

## EXECUTIVE SUMMARY

### SPEER

#### Review of the Texas IOU Energy Efficiency Programs 2005-2022

August 2022

The South-central Partnership for Energy Efficiency as a Resource ([SPEER](#)) has undertaken a historical review and examination of the utility energy efficiency programs in Texas since 1999. SPEER's recent [Review of the Texas IOU Energy Efficiency Programs 2005-2022](#) report reviews recent history and policy actions stemming from Winter Storm Uri in 2021, determines the potential of energy efficiency programs broadly, and lastly dives into the current goals, achievements, and programs of Investor Owned Utilities (IOU) that operate in Texas.

Texas was the first state to establish an Energy Efficiency Resource Standard (EERS) in 1999, which was designed to encourage states to achieve energy savings based on the amount of electricity sold. Since then, 30 states have adopted an EERS goal for reducing energy consumption and those states that enacted energy efficiency programs are seeing the benefits. The Alliance for an Energy Efficient Economy (ACEEE) 2021 State Progress Report shows that in 2020 alone, the impact of state energy efficiency programs had a nationwide accumulated savings of 286 million MWh: 26.6 million MWh of incremental savings, equivalent to 7.69% of electricity consumption in 2020.

There is currently a need for all potential energy resources to be expanded to meet the demand of our growing population and increase the reliability of our grid in the wake of rising temperatures and extreme weather in all seasons. Energy Efficiency is the most cost-effective resource available and can be quickly implemented to meet the growing needs of the energy market. Rate-payers' contributions to energy efficiency will improve grid reliability, reduce peak prices for all customers, and reduce air emissions from energy generation.

The intent of this report is to offer policymakers, academics, and other energy efficiency stakeholders a clear and objective look at significant aspects of IOU energy efficiency programs and provide considerations for future policy decisions. In this report, we have detailed energy efficiency potential from job growth and economic benefits to grid reliability and addressing energy burdens. We point to solutions on how to expand energy efficiency programs in the state and ways to increase customer participation. Lastly, we provide recommendations for policymakers to consider:

1. Allow cost-effectiveness to be evaluated at the portfolio level, rather than each individual program.
2. Consider a three-year planning, budget, and implementation cycle for programs.
3. Add the cost of transmission and distribution to the avoided cost calculation, and consider adding a reliability factor for peak energy savings. Provide utilities with the avoided cost a year ahead of program planning.
4. Review statewide building codes and encourage the adoption of newer standards.
5. Evaluate and expand upstream and midstream incentive programs in accordance with higher performing energy efficiency improvements.
6. Consider commissioning an updated energy efficiency potential study to review the merits of possible incremental increases to goals from 0.4% to 0.8%.

7. Review low-income and hard-to-reach goals to maximize the added benefit of energy efficiency while reducing the energy burden on the most vulnerable.
8. Evaluate the impact and contribution of the load management programs, and ways to engage these customers to meet our near-term resource adequacy challenge. Consider residential and small commercial compensation for participation.
9. Evaluate the bonus calculation to ensure the utilities are encouraged to exceed both demand and energy goals.
10. Develop new programs and outreach or marketing to increase awareness and participation.