

The Texas Goal for Energy Efficiency: 5 Years Later



TXU

Electric Delivery

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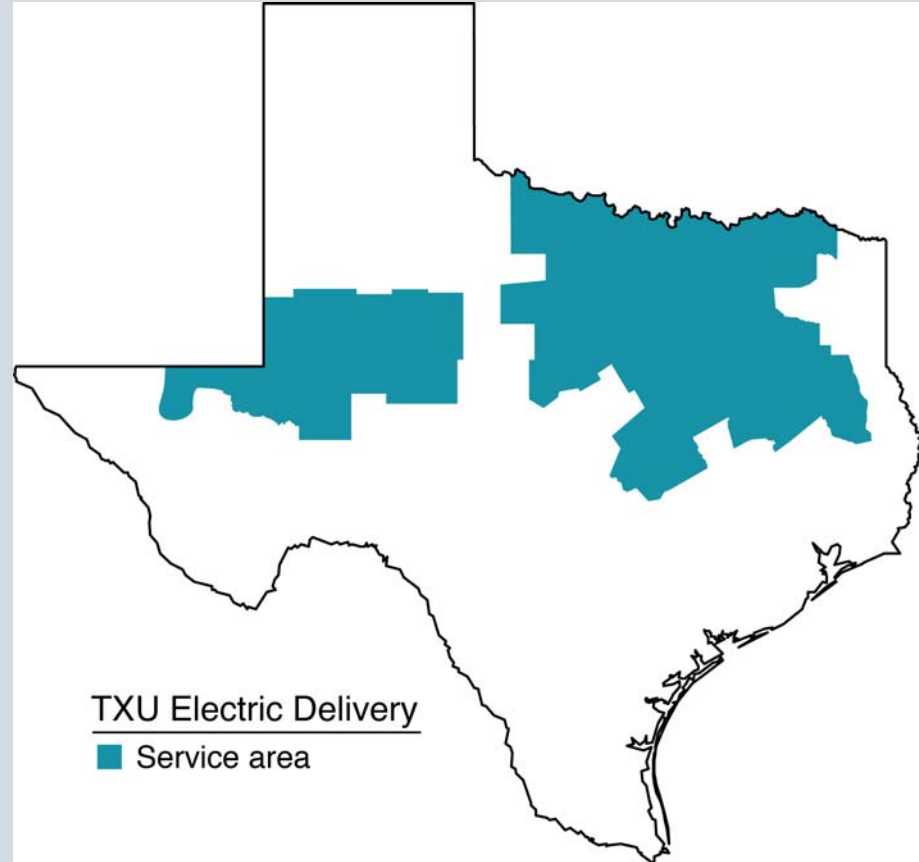
Manager, Energy Efficiency

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Who Is TXU Electric Delivery?



- The energy delivery company of the TXU Corporation
- TXU Electric Delivery distributes electricity to 3 million customers of the competitive retailers.
- Operates over 114,000 miles of transmission and distribution lines.
- Serve more than 402 cities in 92 counties in North, Central, West and East Texas.
- Largest energy efficiency program in Texas. Approximately \$43 million per year.



Texas Goal for Energy Efficiency



- Texas Electric Choice Act passed by Texas legislature in 1999.
- All Texas investor-owned electric utilities must meet 10% of their annual growth in electricity demand (kW) through energy efficiency.
 - Goal is recalculated each year.
- Electric utilities must implement programs in a market neutral and non-discriminatory manner.
 - Cannot directly provide service to customers.
- Programs are targeted to all customer classes.
- Standard Offer Program and Market Transformation Programs
- Program rules and guidelines established by PUCT.

Substantive Rule 25.181

- Established by Public Utility Commission of Texas
- Implements Texas Electric Choice Act – Goal for Energy Efficiency
- Outlines program requirements
 - Methodology to Calculate Demand Goal
 - Maximum Incentive Levels
 - Program Responsibilities
 - Reporting Requirements
 - Measurement and Verification
 - Deemed Savings
 - Program Templates

Standard Offer Programs



Program offers a fixed incentive payment for each kW and kWh saved in an energy efficiency project. Parties enter a “standard” contract. Different from rebates as payments are based on performance.

TXU Electric Delivery Standard Offer Programs:

Commercial and Industrial

Hard to Reach (Low Income)

Residential Small Commercial

Load Management

Market Transformation Programs



Market transformation programs are strategic efforts, including, but not limited to, incentives and education designed to reduce market barriers for energy efficient technologies and practices. Market transformation programs must be designed to obtain energy savings and peak demand reductions beyond savings that would be achieved through compliance with building codes and equipment efficiency standards.

TXU Electric Delivery Standard Offer Programs:

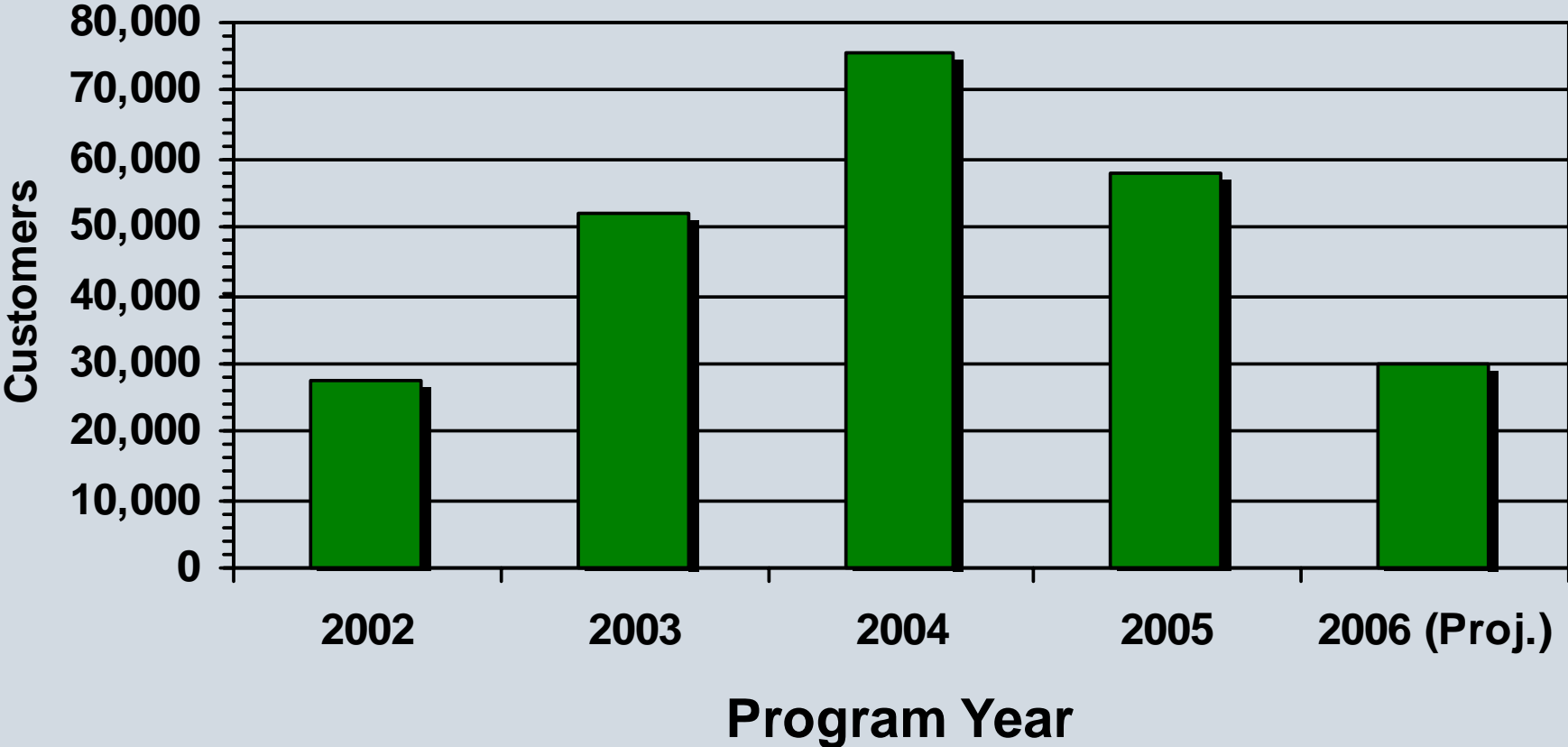
Energy Star Homes

A/C Installer

A/C Distributor

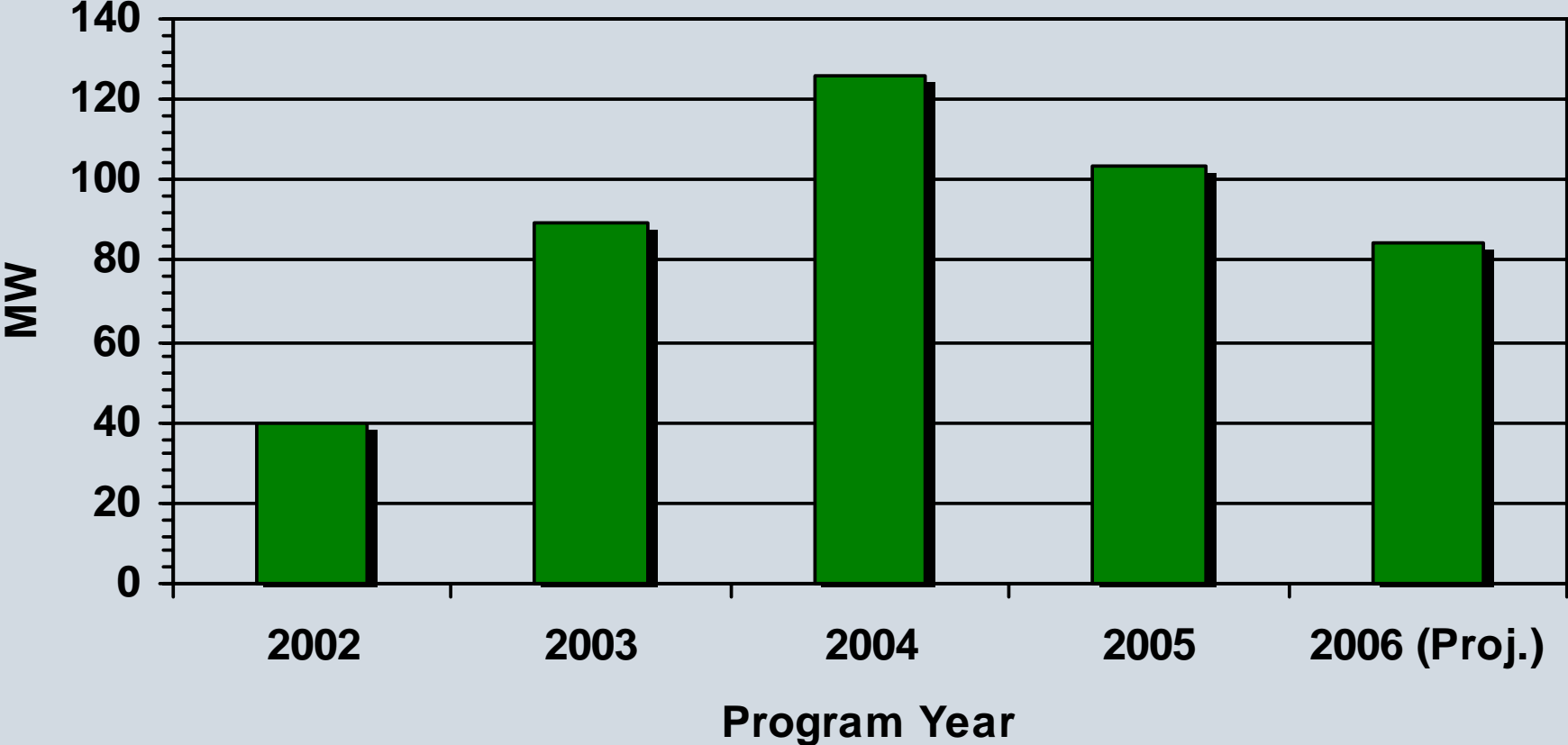
Texas SCORE

Customers Impacted



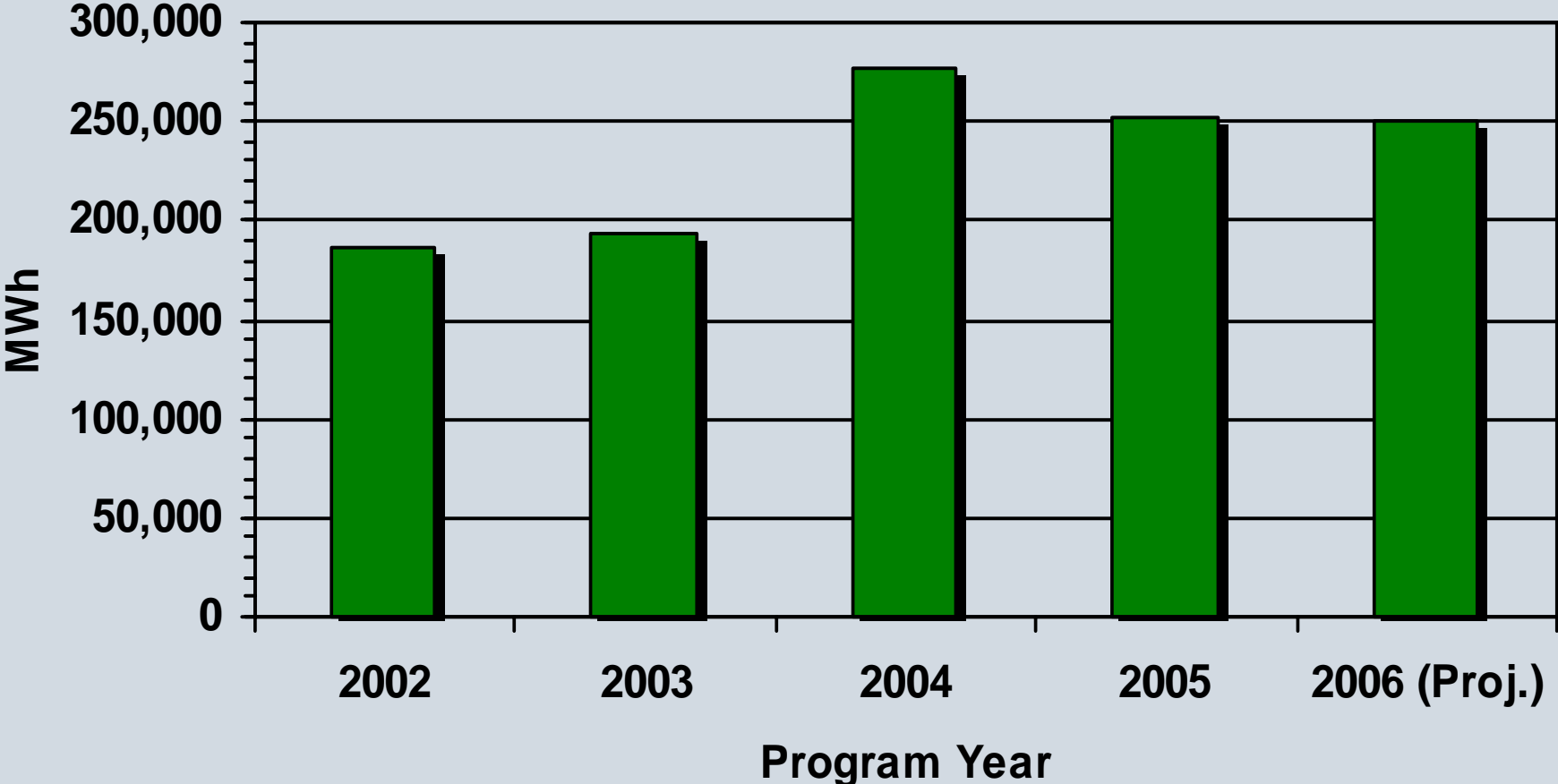
Since program inception, over 240,000 customers have been served.

Peak Demand Savings



Since program inception, over 440 MW of peak demand has been offset.

Annual Energy Savings

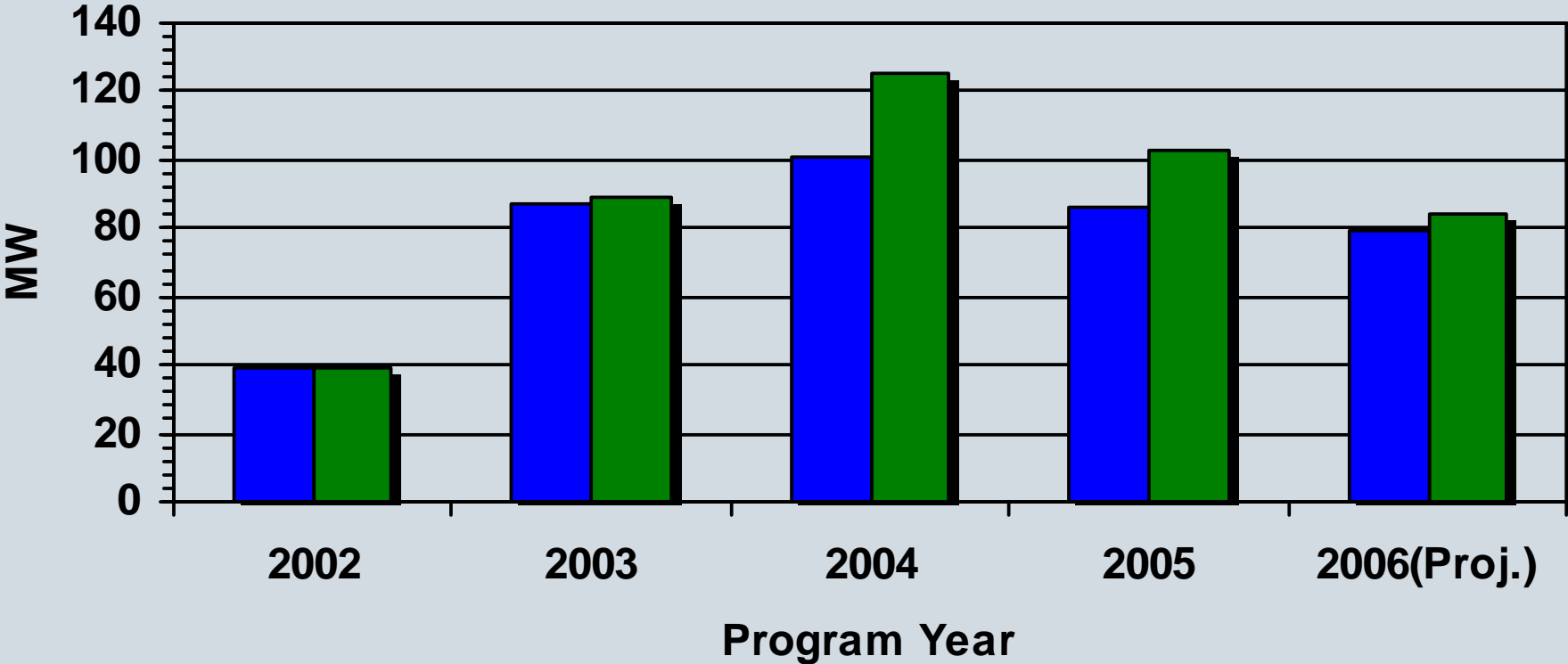


Since program inception, over 989,000 MWh saved.

Progress Towards Goal



■ Goal ■ Achieved



Goal has been met or exceeded each year.

Observations

- There is potential for increased amount of energy efficiency in Texas.
- However, companies are not taking full advantage of existing programs. Significant project dropout rate in C&I program the last two years.
- Changes in federal efficiency standards will limit achievable potential.
- Incremental energy savings will be more expensive.
- Prescriptive rules limit utility innovation.
- Any major changes in energy efficiency policy must go Texas Legislature.

For More Information



TXU Electric Delivery:

www.txuelectricdelivery.com/efficiency

1-800-273-8741

Other Texas utility programs:

<http://www.texasefficiency.com/>