

# Consumers Owed Efficiency

NEW APPROACHES TO LIMITED CAPACITY

BY RAY BEAVERS

» GENERATION CAPACITY IS dwindling in Texas – and other parts of the nation—while demand continues its perpetual ascent. With so much focus on the proposed buyout of TXU and the utility's plans to build new coal-fired generation in Texas, it's apparent that many people have lost sight of – and lack awareness of – alternative solutions to the state's electric capacity issues.

The seemingly incessant media coverage of TXU's original plan to build 11 new coal-fired plants, which has since been reduced to three to appease environmental groups, grabs the lion's share of the headlines, while topics such as energy efficiency, conservation and demand-side solutions have collectively become the elephant in the room that no one wants to talk about. An opportunity is being lost to educate consumers before they're forced to endure the pain that comes with diminishing reserves, unscheduled outages and, ultimately, higher electric rates. Utilities must be leaders in promoting energy efficiency and conservation measures.

A report issued earlier this year by the American Council for an Energy-Efficient Economy (ACEE) confirmed what we at United Cooperative Services, a not-for-profit electric cooperative utility in North Texas, have been preaching for more than two years. The short-lived and largely ignored ACEE report concluded that educating consumers on how to manage their energy use is the quickest, least expensive and most environmentally acceptable way to address Texas' growing capacity issues.

The seriousness of Texas' capacity needs has been routinely reported by the Electric Reliability Council of Texas (ERCOT), which has predicted that Texas could see electric capacity shortfalls during peak periods by as early as 2009–2010. Indeed, promoting energy efficiency seems to be the only viable means to resolving these near-term capacity concerns. Simply put, there just isn't enough time to site, plan and construct new power plants – whether it's three, 11, or 50 – before the 2009 potential shortfall.

Certainly, the Texas electric utility industry bears some culpability for the woes we are facing because of the easier, less-efficient, road it has historically taken in utilizing available resources. But while the future dictates that we must now invest in new generation and coal has to be a component of that portfolio, one of our poorest alternatives would be the impulsive investment of billions of dollars on a smattering of plants built to cover the next 105-degree July afternoon.

Educating consumers about energy conservation is possibly the most relevant and the most realistic solution to future capacity and demand challenges.

Communication is the key. One of the many ways we're tackling the issue is through free home and business energy audits. Not only do the audits provide tactical suggestions for reducing consumption, we're also effectively empowering consumers to share



Ray Beavers  
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responsibility in reducing use during peak periods.

In Texas' deregulated market, consumers are barraged with messages that aim to entice them to switch electricity suppliers. Those ads invariably talk about lower rates or gimmicky pricing plans. Messages about conservation and energy efficiency get minimal lip service at best. If we don't do something about reducing demand during peak periods, those "lower rates" will be very short-lived and near-sighted. In Texas, utilities have already demonstrated a willingness to pay \$1,500 per megawatt-hour during a mild North Texas winter.

For years, we've been convinced that consumers need to take control of the situation by using less. Regardless of anyone's political position or environmental stance, TXU's proposal to build 11 new coal-fired plants was a supply-side approach to fixing our electric generating capacity shortage without any consideration for demand-side remedies.

Consumer-serving organizations, not-for-profit or investor-owned, must take a leadership position in promoting energy-efficiency measures and educating consumers on how demand-side solutions are a more cost-effective, socially acceptable means to meeting our growing energy demand.

ERCOT manages grid operations for about 85 percent of the Texas grid and oversees about 70,000 megawatts of electric generating capacity. If Texas consumers reduced their peak energy use by 10 percent, they would save 7,000 megawatts of generating capacity, or almost the same generating capacity TXU's 11 plants would have provided – without pollution, transmission and utility debt issues that are already drawing the ire of consumer and environmental groups.

Seems simple doesn't it? Well it isn't, because consumers are conditioned to practice what was preached in messages of yesteryear: "Use as much as you want. We'll make more," regardless of the situation. As a realist, I am concerned – not just for myself, but for everyone who is already having a difficult time

dealing with the present costs of energy. Our board of directors spends hours discussing these issues each month in an effort to determine what we can do to help our member-consumers meet the challenges of the future. After each discussion, we come back to the most sensible solution: energy efficiency and conservation. ☺

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