

BILL ANALYSIS

C.S.S.B. 1125
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Energy efficiency goals are measured by annual growth and demand, but this metric does not specifically account for increased consumption or demand for energy. Furthermore, electric utilities administer many energy efficiency programs, but may not interact with customers to provide education for these programs. A certain program that allows demand or load to participate in the energy market is currently limited to industrial classes, prohibiting participation by residential and commercial class customers. C.S.S.B. 1125 seeks to change the energy efficiency goal metric from annual growth in demand to peak demand by a utility transition. It also allows residential and commercial class participation in demand response programs while maintaining reliability standards and provides for utility interaction with customers for educational and incentive purposes.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utilities Commission in SECTIONS 1 and 2 of this bill.

ANALYSIS

C.S.S.B. 1125 amends the Utilities Code, in provisions setting out goals of the legislature relating to energy efficiency, to specify that the established goal that customers will have certain choices from the energy market that allow each customer to reduce peak demand applies to summer and winter peak demand. The bill specifies, in provisions establishing a goal that each electric utility provide, through targeted, rather than limited and targeted, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency, that these incentives are provided annually and are subject to cost ceilings established by the Public Utilities Commission (PUC). The bill specifies that this efficiency is equivalent to not less than 30 percent, rather than 10 percent, of the electric utility's annual growth in demand of residential and commercial customers by December 31 of each year beginning with the 2013 calendar year and the amount of energy efficiency to be acquired for the utility's residential and commercial customers for the most recent preceding year. The bill establishes that for an electric utility whose amount of energy efficiency to be acquired under this provision is equivalent to at least four-tenths of one percent of the electric utility's summer weather-adjusted peak demand for residential and commercial customers in the previous calendar year, the acquired efficiency is not less than four-tenths of one percent of the utility's summer weather-adjusted peak demand for residential and commercial customers by December 31 of each subsequent year and the amount of energy efficiency to be acquired for the utility's residential and commercial customers for the most recent preceding year. The bill removes expired provisions relating to these energy efficiency goals.

C.S.S.B. 1125 establishes that it is the goal of the legislature that the efforts of each electric utility in the ERCOT region to encourage and facilitate the involvement of the region's retail electric providers in the delivery of efficiency programs and demand response programs, including programs for demand-side renewable energy systems that use distributed renewable

generation or reduce the need for energy consumption by using a renewable energy technology, a geothermal heat pump, a solar water heater, or another natural mechanism of the environment.

C.S.S.B. 1125, in provisions requiring the PUC to provide oversight and adopt rules and procedures to ensure that the utilities can achieve certain goals, adds to those goals ensuring that programs are evaluated, measured, and verified using a framework established by the PUC that promotes effective program design and consistent and streamlined reporting and the goal of ensuring that an independent organization allows load participation in all energy markets for residential, commercial, and industrial customer classes, either directly or through aggregators of retail customers, to the extent that load participation by each of those customer classes complies with reasonable requirements adopted by the organization relating to the reliability and adequacy of the regional electric network and in a manner that will increase market efficiency, competition, and customer benefits. The bill requires the PUC to ensure that the costs associated with any shareholder bonus awarded in connection with programs related to energy efficiency are borne by the customer classes that receive the services under the programs.

C.S.S.B. 1125 authorizes an electric utility operating in an area not open to competition to provide rebate or incentive funds directly to customers to promote or facilitate the success of programs related to energy efficiency and to develop new programs other than standard offer programs and market transformation programs, to the extent that the new programs satisfy the same cost-effectiveness requirements as standard offer programs and market transformation programs. The bill authorizes an electric utility operating in an area open to competition, on demonstration to the PUC, after a contested case hearing, that the requirements of provisions setting out goals for energy efficiency cannot be met in a rural area through retail electric providers or competitive energy service providers, to provide rebate or incentive funds directly to customers in the rural area to promote or facilitate the success of programs related to energy efficiency.

C.S.S.B. 1125 authorizes an electric utility to use energy audit programs to achieve energy efficiency goals if the programs do not constitute more than three percent of total program costs and the addition of the programs does not cause a utility's portfolio of programs to no longer be cost-effective. The bill authorizes the PUC, in order to help a residential or nongovernmental nonprofit customer make informed decisions regarding energy efficiency, to consider program designs that ensure, to the extent practicable, the customer is provided with information using standardized forms and terms that allow the customer to compare offers for varying degrees of energy efficiency attainable using a measure the customer is considering by cost, estimated energy savings, and payback periods.

C.S.S.B. 1125 requires an electric utility to submit electronically an energy efficiency plan and report in a searchable form prescribed by the PUC on or before April 1 of each year. The bill requires the PUC by rule to adopt a form that will permit the public to easily compare information submitted by different electric utilities. The bill sets out requirements for the plan and report. The bill establishes that its provisions do not require the PUC to warrant that the list required to be displayed constitutes a complete or accurate list of all persons who install energy efficiency measures or services in the marketplace.

C.S.S.B. 1125 repeals Section 39.905(b-2), Utilities Code, relating to expired provisions requiring a study.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.S.B. 1125 contains a provision not included in the original establishing that it is the goal of

the legislature that the efforts of each electric utility in the ERCOT region to encourage and facilitate the involvement of the region's retail electric providers in the delivery of efficiency programs and demand response programs include programs for demand-side renewable energy systems that use distributed renewable generation or reduce the need for energy consumption by using a renewable energy technology, a geothermal heat pump, a solar water heater, or another natural mechanism of the environment.

C.S.S.B. 1125 omits a provision included in the original requiring energy efficiency measure recommendations provided directly to consumers by energy service providers to include a written disclosure regarding whether the energy service provider receives any financial benefit from recommending particular energy efficiency measures, specifying the energy efficiency measures from which it receives a financial benefit.

C.S.S.B. 1125 contains a provision not included in the original setting out provisions requiring an electric utility to submit an energy efficiency plan and report providing for the publication of certain energy efficiency program information.