

From: [Cunningham, Hayley T.](#)
To: [Goodson-Collins, Toye](#)
Cc: [Hawkins, Rondella](#); [Lewis, Paul](#); [Graham, Larry](#); [Hatfield, Julie E.](#)
Subject: Texas Gas Service 2018 Energy Efficiency Program Budget
Date: Friday, September 01, 2017 12:26:00 PM
Attachments: [2018 TGS EEP Proposed Budget.pdf](#)
[image001.png](#)

Good Afternoon Toye,

Attached please find our proposed 2018 budget for the Texas Gas Service Energy Efficiency Program. We have submitted this draft to the Office of Telecommunication and Regulatory Affairs (TARA) and we met with Rondella Hawkins this week to review it. In a spirit of cooperation and transparency, we are submitting this to the Resource Management Commission for their comment and feedback prior to approval by TARA. Would you please pass this document and email to the RMC commissioners?

In effort to meet city recommendations, defined energy savings goals, and cost/benefit stipulations, the following program modifications are included in the proposed budget. We are also considering a reduction to the residential retrofit tankless water heater rebate amount.

Program Additions:
Commercial (Direct Install)
Dryer Smart Steam Trap
Residential Retrofit
Mail Out Kits: 2 showerheads, 3 faucet aerators
Free Equipment
AE Low Income HVAC Rebate + Loan Program (Furnace)
Programs to Sunset:
Commercial
Hydronic Heating Program New Natural Gas Vehicle Pre-Owned Natural Gas Vehicle
Residential Retrofit
High-Efficiency Natural Gas Water Heater: .67 EF-.81 EF Natural Gas Furnace: 80% AFUE Hydronic Heating New Natural Gas Vehicle Pre-Owned Natural Gas Vehicle Converted Natural Gas Vehicle Natural Gas Vehicle Refueling Station
Residential New Construction
High-Efficiency Natural Gas Water Heater: .70-.81 EF Hydronic Heating Whole-Home Program: 3-star AE Green Build/EnergyStar V3 Whole-Home Program: 5-star AE Green Build
Changes to Incentives:
Commercial
Food Service Equipment (10% of equipment to \$400 flat rate)
Residential New Construction
Tankless or Super High-Efficiency Natural Gas Water Heater: .82 EF or above (reduction from \$600 to \$400)

Thank you and have a great Labor Day Weekend!
Hayley

Hayley Cunningham
 Manager - Energy Efficiency Programs
 P: 512.370.8290
hayley.cunningham@onegas.com

From: [Cunningham, Hayley T.](#)
To: [Graham, Larry](#); [Goodson-Collins, Toye](#)
Subject: RE: presentation
Date: Thursday, October 12, 2017 5:13:00 PM
Attachments: [image001.png](#)
[2018 CTSA EE Budget_FINAL.pdf](#)
[summary_ctx.xlsx](#)
[ce_summary_ctx.xlsx](#)

Hi Toye-

Please find an updated presentation/budget attached, this is the final proposed budget that will be filed tomorrow. There have been some minor changes since the meeting last month.

As requested, I have also included Paul Raab's cost-effectiveness study and energy savings analysis associated with this budget.

Thank you,
Hayley

From: Graham, Larry
Sent: Thursday, October 12, 2017 3:45 PM
To: Goodson-Collins, Toye <Toye.Collins@austinenergy.com>; Cunningham, Hayley T. <Hayley.Cunningham@onegas.com>
Subject: RE: presentation

I think Hayley will need to forward you some updated data...not sure about the presentation. I will defer to Hayley.

From: Goodson-Collins, Toye [<mailto:Toye.Collins@austinenergy.com>]
Sent: Thursday, October 12, 2017 3:00 PM
To: Cunningham, Hayley T. <Hayley.Cunningham@onegas.com>; Graham, Larry <Lawrence.Graham@onegas.com>
Subject: [External] presentation

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Do you want me to upload the same presentation you sent last month?



Backup - Item 09: Texas Gas Service Proposed Budget (203KB)

From: [Cunningham, Hayley T.](#)
To: [Paul Robbins](#); [Graham, Larry](#)
Cc: [Cyrus Reed](#); [Goodson-Collins, Toye](#); [Hawkins, Rondella \(Rondella.Hawkins@austintexas.gov\)](#)
Subject: RE: [External] Re: Concerns About Texas Gas Service Proposed Budget
Date: Friday, October 13, 2017 1:12:00 PM
Attachments: [image003.png](#)
[eval_ms_dryer.xlsx](#)
[CE_Hydronic_Heating.xlsx](#)

Hi Paul,

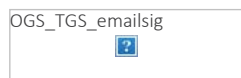
I have sent Toye the updated budget and corresponding cost effectiveness and energy savings studies.

The cost effectiveness analysis for gas-to-gas dryer with moisture sensor changeouts is attached. You'll find on the 'Summary' tab that it is cost effective in every test.

I also consulted with Paul Raab about his assumptions in evaluating the hydronic heater for CY2016. His analysis considers a "like-for-like" conversion, it is based on the incremental cost of a high efficiency hydronic heater relative to a standard efficiency model. Potential construction savings are not considered in this assumption. I have attached the summary tab from CY2016 participation. This has not been included in the new cost effectiveness study because it was not included in the proposed 2018 budget.

Thanks,
Hayley

Hayley Cunningham
Manager - Energy Efficiency Programs
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1301 S. Mopac, Suite 400
Austin, TX 78746-6918
texasgasservice.com

From: Paul Robbins [mailto:paul_robbins@greenbuilder.com]
Sent: Thursday, October 12, 2017 4:01 PM
To: Graham, Larry <Lawrence.Graham@onegas.com>
Cc: Cyrus Reed <cbhreed@gmail.com>; Goodson-Collins, Toye <Toye.Collins@austinenergy.com>; Hawkins, Rondella (Rondella.Hawkins@austintexas.gov) <Rondella.Hawkins@austintexas.gov>; Cunningham, Hayley T. <Hayley.Cunningham@onegas.com>
Subject: Re: [External] Re: Concerns About Texas Gas Service Proposed Budget

Hayley,

Please also send the Cost/Benefit test for the combo water heater as well. Please tell me if this analysis includes construction savings from only having to serve one appliance instead of two.

Thanks,

PR, (512) 447-8712

On Thu, Oct 12, 2017 at 3:56 PM, Graham, Larry <Lawrence.Graham@onegas.com> wrote:

Hayley has those and will send them before your deadline.
larry

From: Paul Robbins [mailto:paul_robbins@greenbuilder.com]
Sent: Thursday, October 12, 2017 3:50 PM
To: Graham, Larry <Lawrence.Graham@onegas.com>
Cc: Cyrus Reed <cbhreed@gmail.com>; Goodson-Collins, Toye <Toye.Collins@austinenergy.com>; Hawkins, Rondella (Rondella.Hawkins@austintexas.gov) <Rondella.Hawkins@austintexas.gov>; Cunningham, Hayley T. <Hayley.Cunningham@onegas.com>
Subject: [External] Re: Concerns About Texas Gas Service Proposed Budget

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Larry,

Please send your numbers proving cost effectiveness for the residential programs in question by Friday at 5 PM. High-efficiency furnace; tankless water heater, and gas-to-gas dryer change-outs.

Yours,

PR, [\(512\) 447-8712](tel:5124478712)

On Thu, Oct 12, 2017 at 3:38 PM, Graham, Larry <Lawrence.Graham@onegas.com> wrote:

Cyrus- Hello. Here is our response to Paul's email. As a courtesy to Mr. Robbins, I am including him on this email. I believe you will instruct Towe to distribute this to the members of the RMC? Let me know if you have questions. Hayley and I look forward to seeing you next Tuesday, October 17th.

Larry

Larry Graham

Manager- Community Relations
[1301 South Mopac Expressway, Suite 400](#)
[Austin, TX 78746](#)

P: [512.370.8301](tel:5123708301), C: [512.567.1709](tel:5125671709)
lawrence.graham@onegas.com



Dear Paul- Thanks for your comments. First, I want you to know that Texas Gas Service (TGS) has carefully considered feedback from the Resource Management Commission (RMC), the Office of Telecommunication and Regulatory Affairs (TARA), and you in creating the 2018 budget which will be filed 10/13, per the requirements of the tariff. We are now capturing significant amounts of data and using this data to make program decisions. For example, several rebate programs determined to be cost ineffective have been eliminated in this proposed budget and those rebate programs that remain are cost justified. Rebate amounts for all programs have been re-evaluated and several reductions are being proposed to stretch budget dollars further. With participation in- and demand for -TGS Energy Efficiency Programs at an all-time high, this budget supports more energy savings than ever before. We also feel that it is very important to operate energy efficiency programs with a wide breadth of offerings to provide value for our customers who fund this program.

Transport Customers

A commercial transport program was not included as part of this year's budget but we considering offering one in 2019. As we have discussed several times with you, adding a commercial transport program is not as simple as including it as a line item in the budget. Creating a program for transport customers would require filing a Statement of Intent with the City of Austin and the other 15 cities in our Central Texas Service Area (CTSA) before we could add commercial transport customers to the conservation adjustment clause rate schedule. Then we would need to receive approval from the cities before we could begin collecting revenue from these customers. Also the cities, TARA, and TGS could face resistance from customers affected by the change if they do not see and understand the benefits they could receive from a program. Before doing so, we would want to ensure programs would be made available that are useful to all customers who fall into the commercial transport rate class. As discussed previously, these customers range from small restaurants to gigantic hospitals and finding rebates and incentives for all of these diverse types of businesses has not been easy. We continue to research what other natural gas utilities are doing with transport customers and energy efficiency, including our sister utility Oklahoma Natural Gas who is also considering adding this class. It is the city's preference to study other states' transport programs and, if considered a viable option, pursue a commercial transport program for the 2019 program year.

Cost Effectiveness

We disagree with your assertion that several of our residential programs are short of cost effectiveness. A residential water heating program, a residential space heating program, and all natural gas vehicle programs are being eliminated based on the results of these cost effective tests. Of remaining programs, only the furnace tune-up and wireless thermostat programs come short of meeting cost effectiveness in at least one of the three main tests (participant, total resource, societal). We have proposed to continue to offer the furnace tune-up rebate because, while not cost-effective, it promotes safety. It is also a high participation/low cost program. In 2017, we estimate 525 customers will take advantage of this program while costing merely 0.6% of the budget. The wi-fi thermostat program is only included as part of Austin Energy's Home Performance with Energy Star program in which TGS collaborates.

Tankless Water Heating and High Efficiency Furnaces

The residential tankless water heater rebate passes the participant test and contributes to nearly 20% of the program site natural gas energy savings annually. Without this program, we would not meet the natural gas energy savings goals. In addition, the tankless water heaters save water which is a benefit that is not accounted for in our tests. For the high efficiency furnaces, it is important to consider the year-to-year

variation in cost-effectiveness. In an unseasonably, almost record breaking warm winter like 2016-2017 this program is not cost-justified. The updated study was based on volume profiles for the twelve months ended July 2017 which included this rare scenario. However, in the year-end study based on CY 2016 participation and volumes, the high efficiency furnace had a participant test value of 2.43, a total resource cost test value of .98, and a societal cost test value of 1.61. In a year with normal weather, these values would be even higher and would meet the test.

Clothes Dryer

The dryer rebate program is not for any natural gas dryer purchased. The rebate stipulates the dryer purchased must have a *moisture sensor*. A moisture sensor is not standard on all gas clothes dryers. Moisture sensors reduce drying time and thus natural gas usage for both those who are switching from an electric to gas dryer and those who are replacing an existing gas dryer.

Hydronic Heaters

We share your concern about hydronic heating and its ability to get gas into multi-family construction. But because we were directed to have only cost effective programs, the hydronic heating rebate was eliminated in 2018 because it failed the cost-effectiveness test. It scored very low on every test in the study conducted on CY 2016 program results. While at one time this program did have high participation, hydronic heating has fallen out of favor with builders and developers. Unfortunately only one builder has used the rebate in 2017. However, among multi-family builders, the 92% AFUE furnace and tankless water heater have seen upticks in participation.

The total portfolio of programs, as proposed, has an overall total resource cost test value of 1.36, making it a very prudent use of ratepayer funds. Furthermore, the calculated annual energy savings from these programs, as budgeted, exceed the energy savings goals.

Thanks.

From: [Cunningham, Hayley T.](#)
To: [Cunningham, Hayley T.](#)
Subject: FW: [External] Concerns About Texas Gas Service Proposed Budget
Date: Tuesday, January 23, 2018 12:55:10 PM

From: Paul Robbins [mailto:paul_robbins@greenbuilder.com]

Sent: Friday, October 06, 2017 2:24 PM

To: Hawkins, Rondella <Rondella.Hawkins@austintexas.gov>; Lewis, Paul <Paul.Lewis@austintexas.gov>; Dielmann, Leo <L.Dielmann@trcsolutions.com>; Leo Dielmann <lmjdielmann@gmail.com>; Dielmann, Leo - BC <bc-Leo.Dielmann@austintexas.gov>; Cyrus Reed <cbhreed@gmail.com>; Reed, Cyrus - BC <bc-Cyrus.Reed@austintexas.gov>; White, Kaiba - BC <bc-Kaiba.White@austintexas.gov>; Susanne Vaughan <susanne.vaughan@gmail.com>; Vaughan, Susanne - BC <bc-Susanne.Vaughan@austintexas.gov>; BC-James.Babyak@austintexas.gov; jbabyak@frontierassoc.com; BC-Derrick.Lesnau@austintexas.gov; BC-Scott.Kohan@austintexas.gov; BC-Natasha.Madison@austintexas.gov; BC-Rebecca.Brenneman@austintexas.gov; Graham, Larry <Lawrence.Graham@onegas.com>; Hatfield, Julie E. <Julie.Hatfield@onegas.com>

Subject: [External] Concerns About Texas Gas Service Proposed Budget

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TO: Rondella Hawkins, Officer, Telecommunications and Regulatory Affairs (TRA)

Paul Lewis, Assistant Manager, TRA

Resource Management Commission (RMC) Members

From: Paul Robbins

DATE: October 6, 2017

SUBJECT: Texas Gas Service (TGS) Proposed Conservation Budget

I am writing to express my disappointment with the TGS energy conservation program that has been proposed for the next fiscal year.

To begin with, the information that was posted on the RMC Web site last month was scant. It only provided a proposed budget, and lacked energy savings and cost effectiveness estimates.

Going past this large information gap, what is proposed, and not proposed, is even

more disappointing.

1. There is no program for the commercial transport customers that was discussed at previous RMC meetings. While I was not expecting large expenditures or savings from this in this year's budget, I was expecting pilot programs, which appear nonexistent.

2. Several of the residential programs are still woefully short of cost effectiveness. And this comes after several *years* of my protesting this.

A. There is no justification for continuing the rebate programs for high efficiency central space heaters and tankless/super high-efficiency water heaters in the residential sector.

B. The dryer rebate program in the residential and commercial sectors has potential to be cost effective when fuel switching from electricity to gas. However, the program is also rebating for new gas dryers to change out existing gas dryers, Since very little gas is saved from these newer dryers in the residential sector, this part of the rebate is not justifiable. It is probably also not justified in the commercial sector either, though I do not have precise numbers on this at this time.

3. I have concerns about the elimination of the combination space/water heater rebate. There may be good reasons to do away with the program, but at one time it was instrumental in getting many new multifamily units to become efficient dual-fuel homes.

I am wondering why there is no more interest from apartment builders in this program, which at one time was tremendously popular.

I have to end this letter by saying that my longstanding criticism of the lack of cost effectiveness in the residential programs (2A and 2B above) has reached a level close to exasperation.

I urge the Office of TRA and RMC to end this. We have a collective responsibility to help the environment while spending ratepayers' money in a prudent manner.

Sincerely,

Paul Robbins

[\(512\) 447-8712](tel:5124478712)