

consistent with the statute. This is particularly true when it comes to the reduced load served by the utilities as the result of the increased goals. While the utilities are mostly compensated for the expenses of these programs, they are necessarily reducing their overall demand, and thus their revenues. As regulated entities, they have no other means for increasing demand and the associated revenues except through the PUC.

THE FACTS

- ★ The state's energy efficiency program cost consumers approximately \$108.4 million in 2009.
- ★ Since 2002, the total cost of the program has been \$591 million, and the cost increases as the program expands.
- ★ One bill filed last session would have added as much as \$426 million in annual costs to the program.
- ★ The state's energy efficiency program cannot be justified through the cost-benefit method currently employed by the PUCT, since the method does not accurately measure the full costs of the program.
- ★ Increases in the goals of energy efficiency programs make them less efficient.

RECOMMENDATIONS

- ★ Eliminate the state energy efficiency program.
- ★ If the state's energy efficiency program remains in existence, change the way the state evaluates it to encompass all the costs (including those to the program, consumers, and the Texas economy) involved with energy efficiency.
- ★ Any future increases to the program's goals should be closely examined to ensure that they will reduce the cost of energy use.

RESOURCES

A Tale of Two Markets: Telecommunications and Electricity, A Sunset Report on the Texas Public Utility Commission by Bill Peacock, Texas Public Policy Foundation (May 2010) <http://www.texaspolicy.com/pdf/2010-05-RR06-PUCSunset-bp.pdf>.

Comments to the Public Utility Commission of Texas Regarding Rulemaking Proceeding to Amend Energy Efficiency Rules by Bill Peacock, Texas Public Policy Foundation (Mar. 2010) <http://www.texaspolicy.com/pdf/2010-PUC-EnergyEfficiencyFiling-final-bp.pdf>. ★

