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STATE CAPITOL REPORT

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PUC Report: Texas Can Meet Growing Energy Needs with Efficiency Measures

Efficiency Investments Could Save Texas Consumers \$11.9 Billion

A new report commissioned by the state Public Utilities Commission (PUC) shows that *Texas could reduce electric usage by 23% if utilities invest more in efficiency measures, saving Texans as much \$11.9 billion on their electric bills.* The findings bolster the call by a coalition of local elected officials, business leaders, community groups and faith leaders for the Texas Legislature to increase the mandate on utilities for energy efficiency investments.

“This report is technical proof of what is already common sense: Using our electricity more efficiently will save Texans money and avoid the need for new dirty power plants,” said **Luke Metzger, Director of Environment Texas**. “The Legislature can put Texans back to work weatherizing homes, engineering high efficiency lighting systems, and putting solar panels on every rooftop in Texas.”

Last week, a group of more than 100 prominent Texans, including former Shell Oil company President John Hofmeister and El

Paso Mayor John Cook, sent a letter calling on the Legislature to require utilities to eliminate the growth in demand in electricity by the year 2020 through investments in energy efficiency, saving two percent of peak power by that year alone. The PUC report, mandated by the Legislature in 2007 and written by energy consulting firm Itron, confirms that such a requirement is economically feasible and would save the state \$2 on electricity costs for every dollar invested.

Greater Progress Possible

“The PUC report gives the Legislature the recommendation to move beyond today’s narrow growth in demand goal toward actually cutting energy use and peak demand through our electric utilities,” noted **Cyrus Reed, Conservation Director of the Lone Star Chapter of the Sierra Club**.

“But the report could look further, beyond

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the investor-owned utility programs themselves, and the Legislature can reduce energy use, cut pollution, and create jobs even more by improving building codes for new construction, expanding the programs to fast-growing electric cooperative and city-owned utilities, funding low-income weatherization through the System Benefit Fund, expanding the Texas LoanSTAR program for energy efficiency upgrades in public buildings, and creating a parallel on-site renewable goal of 2,000 MWs by 2020.”

In 1999, Texas became the first state in the nation to pass an energy efficiency resource standard. However, according to the American Council for an Energy Efficient Economy (ACEEE), today Texas ranks just 25th in the nation for utility spending on efficiency.

By offering expanded programs to promote home energy audits and weatherization programs, switching out incandescent lighting for energy efficient compact fluorescents, providing rebates to consumers to replace old appliances with new energy efficient appliances, and providing incentives for manufacturers to replace inefficient

equipment with more efficient technologies, the report found that Texas could reduce demand for electricity.

Moving Forward

“This study shows how we can save money while reducing pollution and creating jobs,” said Tom “**Smitty**” **Smith, Director of Public Citizen’s Texas office.** Smith pointed out that the report likely underestimates the true potential for efficiency measures.

“We could save more than 1/5 of the energy we use just through retrofits alone. It does not include the savings from building integrated solar, better building efficiency standards, use of high tech meters to reduce peak demand, nor the use of combined heating and power equipment to recycle energy all of which could reduce significant amounts of energy.”

For More Information

Accessing the new report on energy efficiency is a little complicated. Below is the link to get to the report. The page does allow you to download the report in sections or to download a zipped version of the whole report (the report is 263 pages in length). Go to:

http://interchange.puc.state.tx.us/WebApp/Interchange/application/dbapps/filings/pgSearch_Results.asp?TXT_CNTR_NO=35266&TXT_ITEM_NO=13.

Sierra Club Adopts State Legislative Priorities for 2009

81st Texas Legislature Opens Session on January 13

In November the Executive Committee of the Lone Star Chapter approved five major legislative priority areas around which the Chapter’s professional and grassroots lobbying will be oriented during the upcoming state legislative session, which begins January 13.

A major focus will be on promoting “smart energy solutions” to meet the state’s energy demands and the clean air benefits of advancing those solutions [see the updated “12-Step Plan” for a Cool Texas in this issue]. The Sierra Club will be pursuing a number of other important legislative goals as well, however.

Here are the priority issue areas the Lone Star Chapter has designated for the 2009 session:

Clean Air

Strengthening of statutory requirements and provision of significant funding for efforts to reduce toxic and other harmful air emissions from existing industrial plants and electric power plants, prevent air quality deterioration by new coal-fired power plants, and reduce air emissions from vehicles

grants program, and for the acquisition, maintenance, and management of Texas state parks at funding levels sufficient to achieve a high quality state parks system

Smart Energy Solutions

Expansion of requirements and incentives for achieving higher levels of energy efficiency and increased reliance on renewable energy sources in a manner that addresses concerns about climate change, assists low-income utility customers, meets true needs for electric power generation, and promotes the development of new jobs and economic opportunities

Transportation System Reforms

Changes in the structure and operation of the Texas Department of Transportation that will lead to a publicly accountable and responsive state transportation agency and a comprehensive and environmentally sound state transportation policy, including an expansion of options for public transit and alternative modes of travel

Water Conservation

Funding of the statewide public awareness program on water and of other water conservation initiatives recommended by the state Water Conservation Advisory Council in order to advance efficient use of water by Texas consumers, agricultural producers, businesses, and institutions

Parks & Wildlife Funding

Dependable and dedicated sources of funding for wildlife management, for the local parks

12 Steps for a Cool Texas

Here are 12 steps the Legislature and Governor could take in the 2009 state legislative session to increase energy efficiency, on-site and off-site renewable energy in Texas. The Lone Star Chapter of the Sierra Club will pursue adoption of these 12 steps as part of our Clean Air and Smart Energy Solutions legislative priorities.

1. Establish a carbon emissions inventory, reporting system and action plan to reduce carbon dioxide emissions in Texas;
2. Update our air permitting standards so that newly proposed plants must look at best available pollution control technology and maximum achievable control technology, and begin to address carbon dioxide emissions;
3. Increase utility funded efficiency programs to 50 percent of load and peak growth by 2015 and 1500 MWs by 2020;
4. Create a parallel on-site renewable energy program at transmission and distribution utilities of 2,000 MWs by 2020;
5. Create a Solar Renewable Portfolio Standard of 4,000 MWs by 2020 which could be met by utility-scale solar or contracting with or purchasing on-site solar installations;
6. Create a new Renewable Energy Storage Portfolio Standard of 4,000 MWs by 2020;
7. Fund the low-income weatherization programs for existing homes through the System Benefit Fund.
8. Create state appliance standards for six appliances;
9. Adopt more efficient building standards, including an Advanced Energy Building Program for Public Buildings.
10. Expand the Texas Loan Star Program to \$300 million and allow access to electric cooperatives and municipalities for energy efficiency loans;
11. Create a Clean Energy Fund to develop new technologies like energy storage.
12. Adopt Green Fleet requirements for public entities which include plug-in hybrids so Texas can develop a vehicle-to-grid electric market.

Sierra Club and Public Citizen Call on Governor to Stop Blasting Future Regulation of Greenhouse Gases

Governor's Panel Should Promote Clean Energy and Green Jobs

The Lone Star Chapter of the Sierra Club and the Texas office of Public Citizen have called on Texas Governor Rick Perry and his self-appointed "Texas Advisory Panel on Federal Environmental Regulation" to stop blasting future regulation of carbon dioxide and other global warming gases, and instead come up with a Texas plan to reduce global warming gases, grow our economy, and reduce energy prices.

"The Governor is right that if we are not careful, regulations to regulate carbon dioxide could be harmful to the Texas economy," noted Cyrus Reed, Conservation Director of the Lone Star Chapter of the Sierra Club. **"But make no mistake: global warming regulation is coming. That's why it is important that the Governor work with the Legislature to get ready for regulations and create a Texas based inventory of global warming emissions and a Texas Climate Action Plan to grow energy efficiency, energy storage, and renewables like solar power, while cutting global warming emissions**

from our Texas coal plants."

Jobs Potential from Clean Energy

"Independent analysis shows that efforts to increase the availability of renewable power, better and cleaner homes, building, appliances and other energy efficiency measures, as well as improvements in pollution control would generate 123,000 more jobs than we would lose by regulating and cutting global warming emissions," noted Tom "Smitty" Smith, who heads Public Citizen's Texas Office.

"The Governor, PUC and legislature are to be credited for the steps they have taken to bolster wind, transmission and energy efficiency, now it's time for them to tackle cutting global warming emissions, and growing renewable energy storage, on-site and off-site solar and better buildings and cars."

The Governor's Claims

At a recent press conference, the Governor and his Texas Advisory Panel – consisting of PUC Chairman Barry Smitherman, Railroad Commission Chairman Michael Williams and TCEQ Commissioner Dr. Bryan Shaw – suggested that proposed regulations – as put out in an "Advanced Notice of Proposed Rulemaking on Regulating Greenhouse Gases" from the U. S. EPA under President Bush – would cripple the Texas

Carbon Dioxide, *continued from page*

economy and undercut Texas efforts to build transmission lines and new energy sources. They also suggested that even churches and small family farms would be required to get federal permits.

“Make no mistake, carbon dioxide will be regulated, but the new Administration has no plans to force grocery stores or mom and pop farms to obtain federal permits and the Bush administration’s proposal is a scare tactic,” Reed explained. “Texas must make efforts to reduce nearly 250 million metric tons of carbon dioxide from 19 existing coal units, and also prevent the building of 12 new coal plants that would emit another 75 million metric tons,” Reed explained.

“The fact is that the Advanced Notice is a notice from an administration going out of power that will have little impact on future regulation,” Reed continued. “States that have a Climate Action Plan and inventory and make their investment decisions part of that plan will

have a leg up on the game.”

The Bonanza Decision

Nationally, the decision in November by the U.S. EPA’s Environmental Appeals Board to reject an air permit for the Utah coal plant called Bonanza because it did not address carbon dioxide emissions makes it inevitable that coal plants will have to address global warming emissions.

“The Bonanza decision marks the beginning of direct regulation of our coal plants,” noted Cyrus Reed. **“It makes it even more costly to build or permit new coal plants.”**

Economic Benefits of Renewable Energy

A study by the Blue/Green Alliance [exact job figures available by request] shows that when we make a serious commitment to renewable energy, we can create 60,100 new jobs in Texas. This estimate is based on implementing a 20% Renewable Energy Standard.

“We need more wind, much more solar, and more geothermal power to be built out in Texas. Renewable power, plus implementing already available energy efficiency measures across all sectors of our society is what will create the new clean energy jobs in Texas,” said Reed.

Reed also highlighted the Sierra Club’s



P.O. Box 1931 Austin, TX 78767
tel: (512)477-1729 fax: (512) 477-8526
lonestar.chapter@sierraclub.org
<http://texas.sierraclub.org>

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Conservation Director: Cyrus Reed
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plan, called “Cool Texas: A 12- Step Plan for Meeting Our Electricity Needs that is Good for Texasand the Climate”, which calls for major investments in renewable energy and efficiency and improvements in air permitting regulations. The 12 Steps are enumerated elsewhere in this issue. The full report is available at <http://texas.sierraclub.org/conservation/coolTexasreport.pdf>.



Desalination

The Texas Water Development Board (TWDB) has released “The Future of Desalination in Texas: Biennial Report on Seawater Desalination.” This is the agency’s third biennial report on seawater desalination – which TWDB is required by the Texas Water Code to prepare. The report examines progress toward the goal of creating water supplies in Texas through seawater desalination and discusses the role the state might play in advancing that goal. The report may be found at: http://www.twdb.state.tx.us/iwt/desal/docs/2008_TheFutureofDesalinationinTexas.pdf.



Sunset Review of Parks & Wildlife

The staff of the state Sunset Advisory Commission has released its report evaluating the Texas Parks and Wildlife Department (TPWD), one of several state agencies being reviewed as part of a regular process to determine if the agency should be eliminated, continued, or modified.

The report is at http://www.sunset.state.tx.us/81streports/tpwd/tpwd_hm.pdf or may be requested from the Sunset Advisory Commission, P. O. Box 13066, Austin, TX 78711. The Sunset staff is recommending continuation of TPWD but makes some specific recommendations for changes in certain agency activities

TPWD was one of the agencies up for public hearing before the Sunset Commission on December 16, and final Sunset recommendations on TPWD will be adopted January 14.



Water Conservation

The state Water Conservation Advisory Council has completed its first biennial report to the Governor and the Texas Legislature. The Council was created by the passage of Senate Bill 3 in 2007 and has 23 members, including Sierra Club state director Ken Kramer, who represents environmental interests on the Council. The report assesses current water conservation efforts in the state and recommends ways of advancing those efforts. The report may be found at <http://www.savetexaswater.org/> - the new “Save Texas Water” website created by the Council and the Texas Water Development Board.





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SIERRA CLUB LONE STAR CHAPTER
STATE CONSERVATION OFFICE
PO BOX 1931
AUSTIN TX 78767
<http://texas.sierraclub.org/>

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