

By: Deshotel

H.B. No. 3375

A BILL TO BE ENTITLED

AN ACT

relating to energy efficiency measures and technologies.

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

SECTION 1. Chapter 447, Government Code, is amended by adding Section 447.015 to read as follows:

Sec. 447.015. GOAL FOR ENERGY EFFICIENCY RESOURCES. (a) It is the goal of the legislature that by January 1, 2025, through investments in energy efficiency resources the per capita electric energy consumption and natural gas consumption in this state will each be reduced by 25 percent as compared to per capita consumption in 2006.

(b) To achieve the goal established by Subsection (a), the state energy conservation office shall establish an energy efficiency resources credit program. The program must be designed to provide an incentive for the implementation or installation of energy efficiency measures and technologies by electric and natural gas utility customers to reduce the consumption of electric and natural gas energy resources. The office may establish interim per capita reduction goals to monitor the progress of the program in meeting the goal established by Subsection (a).

(c) Each retail electric provider, investor-owned electric utility, municipally owned utility, electric cooperative, or gas utility shall earn or purchase energy efficiency resources credits under the program. The program must provide that:

1 (1) an implemented or installed eligible energy
2 efficiency measure or technology earns one credit for:

3 (A) each megawatt-hour of electricity saved; and

4 (B) each unit of natural gas saved that is the
5 equivalent of one megawatt-hour of electricity;

6 (2) the earned credits are tradable in a market
7 established and monitored by the office;

8 (3) the earned credits expire annually; and

9 (4) the credits may be earned by:

10 (A) residential and commercial customers who
11 implement or install energy efficiency measures or technologies;
12 and

13 (B) electric or natural gas utilities for
14 implementing or installing energy efficiency measures or
15 technologies in the utility systems or for utility customers.

16 (d) The state energy conservation office by rule shall
17 identify energy efficiency measures and technologies eligible for
18 earning credits under the program for energy savings that result
19 from their implementation or installation. The office shall ensure
20 that measures implemented and technologies installed that are also
21 eligible for credits in other energy efficiency credit programs are
22 not eligible for credits in both programs simultaneously. The
23 office shall make publicly available a list of eligible measures
24 and technologies that includes an indication of the expected useful
25 life for each. The office must include as eligible measures and
26 technologies:

27 (1) conventional passive energy efficiency

1 technologies;

2 (2) customer-sited distributed renewable generation

3 technologies;

4 (3) thermal solar heating technologies;

5 (4) solar hot water heating technologies;

6 (5) combined heat and power technologies;

7 (6) use of water system energy;

8 (7) efficient operations of natural gas pipelines and

9 distribution systems;

10 (8) efficient operations of electric utility systems;

11 and

12 (9) insulation, weather sealants, or similar

13 measures.

14 (e) To promote the implementation and installation of
15 energy efficiency measures and technologies, the state energy
16 conservation office shall initiate and supervise an outreach
17 program to inform consumers, industry, and the public regarding
18 energy efficiency measures and technologies and their economic and
19 environmental benefits. The program must be designed to facilitate
20 market development by focusing on the needs of those who may adopt
21 energy efficiency measures or technologies. The office shall
22 consult with or contract with the Clean Energy Applications Center
23 at the Houston Advanced Research Center or an entity engaged in
24 similar research and outreach projects.

25 (f) The state energy conservation office shall establish a
26 continuing study of the effectiveness of measures and technologies
27 for which credits may be earned under the program. The office shall

1 estimate, measure, and verify energy savings resulting from the
2 program.

3 (g) The state energy conservation office by rule shall
4 establish an administrative penalty and procedure for collecting
5 administrative penalties for a violation of the program established
6 under this section. The rules must provide for graduated penalties
7 according to the severity of the violation and the economic benefit
8 to the violator as a result of the violation. A penalty for a single
9 violation may not exceed \$10,000. A penalty collected for a
10 violation of this section shall be deposited in the general revenue
11 fund and may be appropriated only to the state energy conservation
12 office for purposes of implementing or enforcing this section.

13 SECTION 2. Sections 39.905(a) and (b), Utilities Code, are
14 amended to read as follows:

15 (a) It is the goal of the legislature that by January 1,
16 2025, statewide per capita electric energy consumption in this
17 state will be reduced by 25 percent, as compared to per capita
18 consumption in 2006, by the implementation of programs to ensure
19 that:

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

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

1 (3) each electric utility will provide, through
2 market-based standard offer programs or limited, targeted,
3 market-transformation programs, incentives sufficient for retail
4 electric providers and competitive energy service providers to
5 acquire additional cost-effective energy efficiency for
6 residential and commercial customers [~~equivalent to at least:~~

7 [~~(A) 10 percent of the electric utility's annual
8 growth in demand of residential and commercial customers by
9 December 31, 2007;~~

10 [~~(B) 15 percent of the electric utility's annual
11 growth in demand of residential and commercial customers by
12 December 31, 2008, provided that the electric utility's program
13 expenditures for 2008 funding may not be greater than 75 percent
14 above the utility's program budget for 2007 for residential and
15 commercial customers, 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) each electric utility in the ERCOT region shall
23 use its best efforts to encourage and facilitate the involvement of
24 the region's retail electric providers in the delivery of
25 efficiency programs and demand response programs under this
26 section;

27 (5) retail electric providers in the ERCOT region, and

1 electric utilities outside of the ERCOT region, shall provide
2 customers with energy efficiency educational materials; and

3 (6) notwithstanding Subsection (a)(3), electric
4 utilities shall continue to make available, at 2007 funding and
5 participation levels, any load management standard offer programs
6 developed for industrial customers and implemented prior to May 1,
7 2007.

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

11 (1) establishing a program that requires each electric
12 utility to provide, through market-based standard offer programs or
13 limited, targeted, market-transformation programs, incentives
14 sufficient for retail electric providers and competitive energy
15 service providers to acquire additional cost-effective energy
16 efficiency for residential and commercial customers equivalent to a
17 fixed percentage of statewide electric energy sales as the
18 commission determines will result in a per capita reduction
19 sufficient to meet the goal of this section;

20 (1-a) 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 to
24 reward utilities administering programs under this section that
25 exceed the minimum goals established by this section;

26 (3) providing a utility that is unable to establish an
27 energy efficiency cost recovery factor in a timely manner due to a

1 rate freeze with a mechanism to enable the utility to:

2 (A) defer the costs of complying with this
3 section; and

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

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

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

12 SECTION 3. Section 31.005, Utilities Code, is amended by
13 adding Subsection (c) to read as follows:

14 (c) The commission by rule shall provide for a distributed
15 energy generation technology program described by Subsection (b) to
16 allow interconnection at a point of common coupling of an electric
17 generating facility with a capacity of 25 megawatts that consists
18 of distributed renewable generation as defined by Section 39.916 or
19 a combined heating and power unit.

20 SECTION 4. This Act takes effect September 1, 2009.