

THE STATE OF THE ENERGY CRUNCH IN TEXAS

At a Glance

This summer ERCOT will fall short of their 13.75% reliability reserve margin established to ensure we can keep the lights on in Texas



Demand response potential in the ERCOT region is 15%

Texas is facing an energy crunch where electric demand will soon exceed available supply. Aging, inefficient power plants are facing retirement while little new capacity has been added, creating a capacity shortfall. This problem has been exacerbated by the lack of clarity on future market developments to attract new investors and technologies that can help address the energy crunch.

We must act now to keep the lights on in Texas, and we can make sure that customers benefit from these actions by developing resources that directly benefit customers like demand response, renewable energy and energy efficiency programs. Immediate action will give the Public Utility Commission of Texas and the Electric Reliability Council of Texas the resources needed to address the energy crunch.

Net metering programs credit renewable energy system owners for the electricity they add to the grid. Texas is one of the **few remaining states** without a comprehensive net metering plan.

Demand response (DR) is a cost effective solution for **reducing peak electricity use**. DR programs have a proven record for creating electrical supply within a **competitive** market.

Investing in energy efficiency will help the state and individuals reduce their energy use. **Property Assessed Clean Energy (PACE)** and other related programs can help offset the burden of upfront installation costs.

Average photovoltaic (PV) module prices have fallen by **nearly 75%** in the past three years.

DR programs must include small customers as they account for **72%** of electrical peak use.

EDF Position

Demand response programs. Demand response programs offer great potential in addressing the energy crunch as they allow customers to adjust their electricity usage based on demand from the grid and price signals, and it provides a direct financial benefit to customers. An economic demand response pilot program will help ERCOT keep the lights on during Texas' hot summers, as it will encourage people to voluntarily reduce their usage during periods of peak demand.

Net metering programs. Consumers with onsite solar panels and other renewable energy provide valuable energy to our electric grid, improving reliability and relieving transmission congestion. These people should be paid a fair, market-based value for the surplus energy they produce that is used by the grid. A net metering program would allow the consumer to receive a fair payment for electricity they already add to the grid but currently may not get paid for.

Property Assessed Clean Energy (PACE). PACE offers building owners an opportunity to finance energy efficiency and renewable electricity generation projects through cost-saving loans. The loans are repaid through a customer's utility bills. The money comes from private sector lenders at no cost to ratepayers or taxpayers. In the face of electric resource shortages, the state must explore how electric use can be made more efficient. Upfront costs still act as a barrier for electric customers wishing to invest in efficiency upgrades. PACE and other related programs can help offset the burden of these upfront costs.

Allowing consumers to install voluntary end-use energy management systems. Residents who install end-use energy management systems should be encouraged to do so as it provides a net benefit to the state. Investment in technologies such as Home Energy Management Systems (HEMS), smart thermostats and energy efficient appliances help households better manage costs and reduce energy use.

Legislation EDF Supports

Allowing all customer classes to compete in electric markets either directly or through aggregators as is done in other markets in the U.S.

- HB 2194 by Rep. Anchia
- SB 1279 by Sen. Watson
- SB 1280 by Sen. Watson
- SB 1351 by Sen. Carona
- HB 2196 by Rep. Anchia

Fair compensation for consumers that provide services including demand response and excess electric generation from distributed generation.

- SB 304 by Sen. Rodríguez
- SB 305 by Sen. Rodríguez
- HB 303 by Rep. E. Rodriguez
- HB 723 by Rep. Anchia
- SB 1239 by Sen. Rodriguez
- SB 1453 by Sen. Rodriguez
- SB 1478 by Sen. Rodriguez
- HB 3701 by Rep. Lucio III

The development of innovative financing mechanisms like PACE to allow businesses to develop clean energy and reduce water usage.

- SB 385 by Sen. Carona
- HB 1094 by Rep. Keffer
- HB 1362 by Rep. Rodriguez
- HB 2500 by Rep. Bohac
- SB 1278 by Sen. Watson

Environmental Defense Fund (EDF) promotes market-based solutions to address complex environmental issues. The Texas office specializes in energy market innovation and efficiency issues and strategies to reduce the environmental impacts of energy production, delivery and use. www.edf.org/energy/texas-energy-crunch

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