

TEXAS ENERGY POLICIES

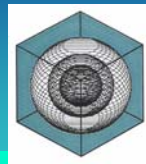
**WGA Energy Efficiency Task Force
Clean & Diversified Energy Initiative**

**Santa Fe, NM
Mar 22 - 23, 2005**

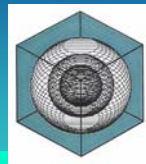
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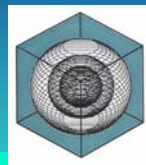


**LETS BEGIN WITH AN
ENERGY QUIZ
ABOUT TEXAS ?**



ENERGY QUIZ

- ✚ Texas is nation's no. one oil & gas producer?
- ✚ Texas has significant wind energy resources?
- ✚ Texas has significant lignite resources?
- ✚ Texas is a leading state for Energy Star homes?
- ✚ Texas is energy independent (net importer)?



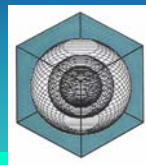
Texas Energy Trends

DEMAND

- Has 7 % of population and 12 % of energy use
- Consumed 11.5 Q of energy (2002)
- Demand grew 161 % last since 1960.
- Demand expected to grow 31% by 2025 years

SUPPLY

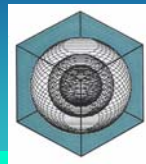
- Oil production fell 1.2 bb/yr - 0.4 bb/yr ('72 – '02)
- Natural gas production is relative level



Texas Energy Policy Dilemma

- Energy imports drain on Texas economy
- State oil production declining dramatically
- Natural gas supply stable but prices volatile
- Growth is increasing pollution – 41 counties, 70% pop.
- Wind generation growing rapidly but constrained by transmission Infrastructure (1200 MW on grid, 400 sites approved)

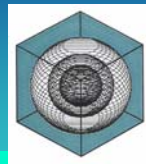
Factoid: Texas energy problems same as other states



Texas Energy Agencies

- Public Utility Commission of Texas (1975)
- Railroad Commission of Texas (1892)
- Texas Commission for Environmental Quality
- Texas General Land Office
- Texas Governor's Office
- Texas Universities

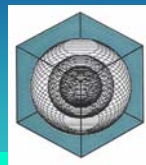
Factoid: No one lead agency for integrated policy



Recent Texas Energy Policies

- Senate Bill 7 (1999) – Electricity Retail Competition
- Senate Bill 5 (2001) – Texas Emissions Reduction Plan
- 2005 Pending Legislation
 - Extends TERP from 2007 to 2012 at reduced funding
 - 3 bills to increase RPS: 10,000 MW by 2015, 500 MW distributed energy
 - Texas Railroad Commission becomes TX Energy Commission
 - Moves State Energy Office to proposed TX Energy Commission

Factoid: TX energy policies are having significant impact on supply, demand and clean air

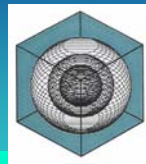


Electric Utility Deregulation

Senate Bill 7 created retail competition in 2002

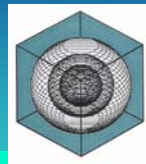
- Required 10% of new electric demand be met through energy efficiency
- Required RPS of 2000 MW wind by 2009
- Required “EPA grandfathered” generators also to reduce emissions
- Created Systems Benefit Fund for low income & \$80 Mil. “Standard Offer Program” for KW reductions

Factoid: Deregulation working in Texas



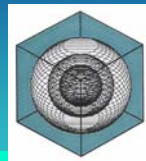
Texas Emissions Reduction Plan

- **Sen. Bill 5 (2001)** – Established ~\$150 mil. incentives program to reduce air emissions
 - Grants for diesel engines conversions
 - 1st Statewide TX Energy Code
 - Encouraged SIP credits from EE/RE
 - Funded clean air technologies research
- Factoid: 70% of TX population live in non/near non-attainment areas***



Major Energy Efficiency Initiatives

- ✦ Statewide Energy Codes – 2003 IECC/IRC
- ✦ Highly Successful Utility Standard Offer Programs
(~40K (30%) of new homes were Energy Star in 2004)
- ✦ Clean energy/wind resources places – 1,200 (18%) of 6,700 MW in US 2004, No. 3 in 4 yrs. & headed for No. 1
- ✦ Local Governments have 5% TERP energy reduction goal -2007
- ✦ \$96 Energy Loan Program - state & local governments
- ✦ Outsourcing State Agency Energy Management – Innovative RPF to reduce \$150 M./yr energy spend



Summary

- **Texas tackled many energy problems last 5 yrs:**
 - Retail electricity competition funded efficiency
 - Federal Clean Air Act compliance includes EE/RE
 - Mandatory RPS (2000 MW RPS by 2009)
 - Mandated new electric demand from efficiency
 - Pending legislation would increase RPS, consolidate energy policy, & fund clean air
 - Energy efficiency is part of the policy mix

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