

By: Van de Putte

S.B. No. 600

A BILL TO BE ENTITLED

AN ACT

relating to a solar energy technology generation incentive program to be administered by electric utilities.

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), (b-4), (d), and (e), and adding Subsection (a-1) to read as follows:

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

(1) electric utilities will administer in a market-neutral, nondiscriminatory manner energy efficiency incentive programs and incentive programs for generation capacity from solar energy technologies, [~~in a market-neutral, nondiscriminatory manner~~] but will not offer underlying competitive services;

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

(3) subject to Subsection (a-1), by December 31, 2011, 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

1 cost-effective energy efficiency for residential and commercial  
2 customers equivalent to at least one percent of the electric  
3 utility's annual gross receipts from retail sales to residential  
4 and commercial customers, provided that the electric utility's  
5 program expenditures for each subsequent year may not be greater  
6 than 150 percent of the utility's program budget for residential  
7 and commercial customers, as filed with the commission in the  
8 electric utility's most recent filing under this section[+]

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

12           ~~[(B) 15 percent of the electric utility's annual~~  
13 ~~growth in demand of residential and commercial customers by~~  
14 ~~December 31, 2008, provided that the electric utility's program~~  
15 ~~expenditures for 2008 funding may not be greater than 75 percent~~  
16 ~~above the utility's program budget for 2007 for residential and~~  
17 ~~commercial customers, as included in the April 1, 2006, filing, and~~

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

24           (4) each electric utility in the ERCOT region shall  
25 use its best efforts to encourage and facilitate the involvement of  
26 the region's retail electric providers in the delivery of  
27 efficiency programs, solar energy technologies, and demand

1 response programs under this section;

2 (5) retail electric providers in the ERCOT region, and  
3 electric utilities outside of the ERCOT region, shall provide  
4 customers with energy efficiency educational materials and  
5 information on available solar energy technologies; and

6 (6) notwithstanding Subsection (a)(3), electric  
7 utilities shall continue to make available, at 2007 funding and  
8 participation levels, any load management standard offer programs  
9 developed for industrial customers and implemented prior to May 1,  
10 2007.

11 (a-1) In addition to market-neutral standard offer  
12 programs, it is the intent of the legislature that a cumulative  
13 total of additional generating capacity from solar energy  
14 technologies be installed in this state as follows: at least 200  
15 megawatts by January 1, 2011, at least 500 megawatts by January 1,  
16 2013, at least 1,500 megawatts by January 1, 2015, and at least  
17 3,000 megawatts by January 1, 2019 by spending at least 60 percent  
18 of the yearly balance of the money administered under the program on  
19 solar energy technologies for residential and commercial  
20 customers.

21 (b) The commission shall provide oversight and adopt rules  
22 and procedures to ensure that the utilities can achieve the goals  
23 [~~goal~~] of this section, including:

24 (1) establishing an energy efficiency cost recovery  
25 factor for ensuring timely and reasonable cost recovery for utility  
26 expenditures made to satisfy the goals [~~goal~~] of this section;

27 (2) establishing an incentive under Section 36.204 to

1 reward utilities administering programs under this section that  
2 exceed the minimum goals established by this section;

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

6 (A) defer the costs of complying with this  
7 section; and

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

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

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

16 (6) encouraging the deployment of solar energy  
17 technologies.

18 (b-4) The commission and ERCOT shall develop a method to  
19 account for the projected efficiency impacts under Subsection  
20 (b-3), including any efficiencies that may be achieved through the  
21 deployment of solar energy technologies as provided by Subsection  
22 (a-1), in ERCOT's annual forecasts of future capacity, demand, and  
23 reserves.

24 (d) The commission shall establish a procedure for  
25 reviewing and evaluating market-transformation program options  
26 described by this subsection and other options. In evaluating  
27 program options, the commission may consider the ability of a

1 program option to reduce costs to customers through reduced demand,  
2 energy savings, and relief of congestion. Utilities may choose to  
3 implement any program option approved by the commission after its  
4 evaluation in order to satisfy the goal in Subsection (a),  
5 including:

- 6 (1) energy-smart schools;
- 7 (2) appliance retirement and recycling;
- 8 (3) air conditioning system tune-ups;
- 9 (4) the use of trees or other landscaping for energy  
10 efficiency;
- 11 (5) customer energy management and demand response  
12 programs;
- 13 (6) high performance residential and commercial  
14 buildings that will achieve the levels of energy efficiency  
15 sufficient to qualify those buildings for federal tax incentives;
- 16 (7) programs for customers who rent or lease their  
17 residence or commercial space;
- 18 (8) programs providing energy monitoring equipment to  
19 customers that enable a customer to better understand the amount,  
20 price, and time of the customer's energy use;
- 21 (9) energy audit programs for owners and other  
22 residents of single-family or multifamily residences and for small  
23 commercial customers;
- 24 (10) net-zero energy new home programs;
- 25 (11) solar thermal programs, ~~[or]~~ solar electric  
26 programs, or solar energy technologies as provided by Subsection  
27 (a-1); and

1           (12) programs for using windows and other glazing  
2 systems, glass doors, and skylights in residential and commercial  
3 buildings that reduce solar gain by at least 30 percent from the  
4 level established for the federal Energy Star windows program.

5           (e) An electric utility may use money approved by the  
6 commission for energy efficiency programs to perform necessary  
7 energy efficiency research and development to foster continuous  
8 improvement and innovation in the application of energy efficiency  
9 technology and energy efficiency program design and  
10 implementation, including the deployment of solar energy  
11 technologies in the grid. Money the utility uses under this  
12 subsection may not exceed 10 percent of the greater of:

13           (1) the amount the commission approved for energy  
14 efficiency programs in the utility's most recent full rate  
15 proceeding; or

16           (2) the commission-approved expenditures by the utility for  
17 energy efficiency in the previous year.

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.