TESTIMONY

OF

TEXAS LEGAL SERVICES CENTER

BEFORE THE

GENERATION PLANNING TASK FORCE

JUNLY 9, 2014

TO THE MEMBERS OF THE GENERATION PLANNING TASK FORCE:

Texas Legal Services Center ("TLSC") advocates for low income Texans. We are here today to provide comments to the July 7, 2014 draft generation plan.

We start off by applauding your inclusion of equity considerations into the generation plan. The City of Austin would not be the first to adopt this principle. Currently in the de-regulated areas of Texas, state law's goals for energy efficiency include the requirement that utilities have their energy efficiency programs accessible to "all customers, in all customer classes"[1] . Additionally, state law sets out minimum spending levels utilities are required to spend in their energy efficiency programs for their low income electric retail customers, thereby adding teeth to this legislative goal on energy efficiency. In the State of California, its state agency overseeing electric utilities adopted in 2001 an energy efficiency policy that provided the following equity consideration:

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[1] Tex. Pub. Utility Act, Tex. Util. Code §39.905(a)(2)

> The commission will generally prioritize programs that provide access to energy efficiency alternatives for underserved or hard-to-reach markets. Although these customers contribute equally to the funds collected to support program activities, in the past, they have had access to fewer program alternatives than other customers.

I am attaching relevant portions of that Commission policy. As I have mentioned earlier, and as a part of its demand savings goals, the City of San Antonio determined that 20% of its energy efficiency budgets would be spent on low and moderate energy efficiency programs. These three examples reveal that it is good policy to include equity considerations in the design and development of any energy efficiency programs. We see adding equity as a planning construct in the generation plan as putting legs to the community's talk about affordability.

While we applaud the addition of equity considerations in this plan, we are extremely disappointed that the plan does not put any teeth into that consideration in contrast to what the Texas Legislature has done in the de-regulated market and to what San Antonio has done for it low and moderate utility customers. The current recommendation provides even less teeth than what the current generation plan has which set a minimum dollar amount of low income weatherization spending and a requirement that an EE program be offered for moderate income AE customers. Moreover, the plan establishes 200 MW goals for demand reduction and for solar. If these two energy efficiency programs are considered so important that numerical goals be set, then equity demands similar consideration for low and moderate income AE customers whose numbers comprise over fifty percent of AE's residential consumers. TLSC is asking you to walk the equity talk--to place numerical goals in the plan for low and moderate income AE customers. We stand by our original recommendation of 10% demand savings goal. I know people within the task force and in the public have expressed concerns about the cost. But TLSC has not and is not advocating simply increasing the budget for AE's sole low income weatherization program. We believe that: AE should develop additional low and moderate income EE programs while maintaining a specific budget for its current low income weatherization program; AE should develop joint partnerships with other city departments working on affordable housing to leverage EE monies with other grant and city monies; AE should increase the efficiency of its sole low income weatherization program. In other jurisdictions, utilities have directly contracted with appliance manufacturers for discounted prices that include delivery and environmentally- safe disposal of the replaced appliance.

Remember, the current low income weatherization program provides energy and demand savings which not only addresses meeting MW goals but also reduces our carbon footprint on the planet. In contrast, the 200MW goal for demand response is not intended to reduce our carbon footprint. These EE programs are intended to reduce peak demand which usually means merely shifting usage for the EE program participant to non-peak times. Shifting usage to non-peak times allows our base load plants, yes, our nuclear and coal plants, to operate more efficiently, thereby incenting the continuation of these base plants. So I am asking you to take a holistic approach in establishing specific goals. Balance equity considerations with affordability, and balance other factors such as the reduction of our carbon footprint with the reduction of peak demand.

We ask you to set specific goals for low and moderate income EE programs. TLSC continues to advocate 10% demand savings goal. We think it is practical and reasonable and fair. It is the equitable thing to do. The state agency overseeing private investor owned electric utilities in Texas has set a demand savings goal for low income retail electric customers. Obviously, this request is not setting out on new roads. We would simply be traveling on roads already taken. A 10% demand savings goal is financially achievable without breaking the energy efficiency piggy bank.

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Decision 01-11-066 November 29, 2001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the Commission's Future Energy Efficiency Policies, Administration and Programs.	Rulemaking 01-08-028 (Filed August 23, 2001)

INTERIM OPINION ADOPTING ENERGY EFFICIENCY POLICY RULES

following examples of barriers are listed in order of importance; programs may also address other barriers not listed below:

- Higher start-up expense for high-efficiency measures relative to standard-efficiency measures
- Lack of consumer information about energy efficiency benefits
- Lack of financing for energy efficiency improvements
- Split incentives (between owners/landlords and tenants)
- Lack of a viable and competitive set of providers of energy efficiency services in the market
- Barriers to the entry of new energy efficiency service providers
- Lack of availability of high-efficiency products

4. Equity Considerations

Points: 15

The Commission will generally prioritize programs that provide access to energy efficiency alternatives for underserved or hard-to-reach markets. Although those customers contribute equally to the funds collected to support program activities, in the past, they have had access to fewer program alternatives than other customers. Attachment 1 provides a more detailed definition of underserved and hard-to-reach markets, either from the point of view of customer class (*e.g.*, multifamily building residents, small businesses) or geography (*e.g.*, rural customers).

5. Electric Peak Demand Savings

Points: 10

Programs paid for by electric PGC funds should emphasize long-term and permanent peak demand savings. Such programs may include, for example, installation of permanent measures to reduce peak demand, such as variable-

CALIFORNIA PUBLIC UTILITIES COMMISSION

Attachment 1

ENERGY EFFICIENCY POLICY MANUAL

Version 1

Prepared by the Energy Division

October 2001

Residential

Residential Customers: Existing single family residences, multi-family dwellings (whether master-metered or individually metered), and buildings that are essentially residential but used for commercial purposes, including, but not limited to, time shares and vacation homes.

Residential Hard-to-Reach: Those customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a language, income, housing type, geographic, or home ownership (split incentives) barrier. These barriers are defined as:

- Language – Primary language spoken is other than English, and/or
- Income – Those customers who fall into the moderate income level (income levels less than 400% of federal poverty guidelines), and/or
- Housing Type – Multi-Family and Mobile Home Tenants, and/or
- Geographic – Residents of areas other than the San Francisco Bay Area, San Diego area, Los Angeles Basin or Sacramento, and/or
- Homeownership – Renters

Nonresidential

Nonresidential: Facilities used for business, commercial, agricultural, institutional, and industrial purposes. Nonresidential customers are further divided into the following subsectors, on the basis of annual electric demand or annual gas consumption:

> **Large nonresidential:** Customers whose annual electric demand is greater than 500 kilowatts (kW), or whose annual or annualized gas consumption is greater than 250,000 therms, or both
>
> **Medium nonresidential:** Customers whose annual electric demand is between 100 kW and 500 kW, or whose annual or annualized gas consumption is between 50,000 therms and 250,000 therms, or both
>
> **Small nonresidential:** Customers whose annual electric demand is between 20 kW and 100 kW, or whose annual gas consumption is between 10,000 therms and 50,000 therms, or both
>
> **Very small nonresidential:** Customers whose annual electric demand is less than 20 kW, or whose annual gas consumption is less than 10,000 therms, or both.

3. Equity Considerations *Points: 17*

The Commission will generally prioritize programs that provide access to energy efficiency alternatives for underserved or hard-to-reach markets. Although those customers contribute equally to the funds collected to support program activities, in the past, they have had access to fewer program alternatives than other customers. Attachment 1 provides a more detailed definition of underserved and hard-to-reach markets, either from the point of view of customer class (*e.g.*, multifamily building residents, small businesses) or geography (*e.g.*, rural customers).

4. Cost Effectiveness *Points: 15*

All proposals for energy efficiency programs will be required to provide an estimate of life-cycle benefits and costs from various points of view, using the assumptions detailed in Attachment 1, Chapter 4. The Commission will use this information to compare and rank program proposals designed for similar uses, markets, or customer segments.

5. Electric Peak Demand Savings *Points: 10*

Programs paid for by electric public goods charge (PGC) funds should emphasize long-term and permanent peak demand savings. Such programs may include, for example, installation of permanent measures to reduce peak demand, such as variable-speed drives on motors, but should not include programs that create peak demand savings only through temporary behavioral change, such as air conditioner cycling or programs that encourage consumers to turn off lighting or air conditioning.

6. Innovation *Points: 8*

The Commission will prioritize programs that present new ideas, new delivery mechanisms, new providers of energy efficiency services, or new and emerging technologies.

7. Synergies and Coordination With Programs Run by Other Entities*Points: 5*

To minimize confusion and overlap for consumers, the Commission desires program proposals that take advantage of synergies or coordination with other existing programs, including those run by other state agencies, private entities, municipal utilities, or the federal government.