

By: Darby

H.B. No. 2263

A BILL TO BE ENTITLED

AN ACT

relating to the authority of a natural gas local distribution company to offer energy conservation programs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 104, Utilities Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. NATURAL GAS ENERGY CONSERVATION PROGRAMS

Sec. 104.401. DEFINITIONS. In this subchapter:

(1) "Energy conservation program" means a program that promotes energy conservation or energy efficiency.

(2) "Local distribution company" means a gas utility that operates a retail gas distribution system.

Sec. 104.402. ENERGY CONSERVATION PROGRAM AUTHORITY. (a) A local distribution company may offer to customers and prospective customers and provide to customers an energy conservation program in the manner provided by this subchapter.

(b) The railroad commission has exclusive original jurisdiction over energy conservation programs implemented by local distribution companies.

(c) A political subdivision served by a local distribution company that implements an energy conservation program approved by the railroad commission under this subchapter may not limit, restrict, or otherwise prevent an eligible customer from participating in the energy conservation program based on the type

1 or source of energy delivered to the customer.

2 Sec. 104.403. ENERGY CONSERVATION PROGRAM COST RECOVERY.

3 (a) The railroad commission shall allow a local distribution
4 company to recover:

5 (1) costs prudently incurred to implement one or more
6 energy conservation programs, including costs incurred to design,
7 market, implement, administer, and deliver an energy conservation
8 program; and

9 (2) if the company provides an earnings monitoring
10 report for the preceding calendar year demonstrating that the
11 company did not earn above the rate of return established in the
12 latest effective rates approved by the railroad commission for the
13 company, an amount equal to the reduction in the company's marginal
14 revenues due to lower sales or demand resulting from the energy
15 conservation program.

16 (b) The railroad commission by rule shall require a local
17 distribution company that implements an energy conservation
18 program under this subchapter to submit to the railroad commission
19 an annual report on:

20 (1) the performance of the company's energy
21 conservation programs for the preceding year; and

22 (2) the company's planned energy conservation programs
23 for the upcoming year.

24 (c) An application for cost recovery under Subsection (a)
25 must include:

26 (1) a summary of and objectives for the local
27 distribution company's energy conservation programs;

1 (2) a description of each program;

2 (3) a proposed budget for each program;

3 (4) the projected consumption reduction or cost
4 savings for each program; and

5 (5) any public input compiled by the local
6 distribution company on the proposed programs as required by the
7 railroad commission.

8 (d) The railroad commission by rule may:

9 (1) determine a cost recovery mechanism for timely
10 recovery of costs described by Subsection (a); and

11 (2) ensure that costs described by Subsection (a) are
12 allocated to the customer classes eligible for participation in the
13 energy conservation program.

14 (e) Energy conservation programs proposed under this
15 section may be combined in a portfolio to provide incentives and
16 services to encourage energy conservation. The portfolio:

17 (1) must be designed to overcome barriers to the
18 adoption of energy-efficient equipment, technologies, and
19 processes and be designed to change customer behavior as necessary;
20 and

21 (2) may include measures such as:

22 (A) direct financial incentives;

23 (B) technical assistance and information,
24 including building energy performance analyses performed by the
25 local distribution company or a third party approved by the
26 company;

27 (C) discounts or rebates for products; and

1 (D) weatherization for low-income customers.

2 (f) A proceeding filed under this section is not a
3 ratemaking proceeding for the purposes of Section 103.022.

4 (g) A local distribution company implementing an energy
5 conservation program under this subchapter shall reimburse the
6 railroad commission for the utility's proportionate share of the
7 railroad commission's costs related to administration of reviewing
8 and approving or denying cost recovery applications under this
9 subchapter.

10 (h) A local distribution company recovering costs of an
11 energy conservation program under Subsection (a) shall apply to the
12 railroad commission at least once every three years under this
13 subchapter for review and approval of the company's energy
14 conservation programs.

15 SECTION 2. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2023.