



# Energy Efficiency in Texas

**Arkansas Public Service Commission**

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# Context for Texas Energy Efficiency Program

- **Comprehensive legislation for retail competition beginning in 2002**
- **Unbundling of electric utilities**
- **Support programs for options that the market might not develop, such as renewable resources and energy efficiency**



# Energy Efficiency Requirements in Statute and Rule

- **Electric utilities administer energy savings incentive programs for demand and energy savings**
  - **Market-neutral, non-discriminatory standard offer programs**
  - **Limited, targeted market transformation programs**
- **Acquire cost-effective energy efficiency: at least 10% of annual growth in demand**
- **Available to all customers classes**



# Regulatory Issues for Energy Efficiency

- Define program objectives
  - Energy vs. demand
  - Air emissions
  - High-growth areas
  - High energy prices
- Texas statutory goals
  - Allow customers to reduce energy consumption, peak demand or energy costs
  - Utilities provide savings of at least 10% of growth in demand



# Regulatory Issues for Energy Efficiency

- Cost effectiveness
  - Avoided cost
  - Incentive levels
  - Standardization of programs and energy savings estimates
  - Measurement and verification
  - Periodic program evaluation
- Cost recovery
  - Fixed amount in base rates



# Efficiency Program Results

- 2003
  - Energy 370,000 mwh
  - Demand 150 mw
  - Exceeded goal of 10% of growth
  - Programs were cost effective
- 2004
  - Energy 435,000 mwh
  - Demand 183 mw
  - Exceeded goal of 10% of growth
  - Programs were cost effective



# For More Information

- PUC website
  - Statute—PURA 2005 §39.904
    - [www.puc.state.tx.us/rules/statutes/index.cfm](http://www.puc.state.tx.us/rules/statutes/index.cfm)
  - Regulations—Subst. Rules 25.181, 25.184
    - [www.puc.state.tx.us/rules/index.cfm](http://www.puc.state.tx.us/rules/index.cfm)

