

By: Straus

H.B. No. 3245

A BILL TO BE ENTITLED

AN ACT

relating to electric energy efficiency goals and programs.

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

SECTION 1. Section 39.905, Utilities Code, is amended by amending Subsections (a) and (d) and adding Subsections (a-1), (a-2), (c-1), (g), and (h) to read as follows:

(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 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; and

(4) each transmission and distribution utility will meet at least 50 percent of the annual growth in demand through a combination of energy efficiency measures and load management by

1 December 31, 2013.

2 (a-1) The commission shall review the potential for energy  
3 and demand savings each biennium, establish interim goals, and  
4 adjust standard offer and incentive programs to ensure that  
5 progress is made toward achieving the goal provided by Subsection  
6 (a)(4) and that the programs are achieving the maximum  
7 cost-effective energy efficiency equivalent that can be obtained  
8 below avoided costs and within the program guidelines established  
9 by the commission. This subsection expires January 1, 2014.

10 (a-2) The commission shall reward a transmission and  
11 distribution utility that exceeds the goal provided by Subsection  
12 (a)(4) and shall penalize a transmission and distribution utility  
13 that fails to achieve the goal. The commission may not penalize a  
14 transmission and distribution utility that fails to achieve the  
15 goal if the reason for not achieving the goal is outside of the  
16 utility's control.

17 (c-1) The commission, as necessary to allow an electric  
18 utility to achieve the goals provided by this section, may allow the  
19 utility to vary the structure and delivery of standard offer  
20 programs offered in the utility's service area markets based on the  
21 characteristics of each market to compensate for the differences  
22 between urban and rural service area markets. The commission may  
23 allow special programs to be developed to serve rural areas.

24 (d) The commission shall adopt ~~[the following]~~  
25 market-transformation program options that the utilities may  
26 choose to implement in order to satisfy the goal in Subsection  
27 (a)(3). The options may include:

- 1 (1) energy-smart schools;
- 2 (2) appliance retirement and recycling;
- 3 (3) air conditioning system tune-ups; ~~and~~
- 4 (4) the use of trees or other landscaping for energy
- 5 efficiency;
- 6 (5) rental or lease property retrofit programs; and
- 7 (6) high performance buildings.

8 (g) Not later than October 1, 2007, the commission shall  
9 implement an emergency energy efficiency and load management  
10 program to ensure that adequate reserve margins are maintained  
11 through December 31, 2011. The programs implemented under this  
12 subsection shall target:

- 13 (1) high use areas;
- 14 (2) high growth areas; and
- 15 (3) customers that use the largest amount of
- 16 electricity.

17 (h) Each biennium, the commission shall:

- 18 (1) review the expenditures for efficiency and load
- 19 management programs for transmission and distribution utilities;
- 20 and
- 21 (2) adjust rates to ensure that expenditures for
- 22 efficiency are recovered in a timely process.

23 SECTION 2. Subchapter Z, Chapter 39, Utilities Code, is  
24 amended by adding Section 39.9055 to read as follows:

25 Sec. 39.9055. (a) It is the goal for the state that by  
26 January 1, 2023, 3,750 megawatts of generation capacity from  
27 combined heating and power technology be installed in the state.

1        (b) The commission shall establish biannual goals for  
2 increasing the number of megawatts of energy produced by combined  
3 heating and power technology to meet the goal provided by  
4 Subsection (a).

5        (c) The commission by rule shall establish a program to  
6 encourage electric utilities to comply with this section.

7        (d) The commission by rule shall establish fair  
8 interconnection standards, standby charges, insurance  
9 requirements, capacity factors, and buyback rates for excess energy  
10 produced.

11        (e) The commission, with the assistance of ERCOT, shall  
12 establish procedures that allow excess energy produced by combined  
13 heat and power technology to be aggregated and sold in the wholesale  
14 market.

15        SECTION 3. This Act takes effect September 1, 2007.