

By: Ellis

S.B. No. 1972

A BILL TO BE ENTITLED

1 AN ACT
2 relating to studying the feasibility of mechanisms to decouple
3 certain electric utility revenues from the volume of sales of
4 electricity.

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

6 SECTION 1. The Public Utility Commission of Texas shall
7 study the feasibility of mechanisms to decouple electric utility
8 revenues and earnings from the amount of electricity consumed by
9 utility customers so that investor-owned electric utilities,
10 electric transmission and distribution utilities, municipally
11 owned electric utilities, and electric cooperatives may prevent
12 fluctuations in retail electric energy consumption from affecting
13 the ability of those types of utilities to recover fixed costs of
14 service that do not ordinarily vary directly with changes in
15 electric energy consumption or sales volume.

16 SECTION 2. (a) The study described by Section 1 of this Act
17 must address disincentives to the promotion of efficient use of
18 electricity by better practices and better technology, including
19 concerns regarding:

20 (1) a utility's lost revenues from electricity sales
21 that may result from energy efficiency improvements or energy
22 saving practices that reduce electricity consumption; and

23 (2) a utility's recovery of the utility's costs for
24 programs promoting electric energy efficiency.

1 (b) In conducting the study, the Public Utility Commission
2 of Texas may consider and evaluate mechanisms proposed or applied
3 in other states for:

4 (1) allowing rates of return on energy efficiency
5 investments in a manner like those for other capital investments;

6 (2) providing an increased rate of return on overall
7 investments or on energy efficiency investments;

8 (3) providing financial incentives for meeting energy
9 efficiency targets; and

10 (4) recovering energy efficiency program costs.

11 SECTION 3. (a) The Public Utility Commission of Texas shall
12 report the conclusions of the study described by Section 1 of this
13 Act to the lieutenant governor, the speaker of the house of
14 representatives, and each committee of the 82nd Legislature that
15 has jurisdiction over electric utilities.

16 (b) The report must include recommendations tailored by
17 category to investor-owned electric utilities, electric
18 transmission and distribution utilities, municipally owned
19 electric utilities, and electric cooperatives.

20 (c) The report and recommendations must be delivered not
21 later than January 31, 2011, and must contain specific
22 recommendations regarding transmission and distribution utility
23 revenues and earnings in relation to electric energy efficiency,
24 including legislative proposals.

25 SECTION 4. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

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1 Act does not receive the vote necessary for immediate effect, this

2 Act takes effect September 1, 2009.