

AN ACT

relating to the legislature's goal for energy efficiency and related energy efficiency programs.

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

SECTION 1. Section 39.905, Utilities Code, is amended to read as follows:

Sec. 39.905. GOAL FOR ENERGY EFFICIENCY. (a) It is the goal of the legislature that:

(1) electric utilities will administer energy savings incentive programs in a market-neutral, nondiscriminatory manner but will not offer underlying competitive services;

(2) all customers, in all customer classes, have a choice of and access to energy efficiency alternatives and other choices from the market that allow each customer to reduce energy consumption, peak demand, or ~~[and reduce]~~ energy costs; and

(3) each electric utility will provide, through market-based standard offer programs or limited, targeted, market-transformation programs, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency equivalent to at least 10 percent of the electric utility's annual growth in demand.

(b) The commission shall provide oversight and adopt rules and procedures, as necessary, to ensure that the utilities can

1 achieve the goal of this section [~~is achieved by January 1, 2004~~].

2 (c) A standard offer program provided under Subsection  
3 (a)(3) must be neutral with respect to technologies, equipment, and  
4 fuels, including thermal, chemical, mechanical, and electrical  
5 energy storage technologies.

6 (d) The commission shall adopt the following  
7 market-transformation program options that the utilities may  
8 choose to implement in order to satisfy the goal in Subsection  
9 (a)(3):

- 10 (1) energy-smart schools;  
11 (2) appliance retirement and recycling;  
12 (3) air conditioning system tune-ups; and  
13 (4) the use of trees or other landscaping for energy  
14 efficiency.

15 (e) An electric utility may use money approved by the  
16 commission for energy efficiency programs to perform necessary  
17 research and development to foster continuous improvement and  
18 innovation in the application of technology and program design and  
19 implementation. Money the utility uses under this subsection may  
20 not exceed 10 percent of the amount the commission approved for  
21 energy efficiency programs in the utility's most recent full rate  
22 proceeding.

23 (f) Unless funding is provided under Section 39.903,  
24 beginning January 1, 2006, each unbundled transmission and  
25 distribution utility shall include in its energy efficiency plan a  
26 targeted low-income energy efficiency program as described by  
27 Section 39.903(f)(2), and the savings achieved by the program shall

1 count toward the transmission and distribution utility's energy  
2 efficiency goal. The commission shall determine the appropriate  
3 level of funding to be allocated to both targeted and standard offer  
4 low-income energy efficiency programs in each unbundled  
5 transmission and distribution utility service area. The total  
6 expenditures for both targeted and standard offer low-income energy  
7 efficiency programs will be based on the amount spent by the  
8 transmission and distribution utility on the commission's  
9 hard-to-reach program in calendar year 2003. This level of funding  
10 for low-income energy efficiency programs shall be provided from  
11 money approved by the commission for the transmission and  
12 distribution utility's energy efficiency programs. The state  
13 agency that administers the federal weatherization assistance  
14 program shall provide reports as required by the commission to  
15 provide the most current information available on energy and peak  
16 demand savings achieved in each transmission and distribution  
17 utility service area.

18 SECTION 2. This Act takes effect September 1, 2005.

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President of the Senate

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Speaker of the House

I hereby certify that S.B. No. 712 passed the Senate on May 3, 2005, by the following vote: Yeas 31, Nays 0; May 26, 2005, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 27, 2005, House granted request of the Senate; May 29, 2005, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

I hereby certify that S.B. No. 712 passed the House, with amendments, on May 25, 2005, by a non-record vote; May 27, 2005, House granted request of the Senate for appointment of Conference Committee; May 29, 2005, House adopted Conference Committee Report by a non-record vote.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor