

SUBJECT: Establishing a demand response program for electricity providers

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 11 ayes — Hunter, Hernandez, Anchía, Dean, Geren, Metcalf, Raymond, Slawson, Smithee, Spiller, Turner

0 nays

2 absent — Guillen, S. Thompson

SENATE VOTE: On final passage (May 3) — 27 - 4

WITNESSES: For —Alison Silverstein, American Council for an Energy Efficient Economy; Cyrus Reed, Lone star chapter sierra club; Paul Cauduro. Nationwide Energy Partners and Armada Power; Kristina Rollins, NRG Energy; Don Whaley, OhmConnect Energy; Todd McAlister, SPEER; Matthew Boms, Texas Advanced Energy Business Alliance; Kenneth Flippin, Texas Chapter of US Green Building Council; Susan Meredith (*Registered, but did not testify*: Matt Welch, Conservative Texans for Energy Innovation; Ned Ross, Daikin; Jason Sabo, Environment Texas; Sandra Haverlah, Environmental Defense Fund; Adrian Shelley, Public Citizen; Rebecca Bernhardt, Texas Physicians for Social Responsibility; Marie Miglin, Volunteer for Citizens Climate Lobby; Susan Stewart)

Against — None

On — (*Registered, but did not testify*: Michael Home, Public Utility Commission of Texas; Stacy Whitehurst, TNMP)

BACKGROUND: Some have suggested that a demand response program created by the Public Utility Commission could reduce average residential load and help preserve ERCOT system reliability.

DIGEST: SB 114 would require the Public Utility Commission (PUC) by rule to establish goals in the ERCOT power region to reduce the average

residential load. Rules established by PUC would have to provide for a program that:

- provided demand response participation to residential customers where reasonably available;
- promoted the use of smart metering technology;
- was capable of responding to an emergency energy alert about low operating reserves issued by ERCOT for the ERCOT power region;
- provided opportunities for demand response providers to contract with retail electric providers to provide demand response services;
- ensured the program did not impact the critical needs of vulnerable populations;
- facilitated the widespread deployment of smart responsive appliances and devices in a manner that enabled the customer's appliance or device to be enrolled as part of a demand response product or plan offered by a retail electric provider;
- established certain calculation methods for purposes of determining whether the goals had been achieved;
- provided for achievement of demand reductions within summer and winter seasons; and
- allowed a retail electric provider that offered a demand response program to obtain funding through an energy efficiency incentive program.

The goals would have to be calculated as a ratio in a manner specified in the bill. A transmission and distribution utility required to provide an energy efficiency incentive program could use up to 10 percent of the budgeted spending for those programs on demand response programs.

The bill would extend the protections to which a customer was entitled regarding retail competition among electric providers to include the ability to participate in demand response programs through retail electric providers that offered demand response programs. The bill also would include a requirement that the customer be given notice from the retail electric provider that served the customer when the independent organization for the ERCOT power region issued an emergency energy

alert.

PUC would be required to adopt rules as necessary for the adoption of the program by December 31, 2024.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2023.