

**Memo on Proposed Texas Gas Service Resolution****From: Commissioner Cyrus Reed****To: RMC Commission****March 19, 2017****Dear Fellow Commissioners,**

Wanted to offer a few thoughts on the proposed TGS resolution that is on the agenda for tomorrow evening.

First, wanted to thank fellow Commissioners Dielmann, White and Vaughan for working on the draft resolution. See here for a copy of the current resolution

<http://www.austintexas.gov/edims/document.cfm?id=273448>

Second, wanted to let you know that Chair Dielmann and myself held a brief meeting/conversation late last week with TGS and the City of Austin on the proposed resolution to go over the language and some of TGS' concerns.

This memo is just to highlight those conversations and suggest some minor "tweaks" to the language before us.

First, TGS expressed general support of the RMC taking a more active, and earlier role in reviewing their budget and proposed budgets. They had some concerns on each of our four "asks."

Our first ask, that they begin working with us no later than August 1<sup>st</sup> of each year, is ok, but they suggested that given that they do not have the results from their main summer programs until the end of August, they suggested changing the date to September 1<sup>st</sup>, which would still give us time at the September and October meetings to dig into their proposed budget.

Second, everyone was confused by the five percent per year language, and whether we were talking about increasing savings each year by five percent compared to the year before, or five percent per year compared to total use, or if we really meant five percent over five years, or roughly one percent savings by volume per year. I would suggest that we aim for a one percent savings per year, but allow TGS to look at it cumulatively as they add new programs, so it is more of a five-year goal.

Third, they are supportive of looking at adding efficiency programs such that transport gas, and other users such as institutional and industrial customers are offered programs, but cautioned that because of our current tariffs they would be more comfortable in first

investigating potential programs and coming back to the commission rather than promising at this point of being able to offer programs to all these customers.

Finally, they are supportive of running programs that are cost-effective, but believe they should be judged on overall programs they run as a whole, and not judged on a program-by-program basis. They were also concerned that the language does not define which methodology they would utilize.

Based on TNG's concerns, I would propose that tomorrow we discuss the following tweaks to our language. These are for discussion purposes only but we can discuss them tomorrow. Looking forward to a good discussion.

*Therefore Be It Resolved by the Resource Management Commission that the Office of Telecommunications and Regulatory Affairs and TGS are requested to begin working with the Resource Management Commission to plan the efficiency program no later than August 1st September 1<sup>st</sup> of each year;*

*Be It Further Resolved that the Resource Management Commission recommends that efficiency programs are updated and revised to increase savings from efficiency improvements, such that natural gas usage is reduced by a cumulative total of 5% per year over the next 5 years, starting in 2018,*

*Be It Further Resolved that the Resource Management Commission recommends that Texas Natural Gas explore efficiency programs include options for "transport gas", commercial, industrial, and institutional customers that are not currently served with efficiency programs, and include options for those customers where it would be feasible and cost-effective;*

*Be It Further Resolved that the Resource Management Commission recommends that all non-educational efficiency programs (with the exception of low income and pilot programs) have a Benefit to Cost Ratio of greater than 1.0, i.e., that all programs provide a benefit at least equal to the cost to implement or higher, as calculated through the "Total Resource Cost Test." To the extent that individual programs do not meet a Benefit to Cost Ratio of greater than 1.0, Texas Gas Service should justify why there is a need to continue the program.*

These are meant as suggestions only. Happy to discuss further tomorrow!

Cyrus Reed