

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 3693  
By: Straus et al. (Fraser)  
Business & Commerce  
5/18/2007  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Utilities Code requires certain activities by electric utilities to achieve energy efficiency and conservation in Texas.

Continued growth in peak demand for electricity in Texas, particularly in the short term, could result in electric generation shortages. Texas' population is growing at nearly two percent per year and the economy is expanding at an even greater rate, nearly four percent annually. This is causing a growth in demand for electricity. The Electric Reliability Council of Texas (ERCOT) reports that peak demand on the ERCOT system increased by about 2.5 percent per year between 1990 and 2006. The current forecast is for peak demand to increase by 2.3 percent annually from 2007 through 2012. ERCOT has established a reserve margin of electric generation capacity to provide a cushion for peak demand times. However, with continued growth in Texas, it is possible that peak demand could exceed the margin and possibly result in blackouts.

C.S.H.B. 3693 proposes energy efficiency mechanisms intended to provide near-term reductions in consumption and demand that should protect the reserve margin and avoid crises during the peak. This bill enhances existing energy efficiency programs, enables more customer demand management, updates building energy codes, and requires state agencies to purchase more efficient equipment and appliances. These measures should result in reductions in electricity consumption sufficient to avoid short-term peak demand problems and also avoid some new costs for power plants and power lines.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Building and Procurement Commission in SECTION 7 (Section 2165.058, Government Code) of this bill.

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 9 (Section 2306.187, Government Code) of this bill.

Rulemaking authority is expressly granted to the State Energy Conservation Office in SECTION 10 (Section 388.003, Health and Safety Code) and SECTION 23 (Section 39.911, Utilities Code) of this bill.

Rulemaking authority previously granted to the Public Utility Commission is modified in SECTION 22 (Section 39.905, Utilities Code) of this bill.

Rulemaking authority is expressly granted to a governing body of a municipality in SECTION 23 (Section 39.9051, Utilities Code) of this bill.

Rulemaking authority is expressly granted to the Public Utility Commission in SECTION 23 (Sections 39.9051, Utilities Code) and SECTION 24 (39.914, Utilities Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

[While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

SECTION 1. Amends Subchapter Z, Chapter 44, Education Code, by adding Section 44.902, as follows:

Sec. 44.902. GOAL TO REDUCE CONSUMPTION OF ELECTRIC ENERGY. Requires the board of trustees of a school district to establish a goal to reduce the school district's annual electric consumption by five percent each state fiscal year for six years beginning September 1, 2007.

SECTION 2. Amends Subchapter Z, Chapter 44, Education Code, by adding Section 44.903, as follows:

Sec. 44.903. ENERGY-EFFICIENT LIGHT BULBS IN INSTRUCTIONAL FACILITIES. (a) Defines "instructional facility."

(b) Requires a school district to purchase for use in each type of light fixture in an instructional facility the commercially available model of light bulb that meets certain requirements.

SECTION 3. Amends Subchapter Z, Chapter 51, Education Code, by adding Section 51.9271, as follows:

Sec. 51.9271. ENERGY-EFFICIENT LIGHT BULBS IN EDUCATIONAL AND HOUSING FACILITIES. (a) Defines "housing facility."

(b) Requires an institution of higher education to purchase for use in each type of light fixture in an educational or housing facility the commercially available model of light bulb that meets certain requirements.

SECTION 4. Amends Section 2155.068(d), Government Code, to require the Texas Building and Procurement Commission (commission) to develop and update a list of equipment and appliances that meet the energy efficiency standards provided by Section 2158.301 and to assist state agencies in selecting products under Section 2158.301, as appropriate.

SECTION 5. Amends Chapter 2158, Government Code, by adding Subchapter F, as follows:

SUBCHAPTER F. ENERGY AND EFFICIENCY STANDARDS  
FOR EQUIPMENT AND APPLIANCES

Sec. 2158.301. ENERGY CONSERVATION. Requires a state agency, if available and cost-effective, to purchase equipment and appliances for state use that meet or exceed certain standards.

SECTION 6. Amends Subchapter A, Chapter 2165, Government Code, by adding Section 2165.008, as follows:

Sec. 2165.008. ENERGY-EFFICIENT LIGHT BULBS IN STATE BUILDINGS. Requires a state agency or institution of higher education in charge and control of a state building to purchase for use in each type of light fixture in the building the commercially available light bulb that meets certain requirements.

SECTION 7. Amends Subchapter B, Chapter 2165, Government Code, by adding Section 2165.058, as follows:

Sec. 2165.058. VENDING MACHINES; ENERGY-SAVING DEVICE REQUIRED. (a) Sets forth certain vending machines to which this section does not apply.

(b) Requires the commission to require an entity that owns or operates a vending machine located in a building owned or leased by the state to activate and maintain any internal energy-saving or energy-management device or option that is already part of the machine or contained in the machine.

- (c) Requires the commission to require the use of an external energy-saving or energy-management device for certain vending machines.
- (d) Provides that an entity that owns or operates a vending machine subject to this section is responsible for certain expenses related to the energy-saving device.
- (e) Authorizes the commission to impose an administrative fine on an entity that operates a vending machine subject to this section in an amount not to exceed \$250 a year for each machine found to be in violation of this section or rules adopted by the commission under this section.
- (f) Requires the commission to adopt rules relating to the specifications for and regulation of energy-saving devices required by this section.

SECTION 8. Amends Subtitle F, Title 10, Government Code, by adding Chapter 2264, as follows:

**CHAPTER 2264. REQUIRED PUBLICATION AND REPORTING  
BY GOVERNMENTAL ENTITIES**

Sec. 2264.001. RECORDING AND REPORTING OF ELECTRICITY, WATER, AND NATURAL GAS CONSUMPTION. (a) Defines "governmental entity."

- (b) Requires a governmental entity responsible for payments for electric, water, or natural gas utility services, notwithstanding any other law, to record in an electronic repository the governmental entity's metered amount of electricity, water, or natural gas consumed for which it is responsible to pay and the aggregate costs for those utility services. Requires the governmental entity to report the recorded information on a publicly accessible Internet website with an interface designed for ease of navigation.

SECTION 9. Amends Subchapter H, Chapter 2306, Government Code, by adding Section 2306.187, as follows:

Sec. 2306.187. ENERGY EFFICIENCY STANDARDS FOR CERTAIN SINGLE AND MULTIFAMILY DWELLINGS. (a) Requires a newly constructed single or multifamily dwelling that is constructed with assistance awarded by the Texas Department of Housing and Community Affairs (department), including state or federal money, housing tax credits, or multifamily bond financing, to include energy conservation and efficiency measures specified by the department. Requires the department by rule to establish a minimum level of energy efficiency measures that must be included in a newly constructed single or multi-family dwelling as a condition of eligibility to receive assistance awarded by the department for housing construction. Authorizes certain measures to be adopted by the department.

- (b) Requires a single or multifamily dwelling to include energy conservation and efficiency measures specified by the department if certain conditions apply.
- (c) Prohibits the energy conservation and efficiency measures the department requires under Subsection (b) from being more stringent than the measures the department requires under Subsection (a).
- (d) Requires the department to review the measures required to meet the energy efficiency standards at least annually to determine if additional measures are desirable and to ensure that the most recent energy efficient technology is considered.
- (e) Provides that Subsections (a) and (b) do not apply to a single or multifamily dwelling that receives weatherization assistance money from the department or money provided under the first-time homebuyer program.

SECTION 10. Amends Section 388.003, Health and Safety Code, by adding Subsections (b-1), (b-2), and (b-3), as follows:

(b-1) Authorizes the State Energy Conservation Office (office) by rule to adopt and substitute in the energy code the equivalent or more stringent editions of the initial editions described by Subsection (a) or (b) if the office determines that such a case arises. Requires the office to establish an effective date for the new editions that is not earlier than nine months after the date of adoption. Requires the Energy Systems Laboratory at the Texas Engineering Experiment Station of the Texas A&M University System (laboratory) to submit recommendations concerning the latest published editions of the International Residential Code or the International Energy Conservation Code not later than six months after publication of new editions.

(b-2) Requires the office by rule to establish a procedure for allowing an opportunity for persons who have an interest in the adoption of energy efficiency codes under Subsection (b-1) to comment on a code considered for adoption, including certain persons.

(b-3) Requires the laboratory to consider the comments submitted under Subsection (b-2) in developing written recommendations under Subsection (b-1)

SECTION 11. Amends Section 388.005, Health and Safety Code, as follows:

Sec. 388.005. New heading: ENERGY EFFICIENCY PROGRAMS IN CERTAIN GOVERNMENTAL ENTITIES. (a) Defines "institution of higher education" and "state agency." Makes nonsubstantive changes.

(b) Requires each institution of higher education or state agency to implement all energy efficiency measures that meet the standards established for a contract for energy conservation measures under Section 302.004(b) (regarding terms of an energy savings performance contract), Local Government Code, in order to reduce electricity consumption by the existing facilities of the entity.

(c) Requires each political subdivision, institution of higher education, or state agency to establish a goal to reduce the electric consumption by the entity by five percent each state fiscal year for six years, beginning September 1, 2007. Deletes existing text requiring each political subdivision to establish a goal to reduce the electrical consumption by the political subdivision by five percent each year for five years, beginning January 1, 2002.

(d) and (e) Makes conforming changes.

(f) Provides that this section does not apply to a state agency or an institution of higher education that the office determines that, before September 1, 2007, adopted a plan for conserving energy under which the agency or institution established a percentage goal for reducing the consumption of electricity. Provides that the exemption provided by this section applies only while the agency or institution has an energy conservation plan in effect and only if the agency or institution submits reports on the conservation plan each calendar quarter to the governor, the Legislative Budget Board, and the office.

SECTION 12. Amends Section 388.008, Health and Safety Code, by amending Subsections (a) and (c) and adding Subsection (d), as follows:

(a) Authorizes the laboratory to develop different report formats for rating newly constructed residences from those for existing residences.

(c) Authorizes the laboratory to cooperate with an industry organization or trade association for certain purposes. Deletes existing text requiring the home energy rating program to be implemented by September 1, 2002.

(d) Requires the laboratory to include information on the benefits attained from this program in an annual report to the Texas Natural Resource Conservation Commission.

SECTION 13. Amends the heading to Section 74.3013, Property Code, to read as follows:

Sec. 74.3013. DELIVERY OF MONEY FOR RURAL SCHOLARSHIP, ECONOMIC DEVELOPMENT, AND ENERGY EFFICIENCY ASSISTANCE.

SECTION 14. Amends Sections 74.3013(a), (b), (e), (f), and (g), Property Code, as follows:

(a) Authorizes a nonprofit cooperative corporation to deliver reported money to provide energy efficiency assistance to members of electric cooperatives, notwithstanding and in addition to any other provision of this chapter or other law.

(b) Authorizes a nonprofit corporation to deliver the money under this section only to, among other funds, an energy efficiency assistance fund to assist members of an electric cooperative in reducing their energy consumption and electricity bills.

(e) Requires the comptroller of public accounts (comptroller) to prescribe forms and procedures relating to delivery of reported money to a energy efficiency assistance fund.

(f) Deletes existing text stating the reason for the comptroller being required to adopt procedures to record the total amount of money transferred annually is to allow equitable opportunity for participation with preferences given to corporations already providing similar scholarship opportunities in other states.

(g) Authorizes nonprofit corporations to combine any funds, rather than only economic development funds, from other sources with any funds, rather than any economic development funds, delivered under this section.

SECTION 15. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.333, as follows:

Sec. 151.333. ENERGY-EFFICIENT PRODUCTS. (a) Defines "energy-efficient product."

(b) Sets forth the energy-efficient products to which this section applies.

(c) Exempts the sale of an energy-efficient product to which this section applies from the taxes imposed by this chapter (Limited Sales, Excise, and Use Tax) if the sale takes place during a certain period of time in May.

SECTION 16. Amends Section 202.061(b), Tax Code, to entitle the taxpayer responsible for the payment of severance taxes on the production from a marginal well in this state on which enhanced efficiency equipment is installed to a credit in an amount equal to 10 percent of the cost of the equipment, provided, among other requirements, that said equipment was purchased and installed not earlier than September 1, 2005, or later than September 1, 2013, rather than 2009.

SECTION 17. Amends Subchapter A, Chapter 313, Tax Code, by adding Section 313.008, as follows:

Sec. 313.008. REPORT ON COMPLIANCE WITH ENERGY-RELATED AGREEMENTS. (a) Requires the comptroller, before the beginning of each regular session of the legislature, to submit to certain elected officials a report assessing the progress of each agreement entered into under this chapter (Texas Economic Development Act) utilizing data certified by agreement recipients, on each agreement entered into under this chapter, involving energy-related projects, including certain projects. Requires certain information to be stated in the report for each agreement.

(b) Prohibits the report from including information that is made confidential by law.

(c) Authorizes the comptroller to require a recipient to submit, on a form provided by the comptroller, information required to complete the report.

SECTION 18. Amends Section 31.004, Utilities Code, by adding Subsection (c), to require the Public Utility Commission (PUC) to provide information to school districts regarding how a school district may finance the installation of solar electric generation panels for school district buildings.

SECTION 19. Amends Section 39.002, Utilities Code, as follows:

Sec. 39.002. APPLICABILITY. Provides that Sections 39.9051, 39.9052, and 39.914(e) apply to a municipally owned utility or an electric cooperative.

SECTION 20. Amends Section 39.107, Utilities Code, by adding Subsection (i), to set forth that it is the intent of the legislature that net metering and advanced meter information networks be deployed as rapidly as possible to allow customers to better manage energy use and control costs, and to facilitate demand response initiatives, subject to the restrictions of Subsection (h).

SECTION 21. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.9025, as follows:

Sec. 39.9025. HOME ELECTRIC ENERGY REPORTS. Authorizes PUC to encourage retail electric providers to deliver individualized home electric energy reports to educate consumers about electric energy use and energy efficiency to assist consumers to use energy more efficiently.

SECTION 22. Amends Section 39.905, Utilities Code, by amending Subsections (a), (b), (d), (e), and (f), and adding Subsections (b-1), (b-2), (b-3), (b-4), and (g), as follows:

(a) Sets forth the legislative goal that electric utilities will administer energy efficiency, rather than savings, incentive programs in a market-neutral, nondiscriminatory manner but will not offer underlying competitive services. Sets forth the legislative goal that each electric utility will provide, by certain means, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency for residential and commercial customers equivalent to at least a certain percent of the electric utility's annual growth in demand. Sets forth the legislative goal that each electric utility in the ERCOT (Electric Reliability Council of Texas) region shall use its best efforts to encourage and facilitate the involvement of the region's retail electric providers in the delivery of efficiency programs and demand response programs under this section. Sets forth the legislative goal that retail electric providers in the ERCOT region, and electric utilities outside of the ERCOT region, shall provide customers with energy efficiency educational materials. Sets forth the legislative goal that electric utilities are required to continue to make available any load management standing offer programs developed for industrial customers and implemented prior to May 1, 2007 at 2007 funding and participation levels, notwithstanding Subsection (a)(3).

(b) Sets forth certain oversight, rules, and procedures that PUC is required to provide to ensure that the utilities can achieve the goal of this section (Goal for Energy Efficiency).

(b-1) Prohibits the energy efficiency cost recovery factor under Subsection (b)(1) from resulting in an over-recovery of costs but authorizes this factor to be adjusted each year to change rates to enable utilities to match revenues against energy efficiency costs and any incentives to which they are granted. Requires the factor to be adjusted to reflect any over-collection or under-collection of energy efficiency cost recovery revenues in previous years.

(b-2) Requires PUC to conduct a study, to be funded by electric utilities, regarding cost-effective energy efficiency in this state. Requires PUC, not later than January 15, 2009,

to submit to the legislature a report containing certain information regarding PUC's findings.

(b-3) Requires PUC, beginning not later than January 1, 2008, and in consultation with the office, to compute an report to ERCOT annually for a period of five years the projected energy savings and demand impacts for each entity in the ERCOT region that administers relevant programs that are reasonably anticipated to reduce electricity energy or peak demand or that serve as substitutes for electric supply.

(b-4) Requires PUC and ERCOT to develop a method to account for the projected efficiency impacts under Subsection (b-3) in ERCOT's annual forecasts of future capacity, demand, and reserves.

(d) Requires PUC to establish a procedure for reviewing and evaluating market-transformation program options described by this subsection and other options. Authorizes PUC, in evaluating program options, to consider the ability of a program option to reduce costs to customers through demand, energy savings, and relief of congestion. Authorizes utilities to choose to implement any program option approved by PUC, including certain program options, after its evaluation in order to satisfy the goal in Subsection (a). Deletes existing text requiring PUC to adopt certain market-transformation program options that the utilities may choose to implement in order to satisfy the goal in Subsection (a).

(e) Authorizes an electric utility to use money approved by PUC for energy efficiency programs to perform necessary energy efficiency research and development, rather than for any research and development, for certain purposes. Prohibits money the utility uses under this subsection from exceeding 10 percent of the greater of the amount PUC approved for energy efficiency programs in the utility's most recent full rate proceeding or the PUC-approved expenditures by the utility for energy efficiency in the previous year, rather than prohibiting money the utility uses under this subsection from exceeding 10 percent of only the amount PUC approved for energy efficiency programs in the utility's most recent full rate proceeding. Makes conforming changes.

(f) Deletes existing text relating to certain funding being provided under Section 39.903 beginning January 1, 2006.

(g) Authorizes PUC to provide for a good cause exemption to a utility's liability for an administrative penalty or other sanction if the utility fails to meet a goal for energy efficiency under this section and the utility's failure to meet the goal is caused by one or more factors outside of the utility's control, including certain factors.

SECTION 23. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Sections 39.9051, 39.9052, 39.911, 39.912, and 39.913, as follows:

Sec. 39.9051. ENERGY EFFICIENCY FOR MUNICIPALLY OWNED UTILITIES.

(a) Defines "municipally owned utility."

(b) Provides that this section applies only to a municipally owned utility that had retail sales of more than 500,000 megawatt hours in 2005.

(c) Sets forth goals of the legislature related to municipally owned utilities.

(d) Requires the governing body of a municipally owned utility to provide oversight and adopt rules and procedures, as necessary, to ensure that the utility can achieve the goal of this section.

(e) Requires PUC, if a municipally owned utility adopts customer choice by decision of the governing body under Chapter 40 (Competition for Municipally Owned Utilities and River Authorities), to provide oversight and adopt rules and procedures, as necessary, to ensure that the municipally owned utility can achieve the goal in this section in a market-neutral, nondiscriminatory manner. Requires

PUC, to the extent possible, to include existing energy efficiency programs already adopted by the municipally owned utility.

(f) Requires a municipally owned utility to report to the office, in a form and manner determined by the utility in consultation with the office, information regarding the combined effects of the energy efficiency activities of the utility, not later than September 1, 2009.

Sec. 39.9052. ENERGY EFFICIENCY FOR ELECTRIC COOPERATIVES. (a) Requires an electric cooperative to consider adopting and implementing energy efficiency programs that reduce the cooperative's annual growth in demand in a manner consistent with standards established in the state for other utilities.

(b) Requires an electric cooperative that had retail sales of more than 500,000 megawatt hours in 2005 to report to the office, in a form and manner determined by the electric cooperative in consultation with the office, information regarding the combined effects of the energy efficiency activities of the utility, not later than September 1, 2009.

Sec. 39.911. (a) ALTERNATIVE FUNDING FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY SYSTEMS. Requires the office, in coordination with the governor and certain appropriate state agencies, to solicit gifts, grants, and other financial resources available to fund energy efficiency improvements and renewable energy systems for public and private facilities in this state.

(b) Requires the office, in coordination with TCEQ and other appropriate state agencies, to adopt rules and develop procedures to require that a developer of renewable energy that is comprised primarily of a wind turbine power generation facility located on an upland site to make a determination that the facility will continue to meet the renewable energy goals set forth in Section 39.904(a) (regarding certain state goals for renewable energy) and that the location or operation of the facility will not present an unacceptable risk to the natural resources of this state. Prohibits PUC from registering a company under Section 39.351 (Registration of Power Generation Companies) unless the company has made both determinations and those determinations have been certified as accurate by the office and filed with the commission. Requires the determination procedures developed by the office under this section to be based on and be similar to certain other procedures.

Sec. 39.912. REPORT ON COMBINED HEATING AND POWER TECHNOLOGY. Requires PUC to study the installation and use of combined heating and power technology in this state and submit a report regarding their findings to the 81st Legislature. Requires certain information to be included in the report.

Sec. 39.913. COMBINING CERTAIN REPORTS. Authorizes PUC to combine the reports required under Sections 39.905(b-2) and 39.912.

SECTION 24. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.914, as follows:

Sec. 39.914. CREDIT FOR SURPLUS SOLAR GENERATION BY PUBLIC SCHOOLS. (a) Requires an electric utility or retail electric provider to provide for net metering and contract with an independent school district for certain purposes.

(b) Requires PUC by rule, for areas of this state in which customer choice has not been introduced, to require that credits for electricity produced by a school building's solar electric generation panels reflect the value of the electricity that is made available for sale to the electric utility in accordance with federal regulations.

(c) Requires independent school districts (districts) in areas in which customer choice has been introduced to sell the school buildings' surplus electricity produced to the retail electric provider that serves the district's load at a value agreed to between the district and the provider that serves the district's load. Authorizes the agreed value to be based on the clearing price of energy at the time of day that the electricity is made available to the grid. Requires the independent organization identified in Section 39.151 (Essential Organizations) to develop procedures so that the amount of electricity purchased from a district under this section is accounted for in settling the total load served by the provider that serves the district's load. Requires a district requesting net metering services for purposes of this section to have metering devices capable of providing measurements consistent with the independent organization's settlement requirements.

(d) Requires a transmission and distribution utility to make available to a district for purposes of this section metering required for services provided under this section, including certain meters. Requires the district to pay the differential cost of the metering unless the meters are provided at no additional cost. Provides that Section 39.107 (Metering and Billing Services) applies to metering under this section, except as provided by this section.

(e) Requires a municipally owned utility or electric cooperative to consider and complete the determinations regarding net metering service as provided by the federal Utility Regulatory Policies Act of 1978 (16 U.S.C. Section 2601 et seq., as amended by the federal Energy Policy Act of 2005 (Pub. L. No. 109-58)) after proceedings conducted in accordance with that law. Requires a municipally owned utility or electric cooperative to report the determinations made under this subsection to the office and include certain information in that report.

SECTION 25. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.915, as follows:

Sec. 39.915. CONSIDERATION AND APPROVAL OF CERTAIN TRANSACTIONS.

(a) Requires an electric utility or transmission and distribution utility, notwithstanding any other provision of this title, to report to and obtain approval of PUC before closing any transactions in which the electric utility or transmission and distribution utility is merged or consolidated with another like utility, at least 50 percent of the stock of the electric utility or transmission and distribution utility will be transferred or sold, or a controlling interest or operational control of the electric utility or transmission and distribution utility is transferred, in order to protect retail customers in this state.

(b) Requires PUC to approve a transaction under Subsection (a) if PUC finds that the transaction is in the public interest. Requires PUC to make certain considerations in making its determination. Requires PUC to make the determination concerning a transaction under this subsection not later than the 180th day after the day PUC receives the relevant report. Provides that the transaction is considered approved if PUC has not made a determination within that time frame.

(c) Provides that Subsections (a) and (b) do not apply to a transaction described by Subsection (a) for which a definitive agreement was executed before April 1, 2007, if an electric utility or transmission and distribution utility or a person seeking to acquire with either such utility made a filing for review of the transaction under Section 14.101 (Report of Certain Transactions; Commission Considerations) before May 1, 2007, and the resulting proceeding was not withdrawn.

(d) Authorizes PUC to enforce the stipulation, representation, or commitment that an electric utility or transmission and distribution utility or a person seeking to acquire or merge with an electric utility or transmission and distribution utility files with PUC to the extent that the stipulation, representation, or commitment is

consistent with the standards provided by this section and Section 14.101. Authorizes PUC to reasonably interpret and enforce conditions adopted under this section.

SECTION 26. Amends Section 40.055(a), Utilities Code, to provide that the municipal governing body or a body vested with the power to manage and operate a municipally owned utility has the exclusive jurisdiction to determine the extent to which the municipally owned utility offers energy efficiency programs and how the programs are administered by the utility, except as provided by Section 39.9051(e).

SECTION 27. Amends Section 41.055, Utilities Code, to provide that the board of directors of an electric cooperative has exclusive jurisdiction to determine the extent to which the electric cooperative offers energy efficiency programs and how the programs are administered by the electric cooperative.

SECTION 28. Requires the office to adopt rules implementing a procedures for stakeholder participation as required under Section 388.003(b-2), Health and Safety Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 29. (a) Makes application of the energy conservation standards for equipment and appliances under Section 2158.301, Government Code, prospective.

(b) Requires the commission to develop a list of equipment and appliances under Section 2155.068, Government Code, as amended by this Act, as soon as practicable after the effective date of this Act.

SECTION 30. Makes application of Section 2165.058(c), Government Code, as added by this Act, prospective.

SECTION 31. Makes application of this Act affecting taxes prospective.

SECTION 32. Effective date: September 1, 2007.