

By: Farabee

H.B. No. 3345

A BILL TO BE ENTITLED

AN ACT

Relating to this state's goal for energy efficiency

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

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

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

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

(2) electric utilities will assist in building an infrastructure of trained and qualified energy services providers, allowing and encouraging the participation of retail electric providers in service delivery, that will ensure that all customers, in all customer classes, will have a choice of and access to energy efficiency alternatives and other choices from the market, including demand-side renewable energy systems, that allow each customer to reduce energy consumption, peak demand or energy costs;

(3) each electric utility will annually provide, through a cost-effective portfolio of 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

1 ~~[cost-effective]~~ energy efficiency for ~~[residential and~~
2 ~~commercial]~~ customers, other customers at transmission-level
3 industrial facilities, equivalent to at least:

4 (A) one-half of one ~~[10]~~ percent of the electric
5 utility's peak ~~[annual growth in]~~ demand, not including demand from
6 transmission-level industrial facilities, ~~[of residential and~~
7 ~~commercial customers]~~ by January 1, 2012 ~~[December 31, 2007]; and~~

8 (B) one ~~[15]~~ percent of the electric utility's
9 peak ~~[annual growth in]~~ demand, not including demand from
10 transmission-level industrial facilities, ~~[of residential and~~
11 ~~commercial customers]~~ by January 1, 2015 ~~[December 31, 2008,~~
12 ~~provided that the electric utility's program expenditures for 2008~~
13 ~~funding may not be greater than 75 percent above the utility's~~
14 ~~program budget for 2007 for residential and commercial customers,~~
15 ~~as included in the April 1, 2006, filing, and~~

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

22 (4) as a component of its portfolio of programs, each
23 utility will provide incentives sufficient to facilitate the
24 acquisition of demand-side renewable energy systems that shall
25 produce the utility's load-proportionate share of 200 megawatts of
26 electricity or avoided electric consumption, by January 1, 2015, as
27 required by Subsection (b)(7);

1 (5) [~~(4)~~] each electric utility in the ERCOT region
2 shall create specific programs at a scale sufficient to [~~use its~~
3 ~~best efforts to encourage and~~] facilitate the involvement of the
4 region's retail electric providers in the mass marketing and
5 widespread delivery of efficiency programs and programs for
6 demand-side renewable energy systems [~~demand response programs~~]
7 under this section;

8 (6) [~~(5)~~] retail electric providers in the ERCOT
9 region, and electric utilities outside of the ERCOT region, shall
10 provide customers with energy efficiency educational materials;
11 and.

12 (7) [~~(6)~~] notwithstanding Subsection (a)(3), electric
13 utilities shall continue to make available, at 2007 funding and
14 participation levels, any load management standard offer programs
15 developed for industrial customers and implemented prior to May 1,
16 2007.

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

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

23 (2) establishing an incentive under Section 36.204,
24 sufficient to mitigate the effect of lost revenue associated with
25 the success of efficiency programs required by this section, to
26 reward utilities administering programs under this section that
27 exceed the minimum goals established by this section;

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

4 (A) defer the costs of complying with this
5 section; and

6 (B) recover the deferred costs through an energy
7 efficiency cost recovery factor on the expiration of the rate
8 freeze period;

9 (4) ensuring the costs associated with programs
10 provided under this section are borne by the customer classes that
11 receive the services under the programs; ~~and~~

12 (5) ensuring the program rules encourage the value of
13 the incentives to be passed on to the end-use customer;

14 (6) ensuring that programs operate at a scale
15 sufficient to:

16 (A) reduce the rate of free ridership;

17 (B) ensure that all eligible customers have
18 access to the programs; and

19 (C) allow retail electric providers and
20 competitive energy service providers to mass market and deliver the
21 programs to all eligible customers;

22 (7) establishing a statewide market transformation
23 program to facilitate the use of demand-side renewable energy
24 systems in supplying or reducing demand equivalent to not less
25 than:

26 (A) 50 megawatts of electricity by January 1,
27 2012; and

1 (B) 200 megawatts of electricity by January 1,
2 2015; and

3 (8) ensuring that programs under this section lead to
4 a significant and continuing reduction in demand or energy
5 consumption, or costs, by using a ten-year standard measure life as
6 the basis for calculating the contribution of either particular
7 measures or programs toward achievement of the goals of this
8 section.

9 (d) The commission shall establish a procedure for
10 reviewing and evaluating market-transformation program options
11 described by this section [~~subsection~~] and other options. A market
12 transformation program that is launched as a pilot program shall be
13 continued for more than three years only if the commission
14 determines that the pilot program is an appropriate means of
15 addressing special market barriers that prevent or inhibit the
16 measure or behavior addressed by the pilot program from being
17 delivered or adopted through normal market channels, under the
18 electric utility's standard offer programs [~~In evaluating program~~
19 ~~options, the commission may consider the ability of a program~~
20 ~~option to reduce costs to customers through reduced demand, energy~~
21 ~~savings, and relief of congestion. Utilities may choose to~~
22 ~~implement any program option approved by the commission after its~~
23 ~~evaluation in order to satisfy the goal in Subsection (a),~~
24 ~~including:~~

- 25 ~~(1) energy-smart schools,~~
26 ~~(2) appliance retirement and recycling,~~
27 ~~(3) air conditioning system tune-ups,~~

1 ~~(4) the use of trees or other landscaping for energy~~
2 ~~efficiency;~~

3 ~~(5) customer energy management and demand response~~
4 ~~programs;~~

5 ~~(6) high performance residential and commercial~~
6 ~~buildings that will achieve the levels of energy efficiency~~
7 ~~sufficient to qualify those buildings for federal tax incentives;~~

8 ~~(7) programs for customers who rent or lease their~~
9 ~~residence or commercial space;~~

10 ~~(8) programs providing energy monitoring equipment to~~
11 ~~customers that enable a customer to better understand the amount,~~
12 ~~price, and time of the customer's energy use;~~

13 ~~(9) energy audit programs for owners and other~~
14 ~~residents of single family or multifamily residences and for small~~
15 ~~commercial customers;~~

16 ~~(10) net-zero energy new home programs;~~

17 ~~(11) programs for solar thermal, [or] solar electric~~
18 ~~programs;~~

19 ~~(12) programs for using windows and other glazing~~
20 ~~systems, glass doors, and skylights in residential and commercial~~
21 ~~buildings that reduce solar gain by at least 30 percent from the~~
22 ~~level established for the federal Energy Star windows program].~~

23 (h) In this section, "demand-side renewable energy system"
24 means a system that:

25 (1) uses distributed renewable generation, as defined
26 by Section 39.916; or

27 (2) reduces the need for energy consumption by using a

1 renewable energy technology or natural mechanism of the
2 environment, including a geothermal heat pump or solar water
3 heater.

4 SECTION 2. Section 39.905(b-2), Utilities Code, is
5 repealed.

6 SECTION 3. This Act takes effect September 1, 2009.