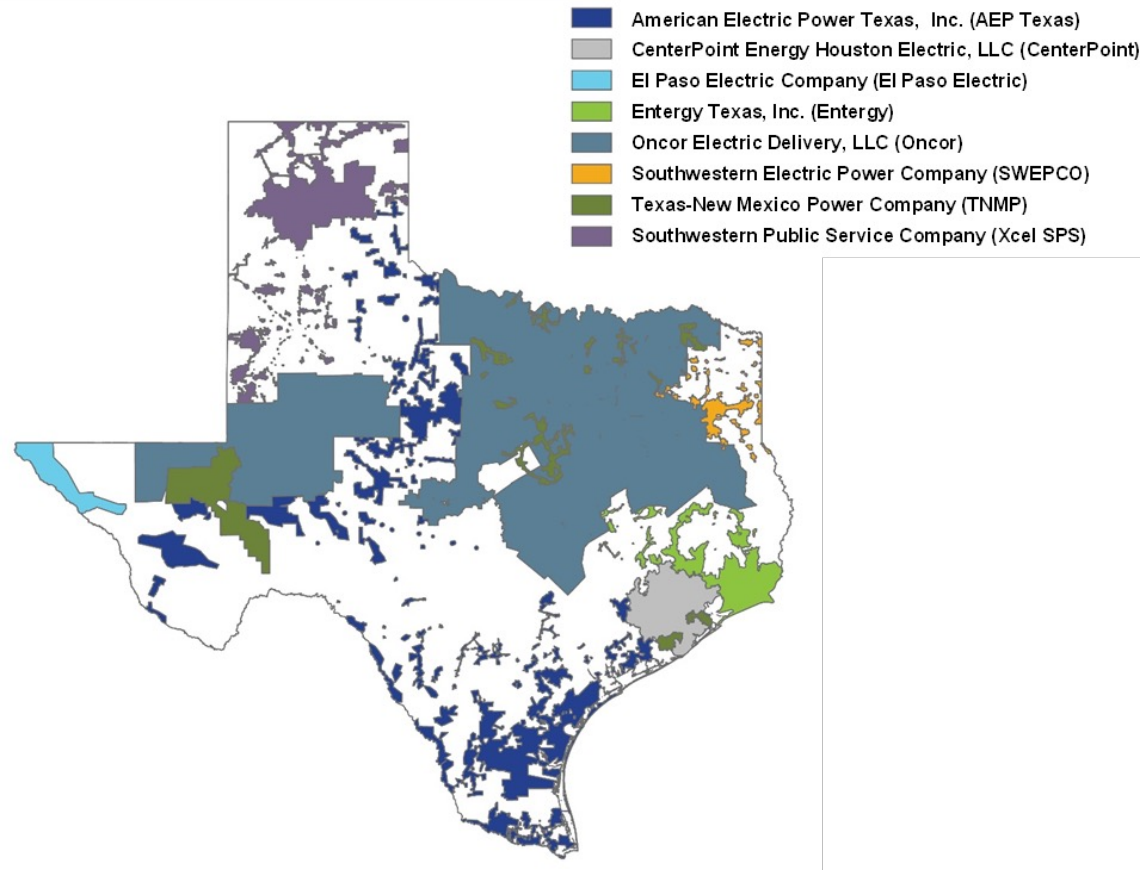




OVERVIEW OF INVESTOR-OWNED UTILITIES (IOU) ENERGY EFFICIENCY PROGRAMS

September 2022

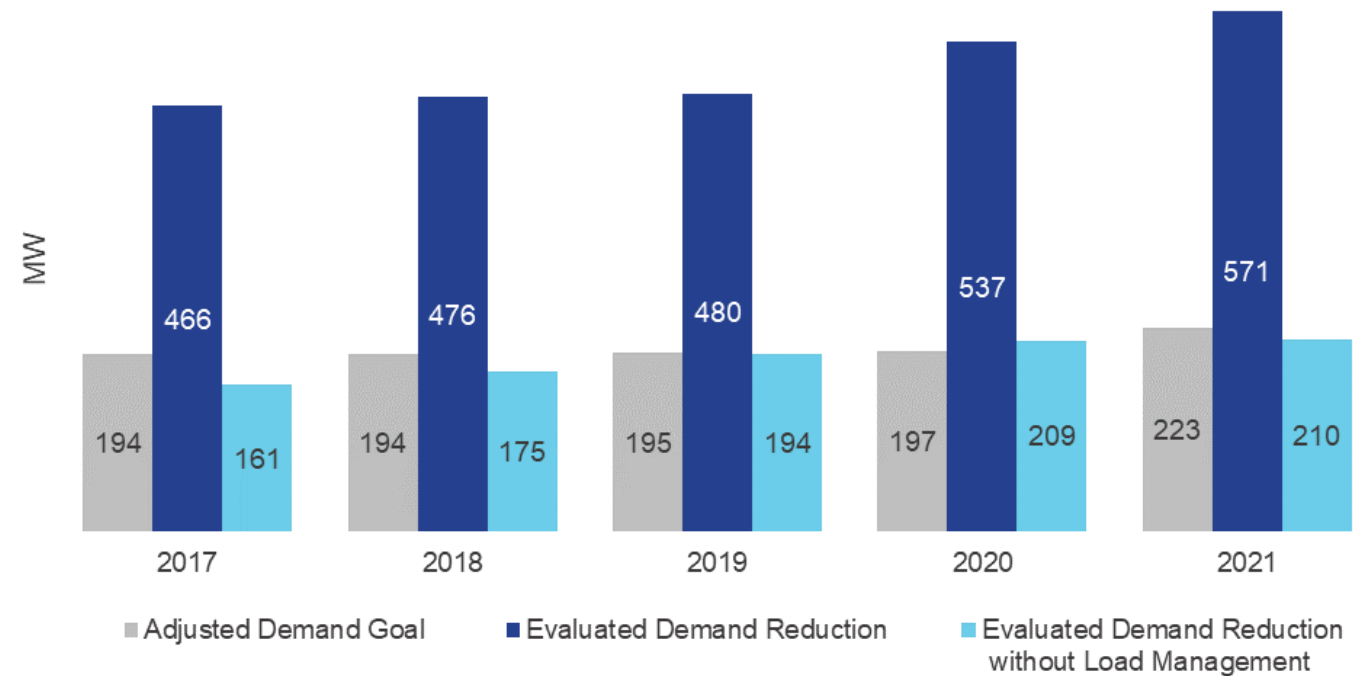
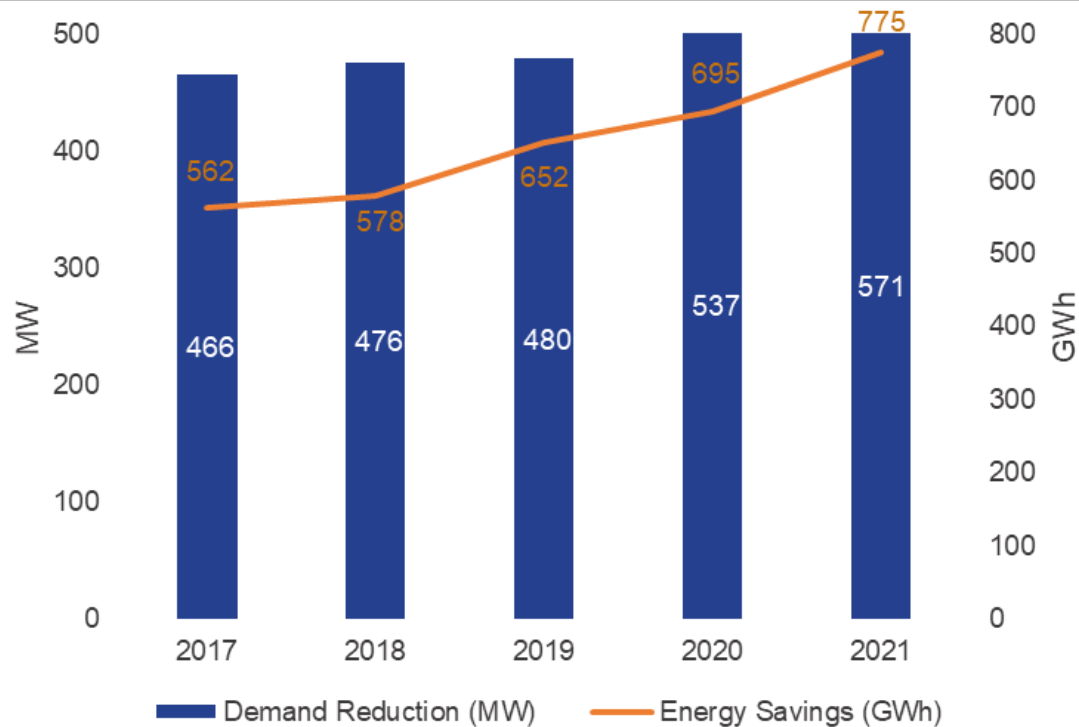


TEXAS IOU ENERGY EFFICIENCY HISTORY

- The Public Utility Regulatory Act (PURA) Section 39.905 first established long-term goals in 1999 for the IOUs
 - Since 2013, “floor” of 30 percent of demand growth or 4/10th of 1% of summer peak
 - Due to consistent demand growth, IOUs are generally pursuing larger kW and kWh reductions

In 2021, electric utilities achieved statewide energy savings of 775 GWh and demand reductions of 571 MW.

Utilities consistently exceed Legislated Goals, but not when excluding load management programs



Types of Energy Efficiency Programs

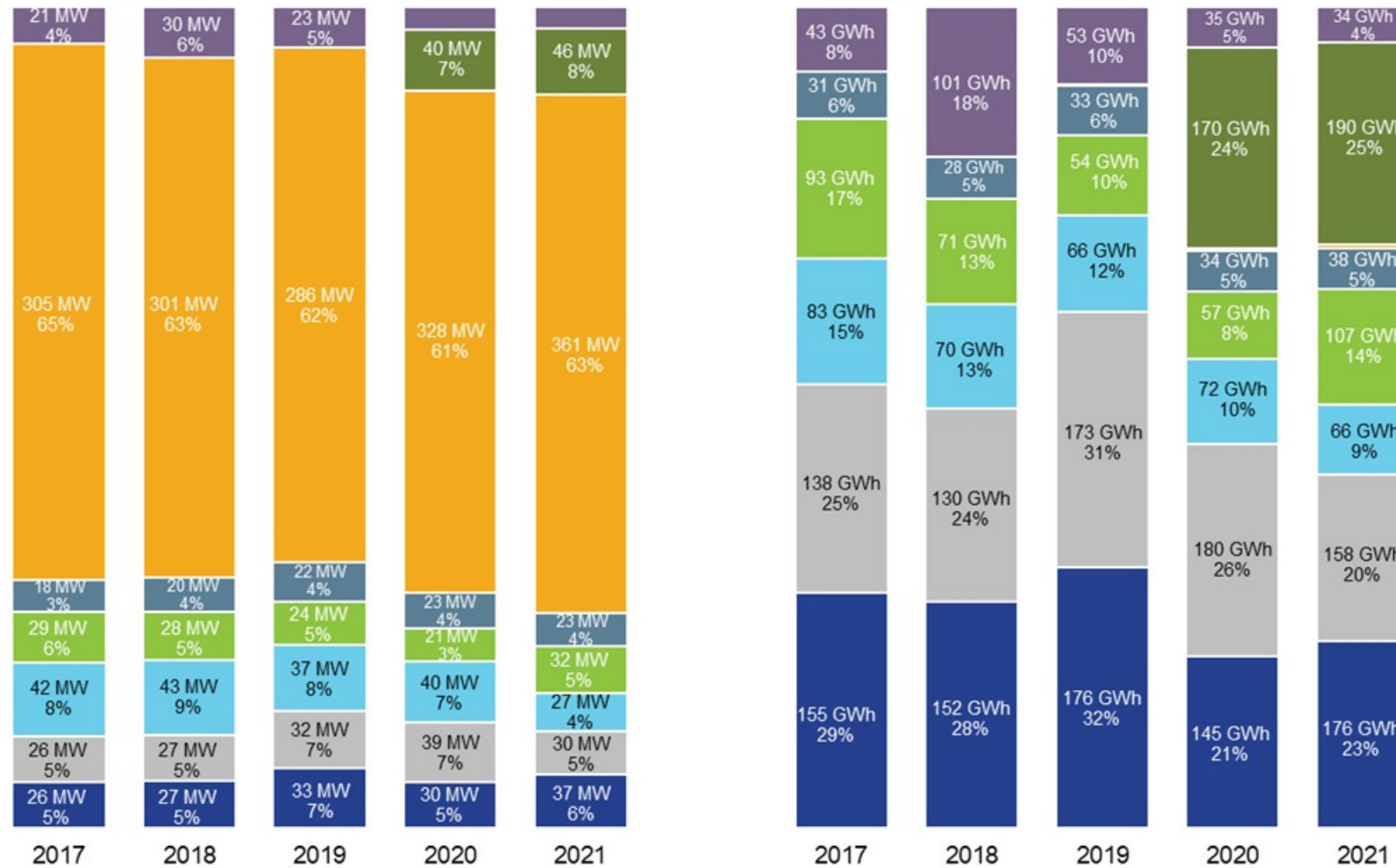
Standard Offer

Market Transformation

Hard-to-Reach

Targeted Low-Income

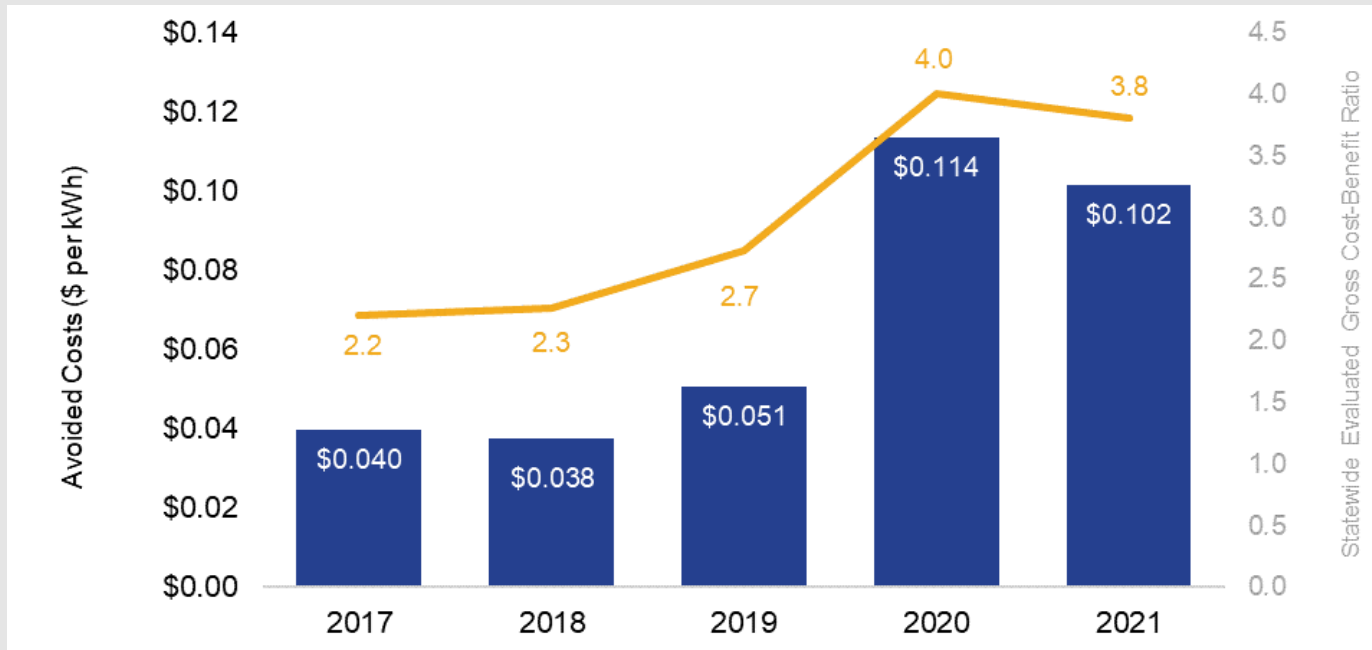
Load Management



Other: HTR MTP, LI, PV/Solar (prior to PY2020 midstream was captured under 'Other')

■ Com SOP ■ Com MTP ■ Res SOP ■ Res MTP ■ HTR SOP ■ Load Management ■ Upstream/midstream ■ Other

Evaluated Gross Demand Reduction and Energy Savings by Program Type, 2017-2021



Utilities have responded to pandemic challenges while maintaining cost-effectiveness; higher avoided costs and increased upstream and midstream delivery account for increased cost-effectiveness in 2020 and 2021

A 2022 market characterization identified several challenges in delivering energy efficiency:

- Increased costs of energy efficiency
 - Rising baselines with codes and standards changes
 - low-hanging fruit has already been addressed
 - costs of materials and labor increase
- Continued supply chain issues (insulation specifically expensive/hard to find) and contractor staffing shortages
- Issues are pronounced in rural areas

Lifetime cost
per kW and
kWh
reduction

Program Year	Lifetime Cost per kWh	Lifetime Cost per kW
2017	\$0.009	\$20.05
2018	\$0.009	\$19.99
2019	\$0.01	\$16.94
2020	\$0.020	\$11.56
2021	\$0.015	\$12.27

While lifetime costs per kWh are trending upwards, the cost per kW is trending downwards. One driver of this is increased peak demand savings measures (i.e., HVAC) in portfolios. Cost per kWh trend predicted to continue with increased baselines

Program Successes-- Residential

Programs are delivering benefits to customers by reducing their annual and peak usage

- Residential Standard Offer, average 8% statewide net savings, upward of 10% for highest-performing programs
 - Low Income, average 11%, up to 21% for highest performing programs
 - The programs are significantly influencing realized savings
 - Program attribution—the percent of savings we are confident saying happened because of the program—measured through a net-to-gross (NTG) ratio
 - 93% kW NTG and 91% kWh NTG
 - The vast majority of customers(89%) are satisfied and this has also trended upward recently
-
- Source: 2020 consumption analysis (PY2019 Statewide Energy Efficiency Portfolio Report)
 - Source: 2021 participant surveys (PY2022 Statewide Energy Efficiency Portfolio Report)

Program Successes-- Commercial

Projects delivering savings to commercial customers

- On average efficient lighting projects saving reducing annual consumption and peak demand by about a fifth

Programs are highly influential in getting energy savings projects done

- 99 percent net-to-gross for CSOP kW and 100 percent for CMTP kW

Highly satisfied participants

- average satisfaction is 4.8 on a 5-point scale
- 88% very satisfied

- Source: 2022 consumption analysis and participant surveys (PY2022 Statewide Energy Efficiency Portfolio Report)

Role of Energy Efficiency Implementation Project (EEIP)— Statewide Collaborative Group

Make recommendations regarding best practices. Discuss modifications to:

- Programs
- Procedures
- Deemed savings estimates
- Program templates

In addition to regular EEIP listserv communications (300+ recipients), Commission Staff host at least two EEIP meetings a year:

- Fall EEIP covers at a minimum EM&V key findings and recommendations and TRM updates for next program year
- Winter EEIP covers at a minimum IOU energy efficiency plans and call for next TRM update
- The next meeting is just around the corner!
 - October 18, 9:30 am – 3:30 pm
 - Commissioners' Hearing Room, 7th floor of the William B. Travis Building
- Thank you for your time today!
 - Lark Lee, Commission's EM&V contractor lead, lark.lee@tetrattech.com
 - For more information on the IOU programs, please visit texasefficiency.com