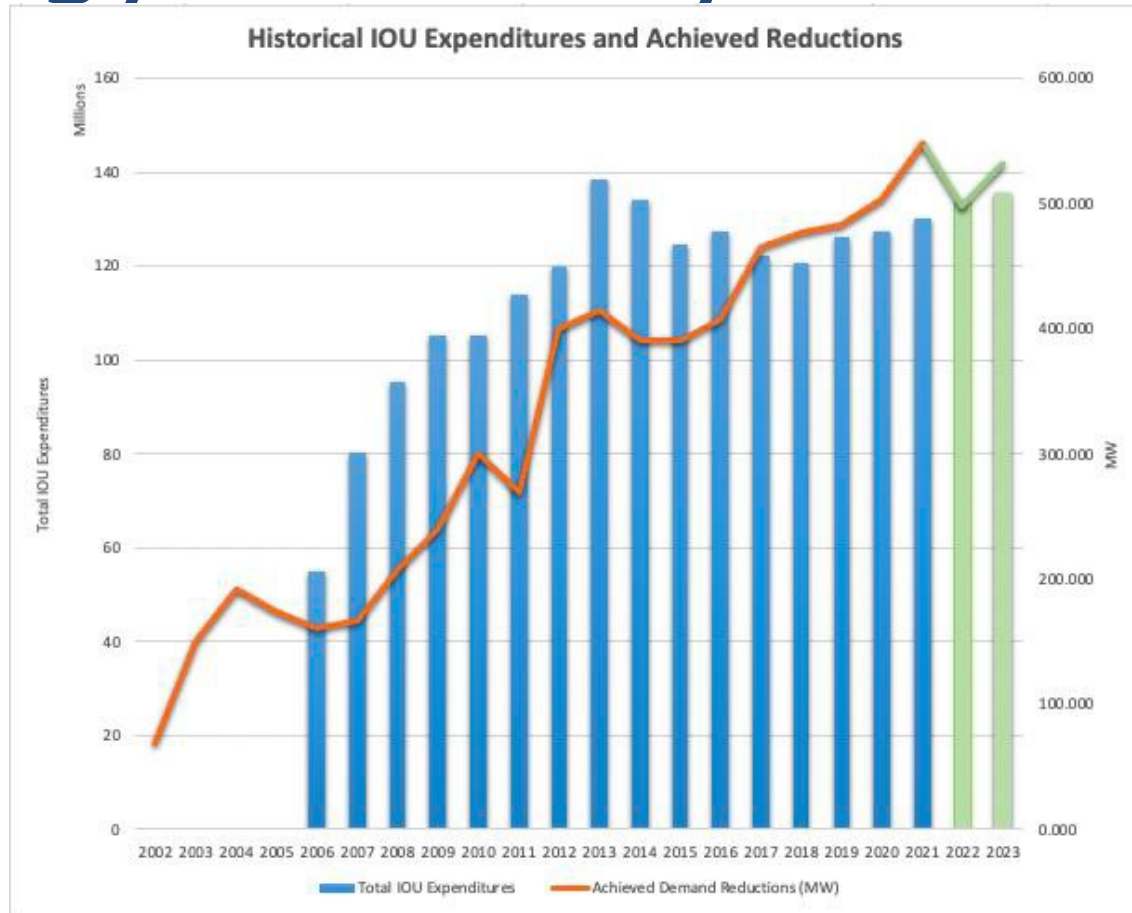
- Annual goal:
 - 30% reduction of annual growth in demand for residential and commercial customers
 - If 30% met, new goal is 0.4% of peak demand for previous year
- Cost effective programs
- Utility Administration
- Standard offer programs/Market transformation programs/Self-delivered programs
- Hard-to-Reach/Low-Income
- Cost Recovery

Current Outcomes and Performance for Texas EE



Demand Reduction (MW) by IOUs 2003-2020

Energy Efficiency and Texas



Texas IOUs Reported Total Expenditures and Achieved Demand Reductions from PUCT Filings; totals for 2022-2023 are projected.

Potential Areas of Impact

- Low-Income and Hard-to-Reach
 - Current 10% requirement does not match number of Texans considered LI/HTR
- Building Code Updates
 - Roughly 2/3rd of Texas homes are over 20 years old
- Demand Response and Load Management

Potential Areas of Impact

- EEIP Workshops
 - Biannual engagement opportunity
- Cost Effectiveness
 - Portfolio vs individual program
- Avoided Costs
 - Timelines and calculations

Potential Areas of Impact

- Multi-Year Planning
- REP Participation Modifications
- Customer Participation
- Performance Bonus
- Program Marketing
- Upstream and midstream Programs

Recommendations

- Allow cost-effectiveness to be evaluated at portfolio level
- Consider moving to three-year planning cycle with annual reporting
- Consider cost of T&D to avoided cost calculation. Move up avoided cost publication earlier in year
- Review and encourage adoption of newer statewide building codes
- Evaluate and expand upstream and midstream incentive programs
- Consider commissioning an updated energy efficiency potential study for Texas
- Review LI/HTR goals
- Evaluate the impact and contribution of load management programs. Consider compensation for residential and small commercial participation
- Review bonus calculation to ensure utilities are encouraged to exceed both demand and energy goals
- Develop new programs and outreach for increased participation