

**DRAFT RESOLUTION FOR COST-EFFECTIVENESS
OF TEXAS GAS SERVICE CONSERVATION PROGRAMS**

WHEREAS, energy-efficiency programs should be designed to save energy at less than the cost of purchasing it; and

WHEREAS, with the exception of the low-income weatherization program, all of Austin Energy's 18 other energy-efficiency programs are cost effective, with a positive economic Benefit/Cost ratio for Total Resource Cost; and

WHEREAS, several of the energy-efficiency incentive programs operated by Texas Gas Service are not cost effective, resulting in imprudent expenditures billed to Residential ratepayers in Central Texas of as much as \$1.9 million a year, or about \$8 a year per customer; and

WHEREAS, the flat-rate Conservation Adjustment Clause that is currently funding the Texas Gas Service energy-efficiency programs is regressive. This regressive rate has a detrimental impact on the poor and discourages energy conservation compared to fees imposed on the volume of gas consumed; and

WHEREAS, a rate to fund conservation programs that is renewed every year rather than every three years is likely to be more sensitive to market changes and necessary program adjustments;

THEN BE IT RESOLVED, that the Resource Management Commission make the following recommendations to the Austin City Council.

1. No energy-efficiency incentive program run by Texas Gas Service should have a Benefit/Cost ratio for Total Resource Cost lower than 1.0 unless the programs are designated specifically for low-income customers or are pilot programs lasting no longer than one year.

Cost effectiveness tests will be conducted by the staff that Austin Energy designates to conduct cost-effectiveness for its own energy efficiency programs, with reimbursement from Texas Gas Service for City staff time.

Programs that currently fail this Benefit/Cost benchmark include incentives in both existing and new Residential buildings for high-efficiency central furnaces, tankless water heaters, and gas clothes dryers that replace gas clothes dryers.

2. Beginning in 2021, the Texas Gas Service Conservation Adjustment Clause should be funded by a one-year tariff instead of a three-year tariff.

3. Beginning in 2021, the Texas Gas Service Conservation Adjustment Clause should be funded by a surcharge on each unit of gas sold and not as a flat regressive monthly fee.

4. Beginning in 2022, Texas Gas Service should make the cost of all of its individual incentives transparent to the greatest extent possible while still protecting customer privacy.