

BILL ANALYSIS

C.S.H.B. 3595
By: Chisum
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas' energy efficiency programs have been saving the state's residents and businesses money on their electric bills for years. Energy efficiency programs are designed to improve the use of electricity to reduce demand for or consumption of electricity while maintaining or enhancing existing levels of comfort, convenience, and productivity. These programs are overseen by the Public Utility Commission of Texas and subject to the commission's regulations and are administered by the state's regulated electric utilities. Energy efficiency programs are required to be cost-effective so that the cost of a program to the utility is less than or equal to the benefits of the program. The reduced energy consumption and demand resulting from energy efficiency allows lower wholesale energy costs in the competitive market, which in turn enables lower retail pricing for all utility customers. Texas adopted energy efficiency goals as a component of restructuring the electric utility industry. The goal of C.S.H.B. 3595 is to update the annual goals of the state's energy efficiency programs.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3595 amends the Utilities Code, regarding the state's goal that each electric utility provide, through market-based standard offer programs or through market-transformation programs, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency for residential and commercial customers that meet certain minimum standards with regard to the utility's demand, to remove the qualification that those market-transformation programs consist of limited programs.

C.S.H.B. 3595 adds the installation of variable speed air conditioning systems, motors, and drives; commissioning services for commercial and institutional buildings that result in operational and maintenance practices that reduce the buildings' energy consumption; data center efficiency programs; and energy use programs with measurable and verifiable results that reduce energy consumption through behavioral changes that lead to efficient use patterns and practices to the Public Utility Commission of Texas-approved program options that a utility is authorized to implement to meet energy efficiency goals.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3595 omits language included in the original clarifying that the state's energy efficiency goal that customers have a choice of and access to energy efficiency alternatives and

other choices from the market allowing each customer to reduce energy consumption, peak demand, or energy costs applies to customers in all geographic regions and to the reduction of summer or winter peak demand.

C.S.H.B. 3595 differs from the original, in the bill provision relating to the goal that each electric utility provide certain energy efficiency incentives through market-based standard offer programs or market-transformation programs, by removing the qualification that the market-transformation programs consist of limited programs, whereas the original removes the qualifications that the market-transformation programs consist of limited and targeted programs.

C.S.H.B. 3595 omits language included in the original revising the target minimum levels and target dates established for additional cost-effective energy efficiency for residential and commercial customers.

C.S.H.B. 3595 omits a provision included in the original adding as a goal of the legislature that electric utilities may communicate with customers and provide rebate or incentive funds to their customers to promote or facilitate the success of programs.

C.S.H.B. 3595 retains provisions of law removed in the original relating to an expired requirement for the Public Utility Commission of Texas (PUC) to conduct a study regarding cost-effective energy efficiency in the state.

C.S.H.B. 3595 omits a provision included in the original requiring the projected energy savings and demand impacts that the PUC is required to compute and report to the Electric Reliability Council of Texas (ERCOT) annually for a period of five years to be annual and measure-life energy savings and summer and winter demand impacts.

C.S.H.B. 3595 differs from the original by adding the installation of variable speed air conditioning systems, motors, and drives among the PUC-approved program options that a utility is authorized to implement to meet efficiency goals, whereas the original adds the installation of variable speed air conditioning system and motors. The substitute differs from the original by including data center efficiency programs and energy use programs with measurable and verifiable results that reduce energy consumption through behavioral changes that lead to efficient use patterns and practices among the approved options, whereas the original does not include those options.

C.S.H.B. 3595 omits a provision included in the original authorizing schools to participate in more than one program and to use more than one product or strategy in order to maximize the school's energy and cost savings and authorizing a utility to claim savings realized by the school for those programs that utilize utility resources.