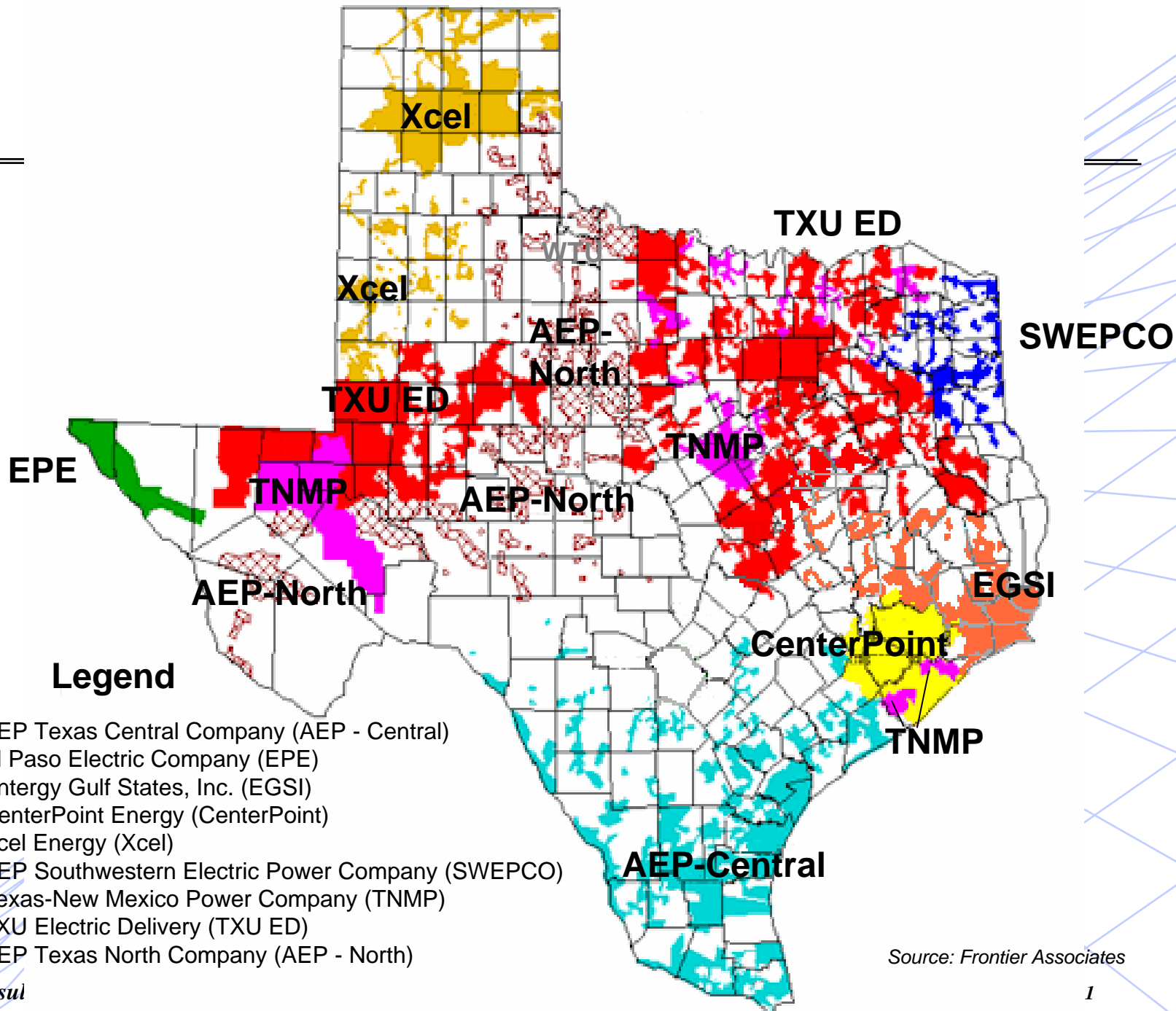




Texas Energy Efficiency Programs: Building on Success

*Stuart Schare,
Summit Blue Consulting*

*NAESCO 23rd Annual Conference
Dallas, TX
November 15, 2006*



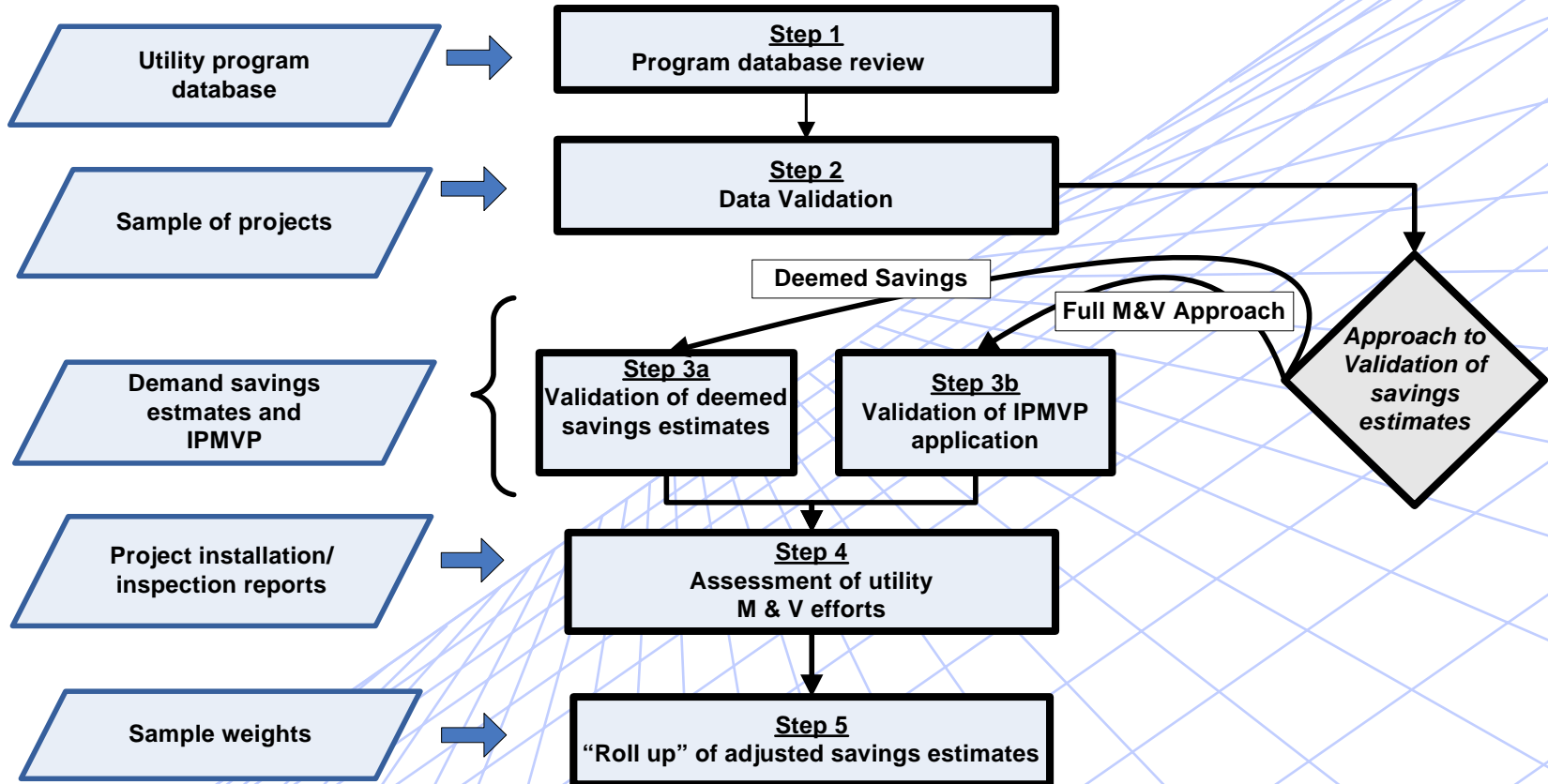
Programs Reviewed

	AEP	CNP	Entergy	TXUED	TNMP	Xcel
Standard Offer Programs						
Residential & Small Comm.	✓	✓	✓	✓	✓	✓
Hard to Reach	✓	✓	✓	✓	✓	✓
Commercial & Industrial	✓	✓	✓	✓	✓	✓
Load Management				✓		
Market Transformation Programs						
ENERGY STAR New Homes		✓	✓	✓	✓	
AC Distributor		✓	✓	✓		✓
AC Information & Training				✓		
Multi-Family Water & Space Heating		✓		✓		
Retro-Commissioning		✓				

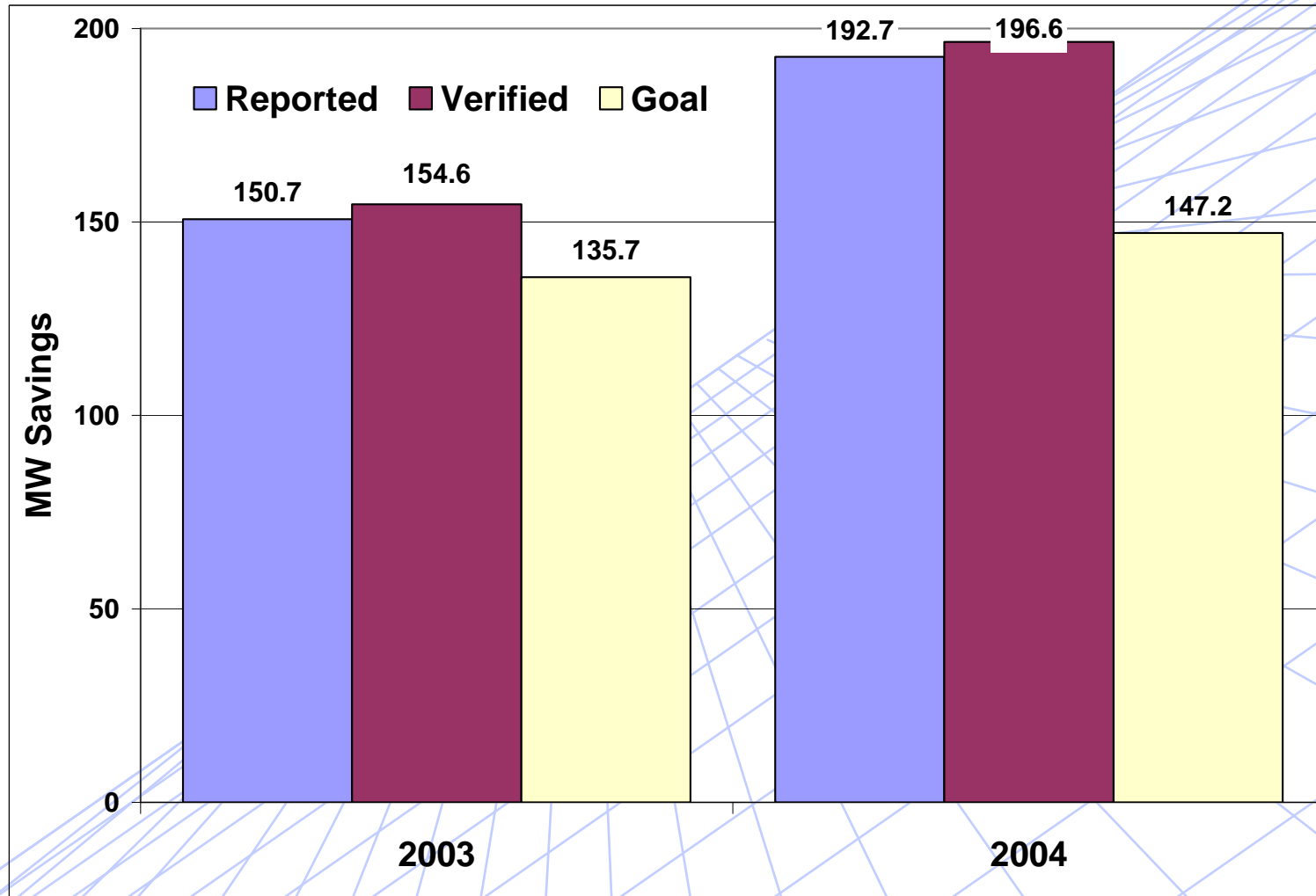
Independent Measurement and Verification Study

- **Goal: 10% reduction in demand growth (kW)**
- **“Independent Measurement & Verification Expert”**
 - Retained by PUCT to review 2003 and 2004 programs
 - Provided an *independent assessment* of progress
- **Purpose of the M&V Study:**
 1. *Verification of peak demand and energy savings*
 2. *Limited process evaluation*
 3. *Recommendations to improve programs*

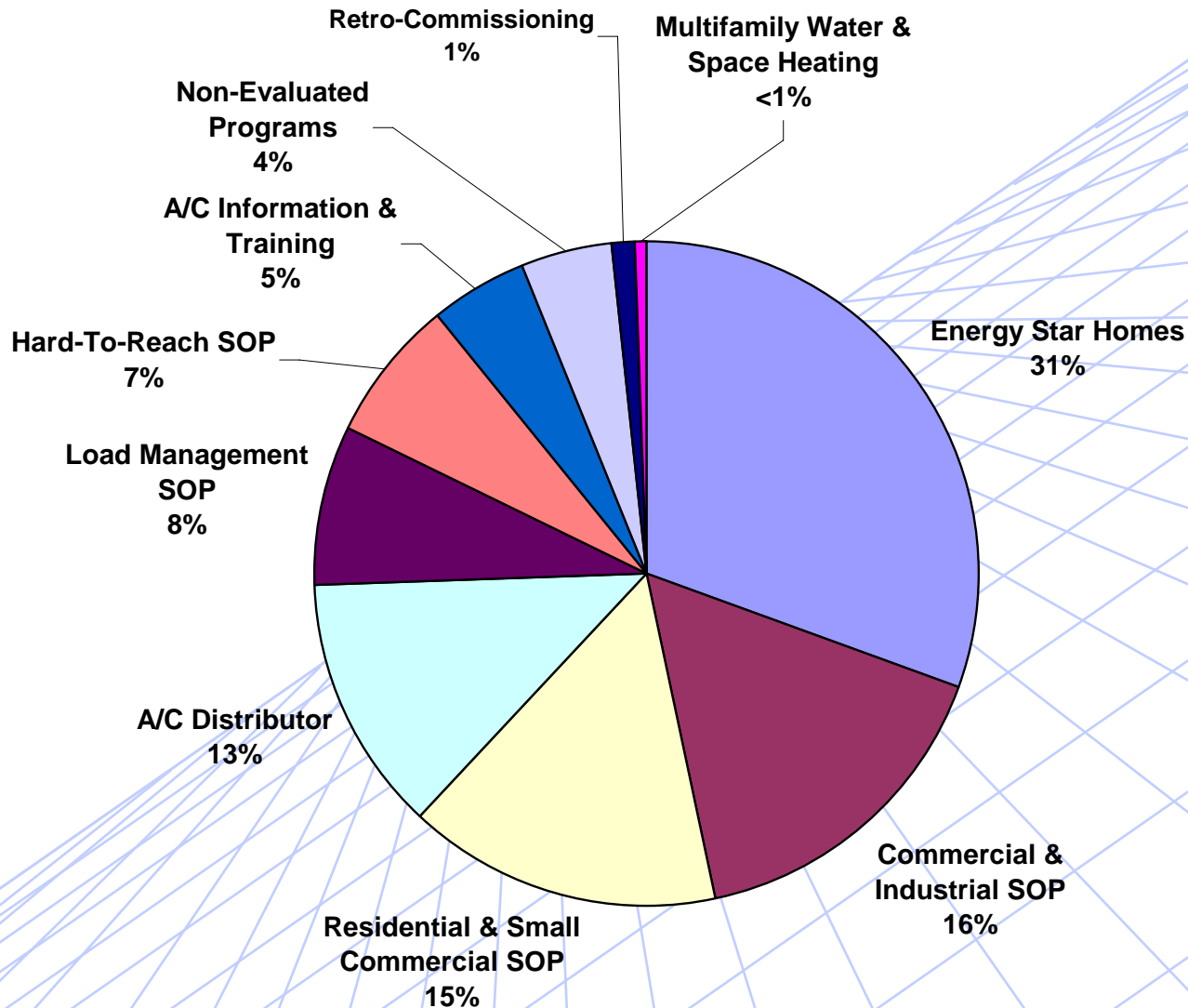
Savings Verification Steps



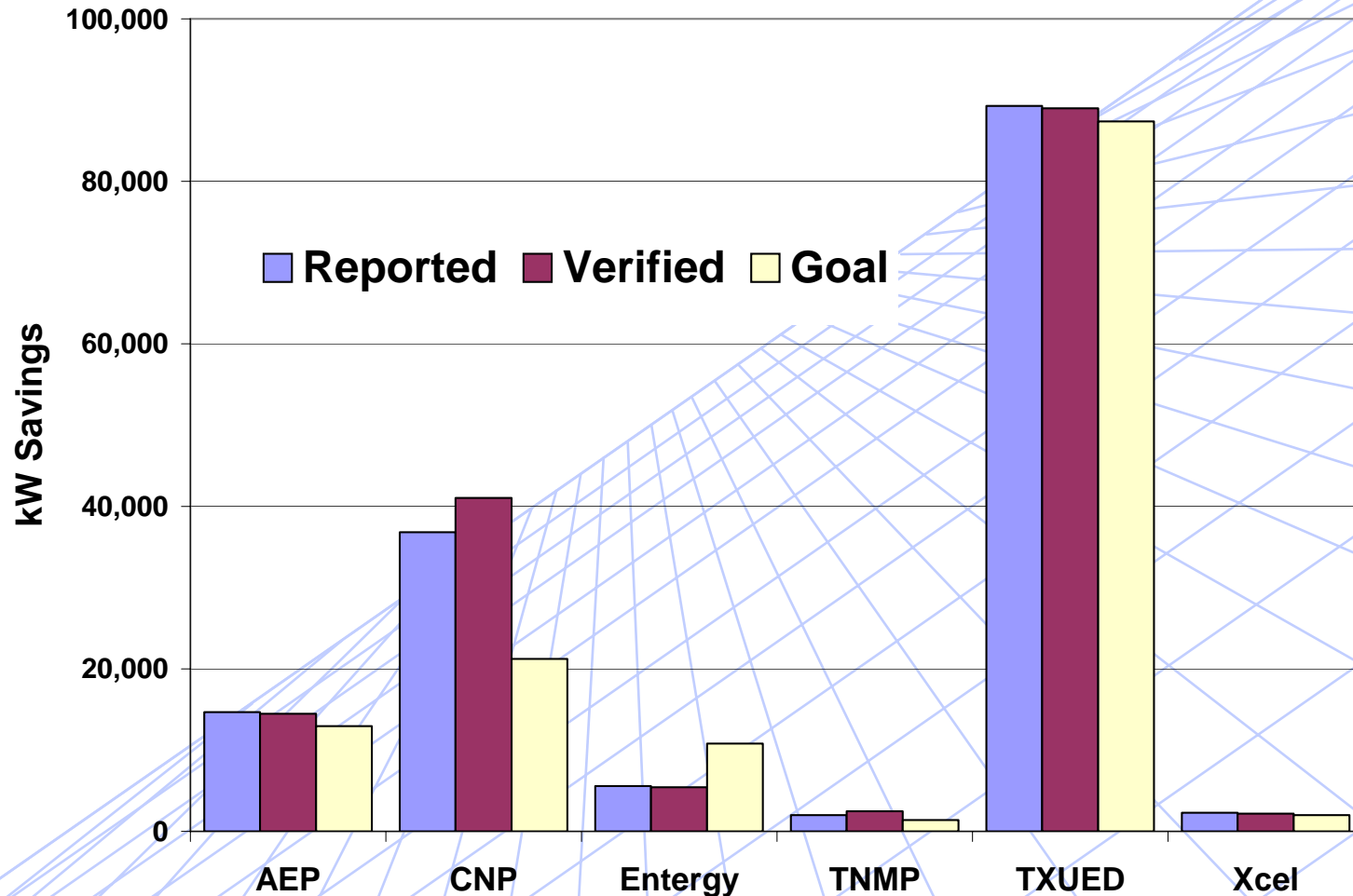
Texas Utilities Exceeded Energy Savings Goals in 2003 and 2004



Verified Peak Demand Savings (kW) by Program, 2004



Demand Savings and Goal Achievements by Utility, 2003



How Can Texas Programs Deliver More Energy Savings?

1. Increase energy savings goals

2. Link program funding to goals

3. Provide financial incentives to utilities

Reimbursement of program costs

Recovery of lost revenues

Shareholder incentives for meeting/exceeding EE goals

Key Recommendations: *Program Planning and Reporting*

For the Commission

- Higher goals (>10% of growth)
- Financial incentives to utilities for goal attainment
- Funding linked to changing goals
- Flexibility in administrative \$
- Variable sponsor incentives (\$/kW) based on measure type
- Definition of “Peak Demand Savings” at system peak only
- Uniform reporting procedures

For the Utilities

- Continued reduction of incentives for popular measures
- Promotion of multiple measures at individual sites
- Promotion of measures aimed at high kWh savings
(requires Commission action)
- New incentives & approaches for high-efficiency A/C

Key Recommendations: *Program Delivery*

For the Commission

- More specific *inspection protocols* and *savings adjustments*
- Inspection requirements for market transformation programs

For the Utilities

- More equitable access to financial incentives
- Enrollment guidelines to achieve desired mix of sponsors & measures
- Increase in sponsors' financial stability (e.g., all-year funding)
- Additional error checks in program databases
- 3rd-party independent inspections of customer sites
- Improved recording of inspection results / documentation

Suggested Research Activities

- Program planning and funding could be improved through the following activities:
 - A **free ridership** study to estimate savings attributable to the programs
 - A study of **measure persistence** to determine savings still being realized 3-5 years after measures were installed
 - A market study to identify unclaimed savings resulting from **program spillover** and **market transformation**
 - A **DSM potential** study to determine the amount of additional savings that are technologically and economically feasible
 - Identification of typical **costs of installations** by measure type to inform future incentive levels

So Now What?

- **Utilities**
 - Continue with their very successful programs
 - Make select improvement based on the independent M&V study
- **Public Utility Commission**
 - Make rule changes as appropriate to improve programs
 - Be open to new ideas, measures if vetted through public process
- **The Public**
 - Continue to participate in regulatory process
 - Efficiency Texas filed petition in September for new rulemaking

Final Thoughts...

Texas programs have achieved significant energy savings!

The programs work well!

Even greater savings are possible.