

By: Burnam

H.B. No. 1646

A BILL TO BE ENTITLED

AN ACT

1
2 relating to electric utility energy efficiency goals and programs
3 and demand reduction targets; creating an office of energy
4 efficiency deployment in the state energy conservation office.

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

6 SECTION 1. Sections 39.905(a) and (b), Utilities Code, are
7 amended to read as follows:

8 (a) It is the goal of the legislature that:

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

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

17 (3) each electric utility will provide, through a
18 cost-effective portfolio of market-based standard offer programs
19 or limited, targeted, market-transformation programs, incentives
20 sufficient for retail electric providers and competitive energy
21 service providers to acquire additional [~~cost-effective~~] energy
22 efficiency for all [~~residential and commercial~~] customers
23 equivalent to at least:

24 (A) one-half of one [~~10~~] percent of the electric

1 utility's annual peak [~~growth in~~] demand [~~of residential and~~
2 ~~commercial customers~~] by December 31, 2012, of which not less than
3 one-tenth of one percent, but not more than two-tenths of one
4 percent, is attributable to demand response programs [2007]; and

5 (B) one percent [~~15 percent~~] of the electric
6 utility's annual peak [~~growth in~~] demand [~~of residential and~~
7 ~~commercial customers~~] by December 31, 2015, of which not less than
8 two-tenths of one percent but not more than three-tenths of one
9 percent is attributable to demand response programs [~~2008, provided~~
10 ~~that the electric utility's program expenditures for 2008 funding~~
11 ~~may not be greater than 75 percent above the utility's program~~
12 ~~budget for 2007 for residential and commercial customers, as~~
13 ~~included in the April 1, 2006, filing; and~~

14 [~~(C) 20 percent of the electric utility's annual~~
15 ~~growth in demand of residential and commercial customers by~~
16 ~~December 31, 2009, provided that the electric utility's program~~
17 ~~expenditures for 2009 funding may not be greater than 150 percent~~
18 ~~above the utility's program budget for 2007 for residential and~~
19 ~~commercial customers, as included in the April 1, 2006, filing];~~

20 (4) each electric utility in the ERCOT region shall
21 use its best efforts to encourage and facilitate the involvement of
22 the region's retail electric providers in the delivery of
23 efficiency programs and demand response programs under this section
24 for all customers, including high-voltage and industrial
25 customers;

26 (5) retail electric providers in the ERCOT region, and
27 electric utilities outside of the ERCOT region, shall provide

1 customers with energy efficiency educational materials; and

2 (6) notwithstanding Subsection (a)(3), electric
3 utilities shall continue to make available, at 2007 funding and
4 participation levels, any load management standard offer programs
5 developed for industrial customers and implemented prior to May 1,
6 2007.

7 (b) The commission shall provide oversight and adopt rules
8 and procedures to ensure that the utilities can achieve the goal of
9 this section, including:

10 (1) establishing an energy efficiency cost recovery
11 factor for ensuring timely and reasonable cost recovery for utility
12 expenditures made to satisfy the goal of this section;

13 (2) when considered necessary by the commission,
14 increasing or decreasing the demand reduction goals under
15 Subsection (a) based on each utility's capacity to implement
16 efficiency measures and demand response programs, and providing
17 incentives [~~establishing an incentive~~] under Section 36.204 to
18 reward utilities administering programs under this section that
19 exceed the minimum goals established under [~~by~~] this section;

20 (3) providing a utility that is unable to establish an
21 energy efficiency cost recovery factor in a timely manner due to a
22 rate freeze with a mechanism to enable the utility to:

23 (A) defer the costs of complying with this
24 section; and

25 (B) recover the deferred costs through an energy
26 efficiency cost recovery factor on the expiration of the rate
27 freeze period;

1 (4) ensuring that the costs associated with programs
2 provided under this section are borne by the customer classes that
3 receive the services under the programs; and

4 (5) ensuring the program rules encourage the value of
5 the incentives to be passed on to the end-use customer.

6 SECTION 2. Chapter 447, Government Code, is amended by
7 adding Section 447.0025 to read as follows:

8 Sec. 447.0025. OFFICE OF ENERGY EFFICIENCY DEPLOYMENT. (a)
9 The office of energy efficiency deployment is created in the state
10 energy conservation office.

11 (b) The office of energy efficiency deployment shall design
12 and implement a statewide campaign to educate consumers, utilities,
13 and public entities about, and to promote the use of, energy
14 efficiency and demand response programs available in the state.

15 (c) In designing and implementing a campaign under
16 Subsection (b), the office of energy efficiency deployment may
17 collaborate with retail electric providers.

18 SECTION 3. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2009.