

# Energy Efficiency Programs

## Texas Investor-Owned Utilities

CATEE Conference  
August 24, 2010



ELECTRIC UTILITY  
MARKETING MANAGERS  
OF TEXAS

# Agenda

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1. Who is EUMMOT
2. Energy Efficiency in Texas
3. 2009 Program Results
4. Program Participation
5. 2010 Program Projections
6. Frequently Asked Questions

# Introductions

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**Price Robertson, Oncor**

– Chairman, EUMMOT

**Russell Bego, American Electric Power (AEP)**

**Jarrett Simon, CenterPoint**

# Energy Efficiency in Texas

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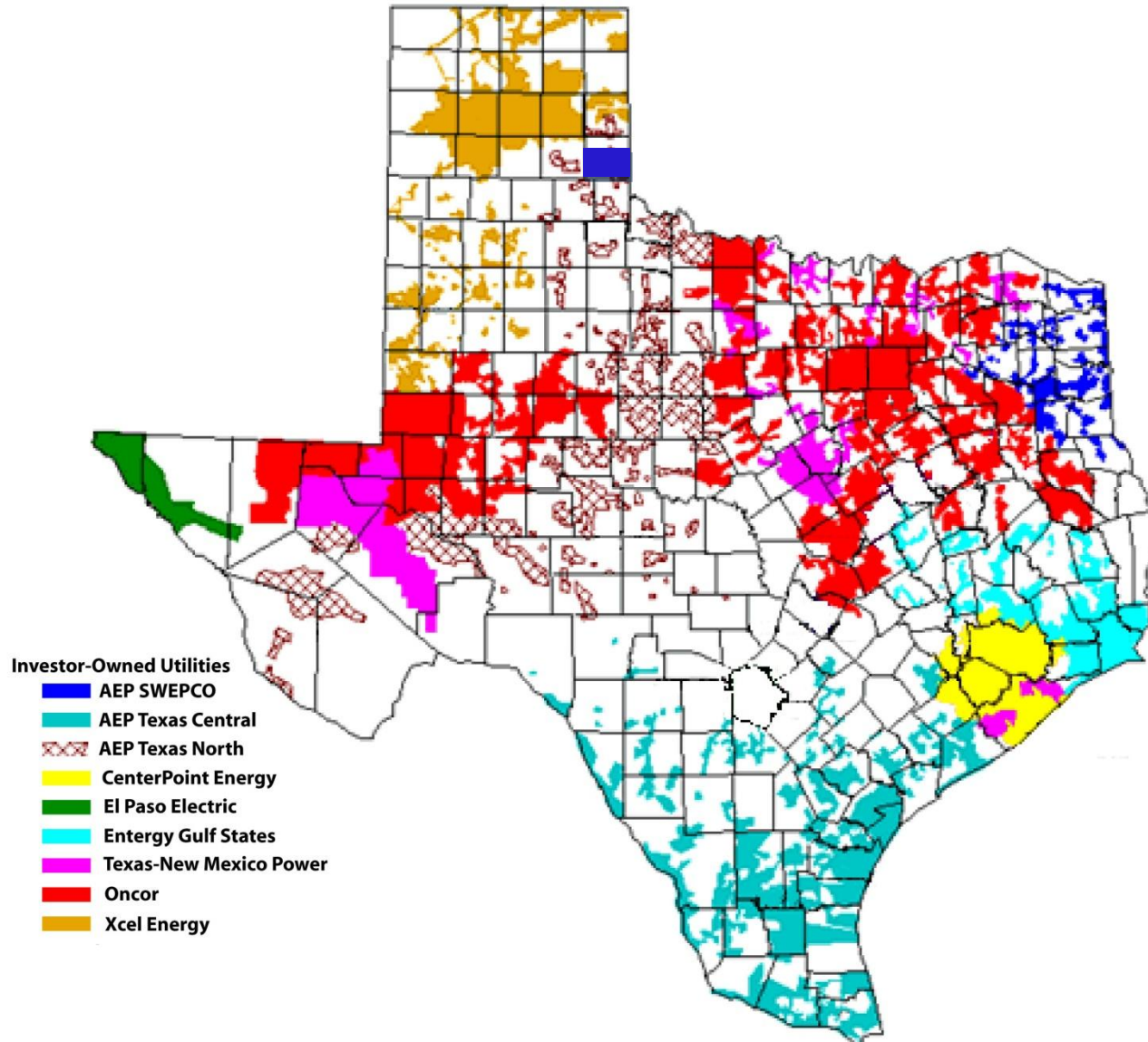


## Electric Utility Marketing Managers of Texas (EUMMOT)

- Voluntary Organization of electric investor-owned utilities (IOUs)
- Formed to address utility industry energy efficiency issues
- Acts as a forum to facilitate coordination among energy efficiency program managers



# Service Area Map



## Senate Bill 7 (1999)

- 10% of load growth

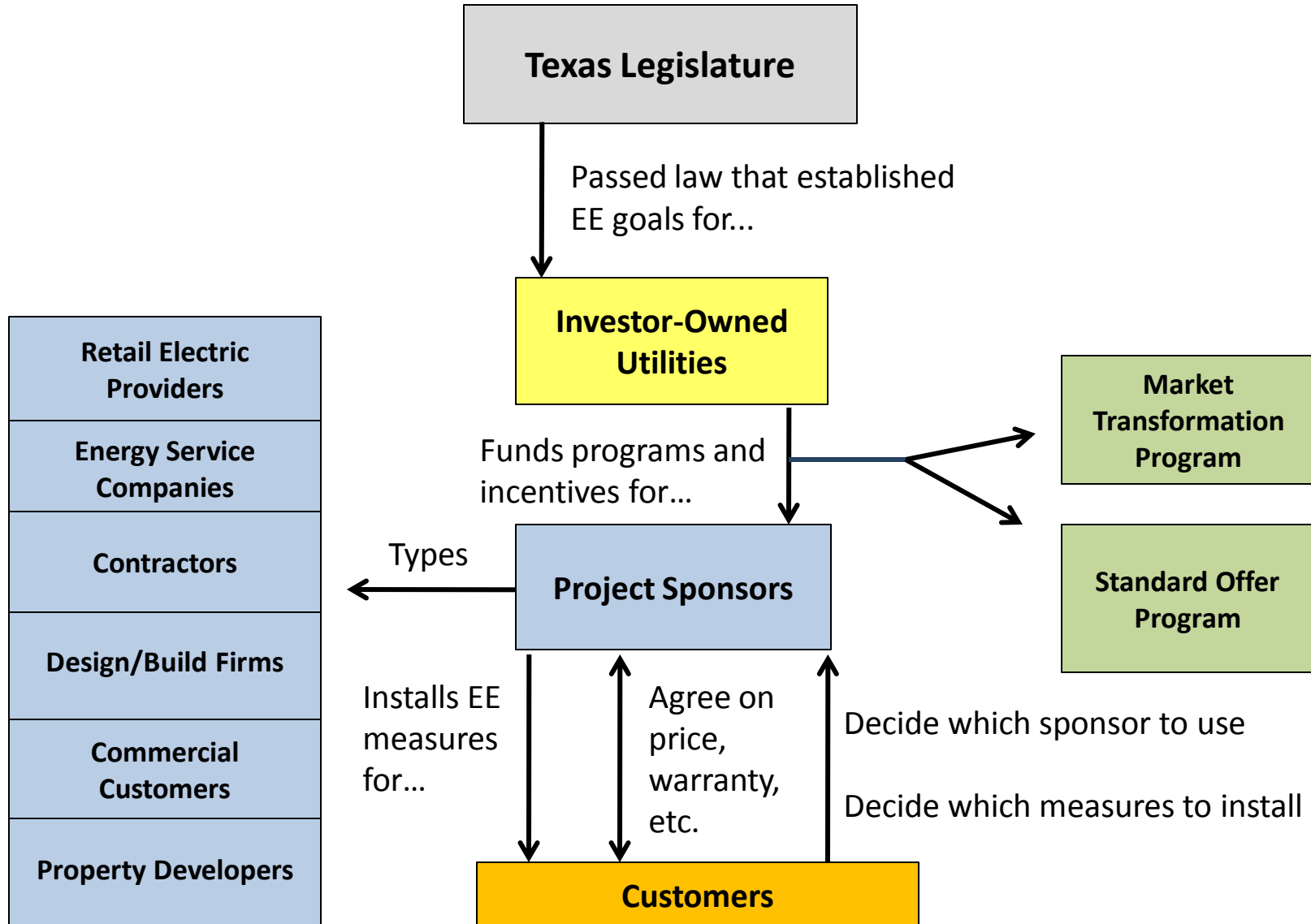
## House Bill 3693 (2007)

- 20% of load growth by 2010

## PUC Substantive Rule 25.181

- EE Rules amended on July 30, 2010 (Effective December 1)
  - 2011: 20% load growth
  - 2012: 25% load growth
  - 2013: 30% load growth

# Overview of Programs





# Types of Programs

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## Standard Offer Programs (SOPs)

- Program administrator (the utility) provides a set incentive payment to Project Sponsors; typically targets customer financial barriers
- All payments are based solely upon kW/kWh savings derived through the installation of the EE measures
- Higher incentive rates for residential/hard-to-reach customers than commercial or industrial customers
- Project sponsors use incentive payment to discount cost of measure to consumer
  - Residential Programs: All incentives are paid directly to the project sponsor, not the consumer

## Market Transformation Programs (MTPs)

- Strategic effort to induce lasting structural or behavioral changes in the market; targets market barriers
- Can include marketing/outreach, training, upstream and customer incentives, or other mechanisms
- No incentives provided directly to residential customers
- Example: Energy Star New Homes, CitySmart/SCORE, AC Installer

# 2009 Results

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# EE Portfolios, 2009



Program Type	Type	AEP	CNP	ETI	EPE	TNMP	Oncor	Xcel
Commercial & Industrial	SOP	●	●		●	●	●	●
Residential & Small Commercial	SOP	●	●	●	●	●	●	●
Hard-to-Reach	SOP	●	●	●	●	●	●	●
Load Management	SOP	●	●	●	●		●	
Underserved Area	SOP					●		
Low-Income Weatherization	SOP	●	●	●	●	●	●	●
ENERGY STAR® New Homes	MTP	●	●	●		●	●	
Air Conditioning Distributor	MTP		●				●	
Air Conditioning Installer Training	MTP		●				●	
Retro-Commissioning	MTP		●					
Large C&I Solutions	MTP	●		●	●			
Residential and Small Commercial Solutions	MTP				●			
Hard-to-Reach Solutions	MTP				●			
LivingWise Education	MTP				●		●	
Texas SCORE/CitySmart	MTP	●	●	●	●	●	●	
A/C Tune-Up	MTP						●	
Appliance Recycling	MTP	●					●	
Small Distributed Renewable Generation (Solar PV)	MTP	●		●		●	●	
Residential Demand Response	MTP	●					●	
Texas Statewide CFL	MTP	●	●	●	●	●	●	

# 2009 Program Summary

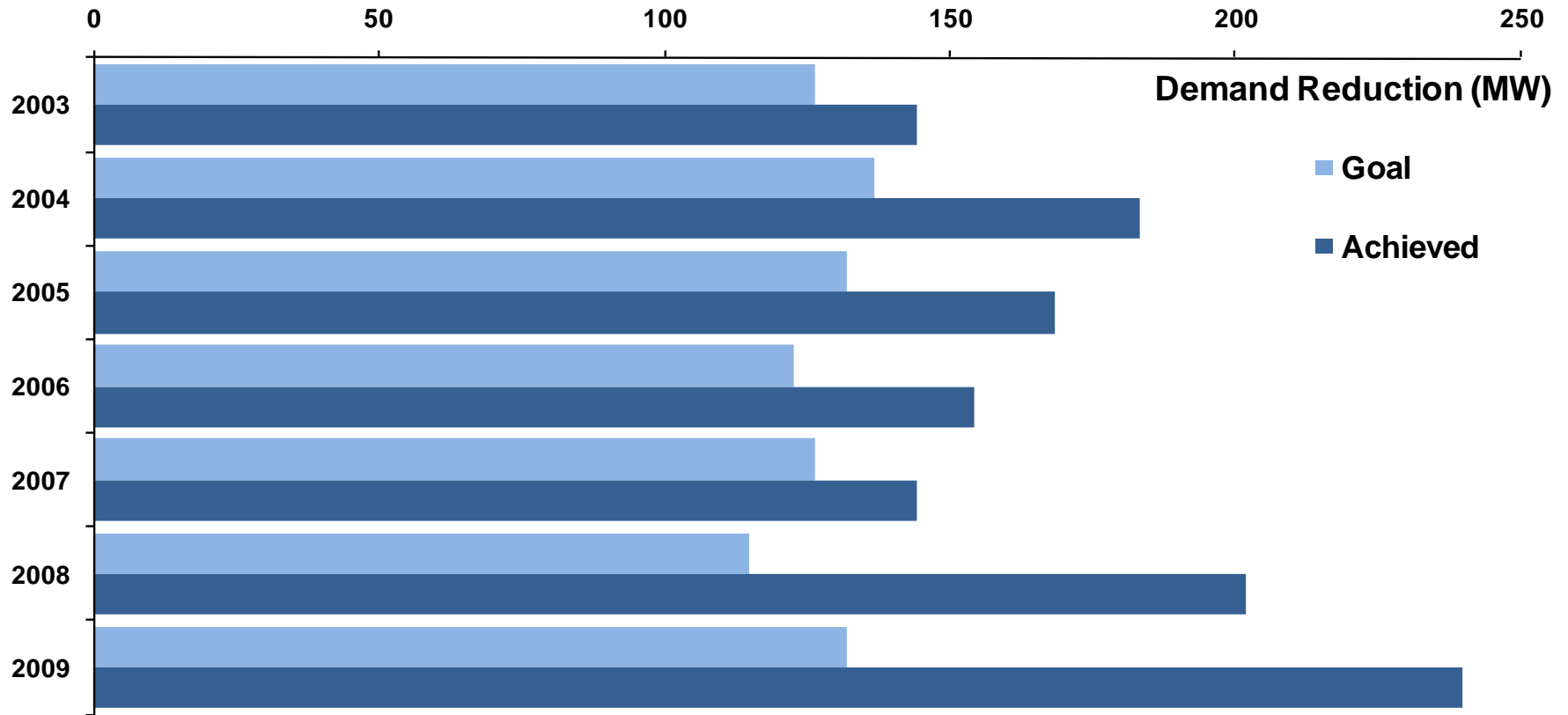
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## Statewide Totals

- \$106 million spent on Energy Efficiency Programs
- 240 MW demand reduction
  - 82% over mandated goal of 132 MW
- 560 GWh energy savings
  - Equivalent to 827,409 pounds of NOx emissions/year

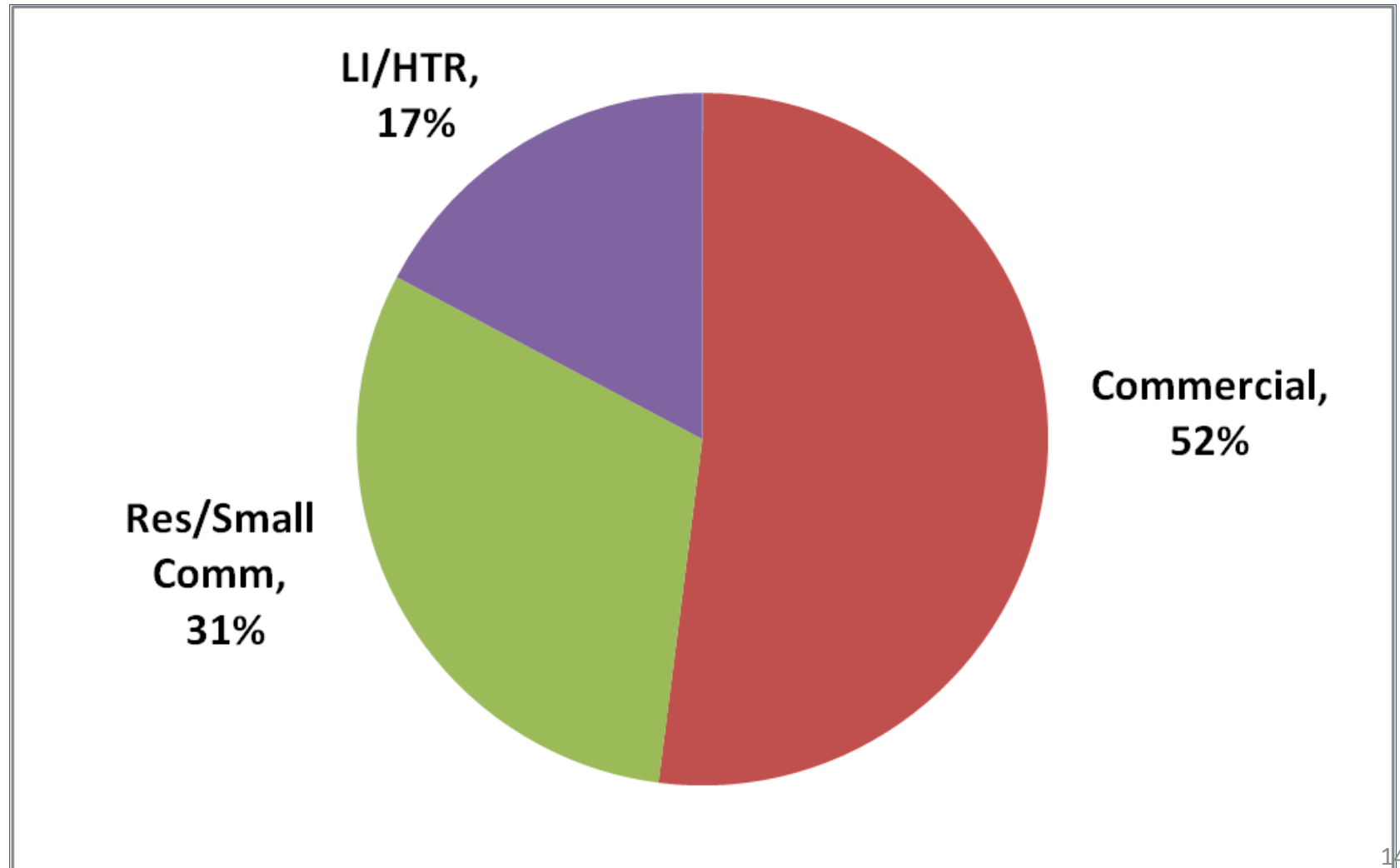
# Total Demand Reduction



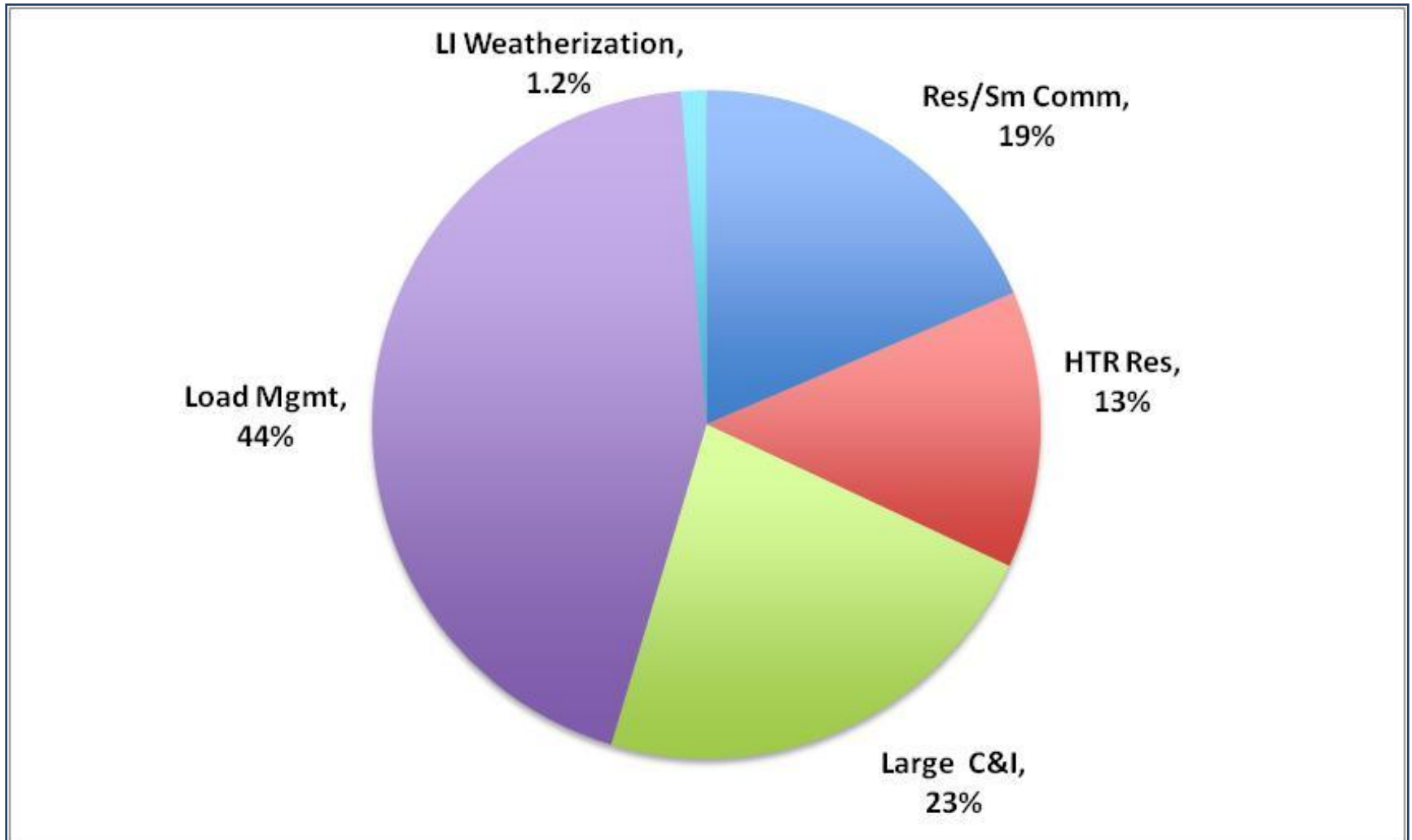
Statewide demand reduction and energy savings, 1999 to 2009, total 1,365 MW and 3,574 GWh.

# By Customer Class, 2009

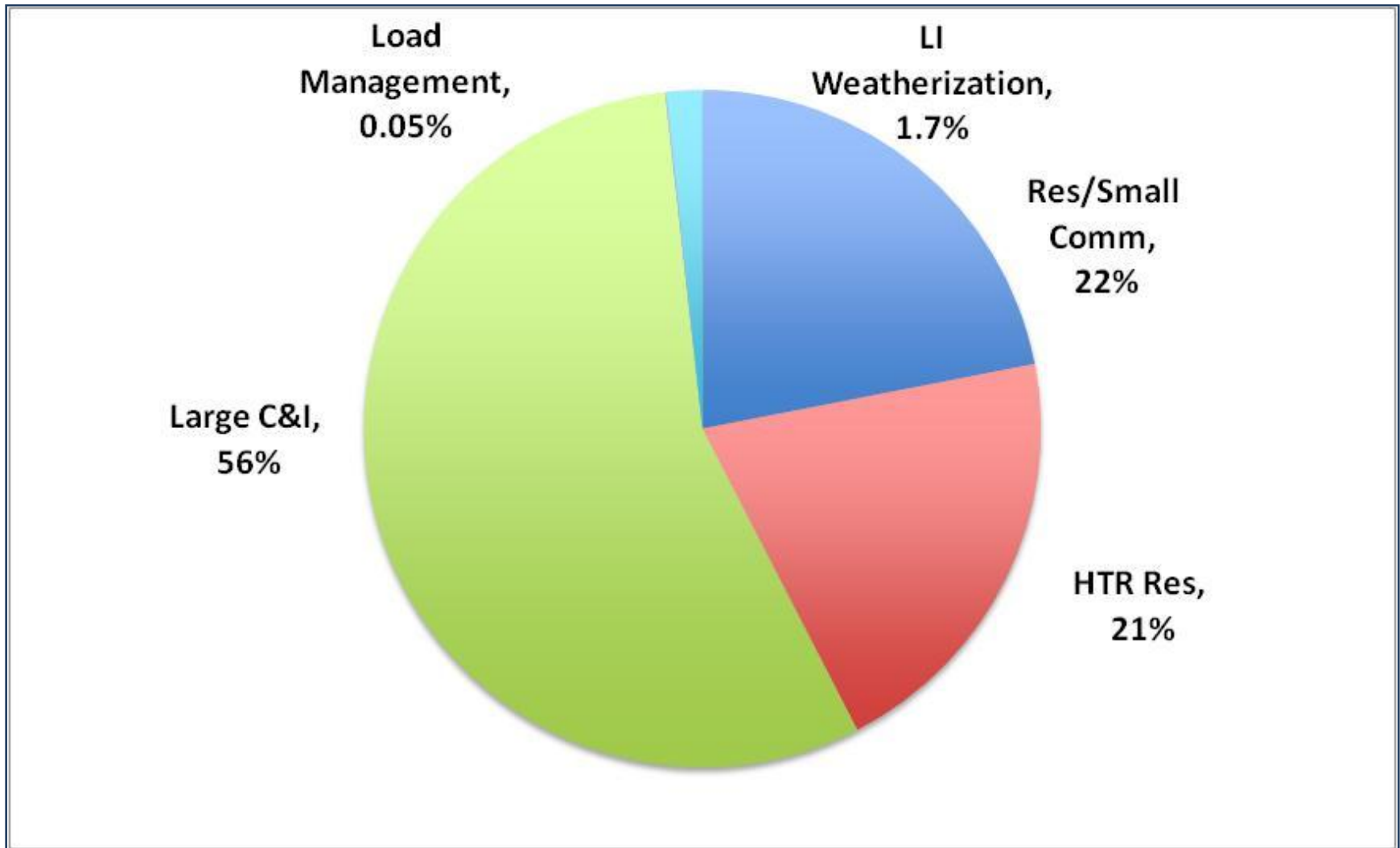
## Statewide Energy Savings by Customer Class



# SOP MW Reduction, 2009

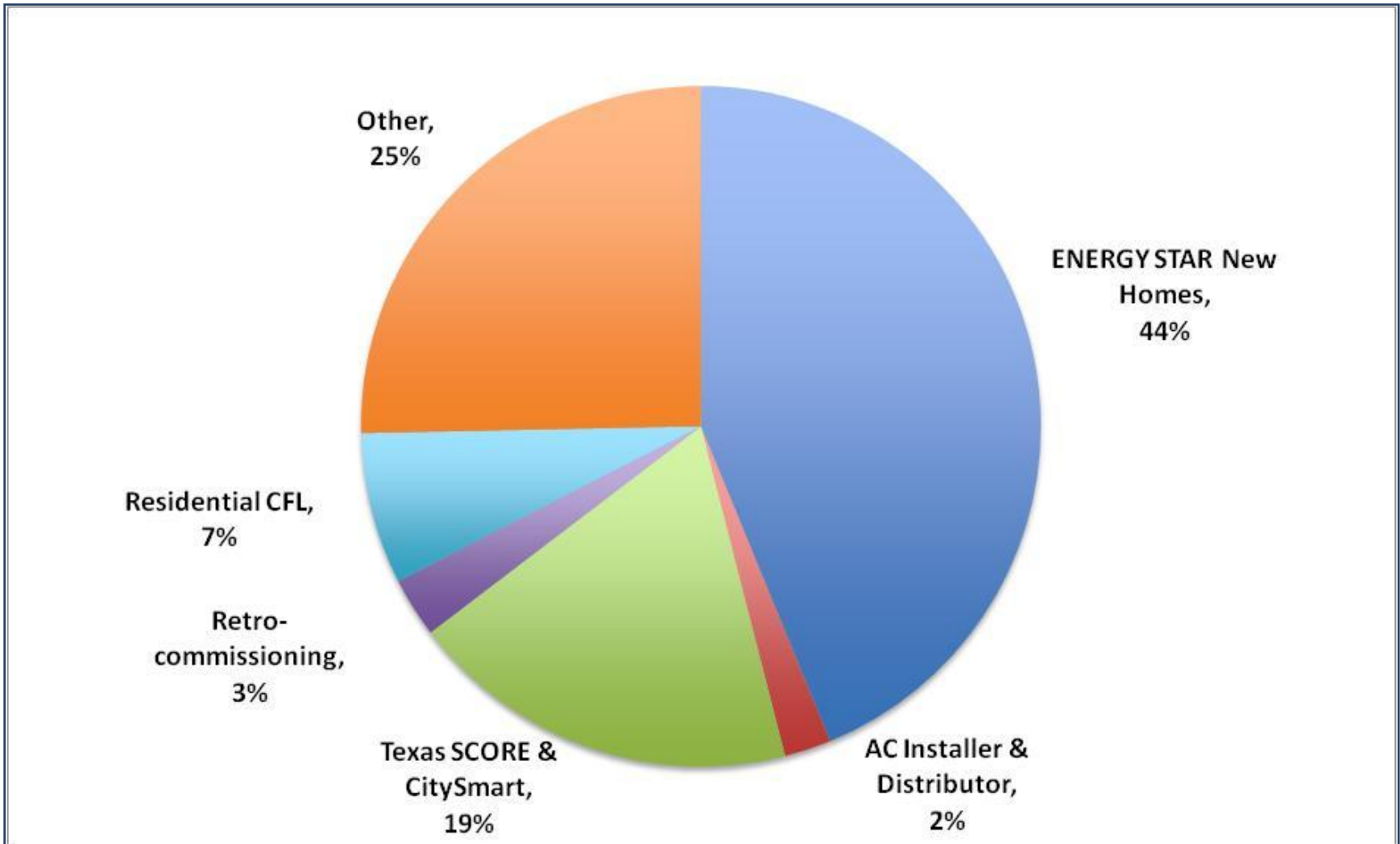


# SOP Energy Savings, 2009



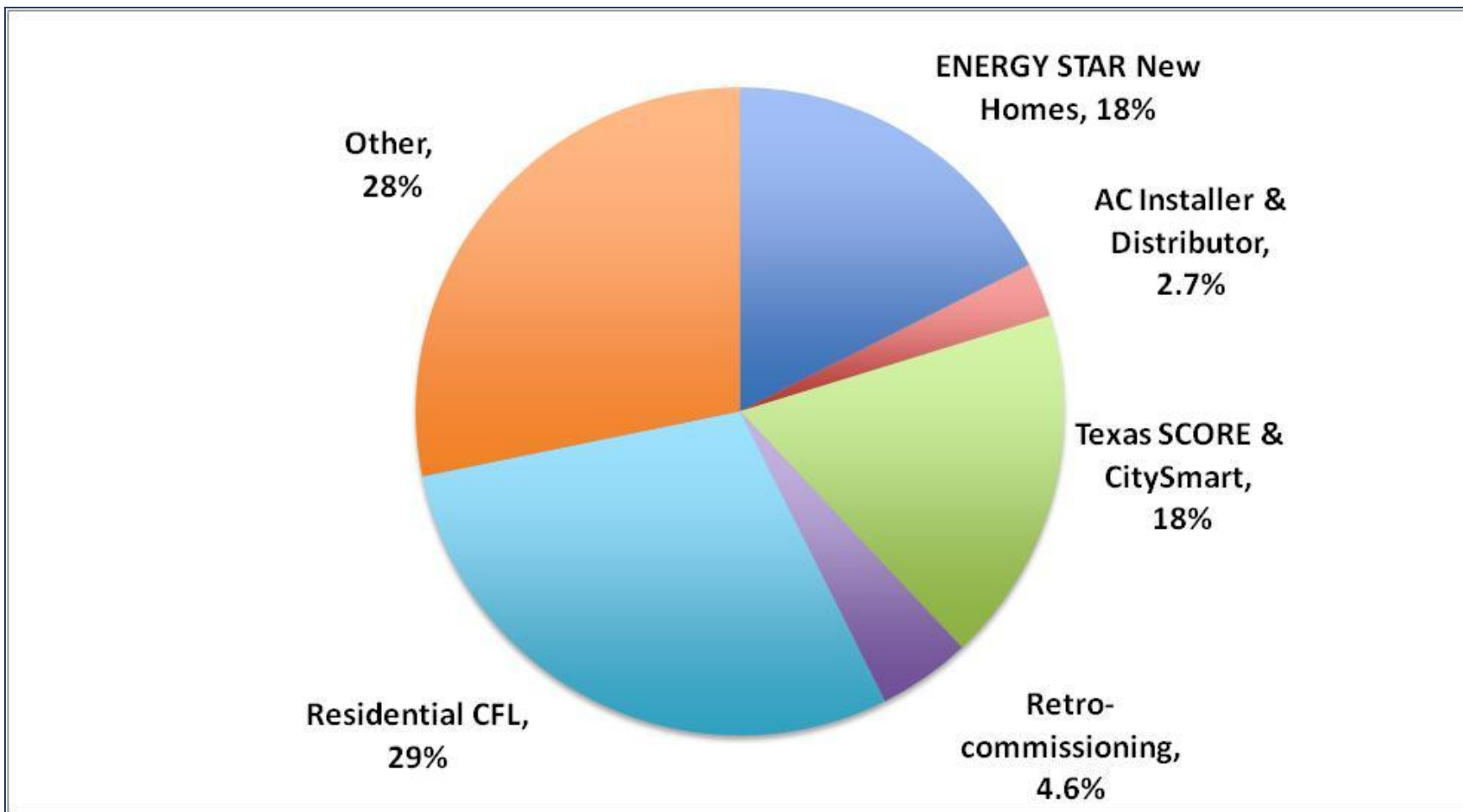


# MTP MW Reduction, 2009



Other includes: PV, appliance recycling, Solutions Programs, and utility specific offerings

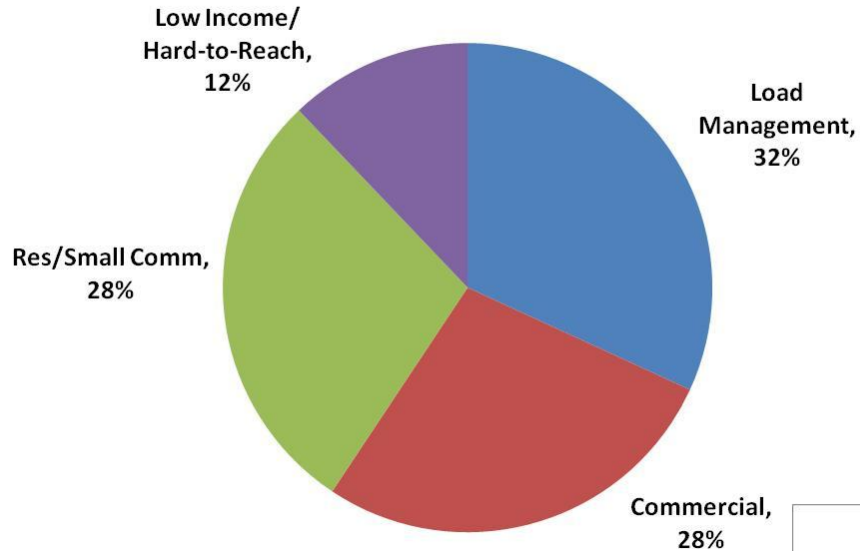
# MTP Energy Savings, 2009



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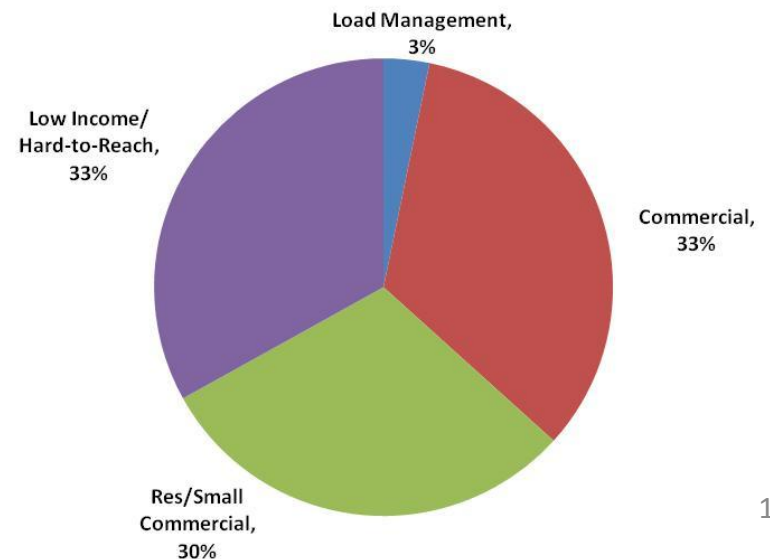
# Comparison: MW Reduction to Program Spending

Percentage of Total Demand Reduction by Customer Class, 2009



Load Management separated into its own “customer class” due to the nature of the program

Percentage of Total Spending by Customer Class, 2009



# Components of Program Cost



## Costs can be broken out into three general areas:

- Payments to Energy Efficiency Service Providers in Standard Offer Programs
- Payments to implementers of Market Transformation Programs
- Utility Administrative Costs
  - 2010: Capped at 10% of program costs
  - 2011: Capped at 15% of program costs

## In order to be cost-effective, sum of all program costs must be less than or equal to allowed avoided cost

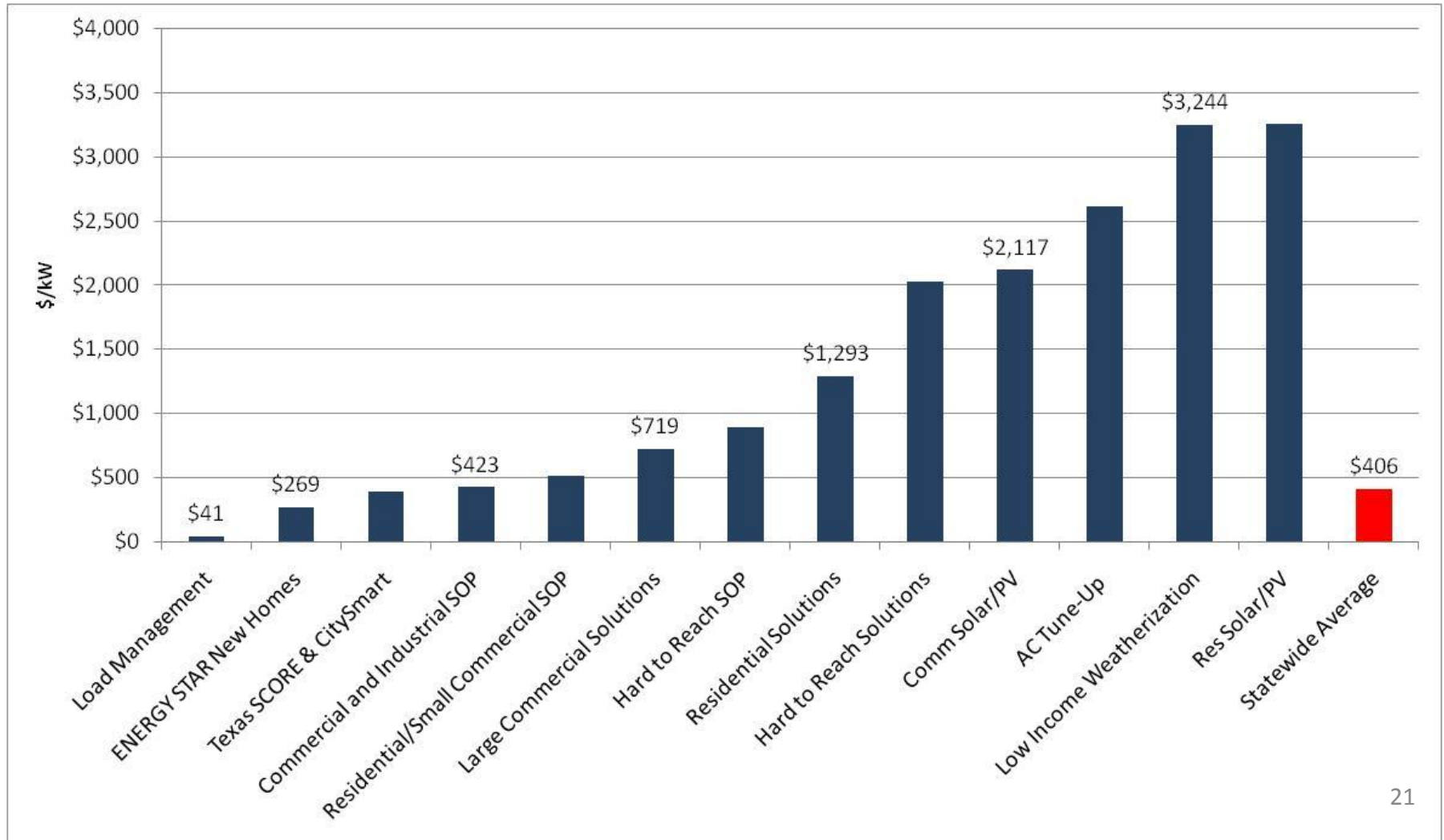
- Avoided costs are the peak demand (kW) and energy consumption (kWh) that are saved through the installation of an energy efficiency measure over the life of the measure. For instance, an air conditioner lasts approximately 15 years.

# Program Cost per kW Reduced



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## Statewide Average, 2009 (Selected Programs)



# Program Participation

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# Program Subscription

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## Varies by Utility and by Program

- Undersubscribed/Oversubscribed

## 2009

- 95% of funds for large residential SOPs were spent\*
- 96% of funds for small hard-to-reach SOPs were spent\*

## 2010

- Funds still available for some programs

\* Statewide approximation

# 2010 Programs

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# 2010 Overview

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**PUC Mandated Goal = 138 MW**

## **Statewide Demand Reduction and Energy Savings**

- Utility Projections:
  - 271 MW
  - 550,000 MWh

**Projected Statewide Spending = \$113 Million**

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## External Factors that Increase Program Costs

### **More Stringent Building Codes and Equipment Standards are being adopted**

- Will reduce incremental energy savings available to be captured in utility programs
- Will result in higher cost per unit of energy saved

### **Cost of Energy**

- Per DOE, residential rates dropped 3% and commercial rates dropped 8% from 2008 to 2009
- Lower energy costs extend payback period for energy efficiency technologies
- Larger incentive payments may be required to get customers to adopt technologies

### **Cost of Technology**

- Innovative technologies may be more expensive
- Incentives may need to cover a larger portion of the installed cost

### **Issues of Scalability**

- Due to nature of market or availability of qualified installers, program may not be able to grow in meaningful size in short term

# Frequently Asked Questions

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## Who pays for these energy efficiency programs?

**Does the utility pay residential customers directly?**

**Will the utility provide a free  
audit of my home?**

# Questions?

## TexasEfficiency.com

- Website Update Coming Soon
- More Program Details
- Feedback Form
  - Encourage Public Participation
- Depository for utility specific regulatory filings, program results and reports



## Energy Efficiency Plan & Report

- Filed annually with PUCT by April 1
- 2010 Project #: 37982