

SENATE AMENDMENTS

2nd Printing

By: Chisum, Strama

H.B. No. 3595

A BILL TO BE ENTITLED

1 AN ACT
2 relating to energy efficiency goals and energy efficiency programs.

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

4 SECTION 1. Sections 39.905(a) and (d), Utilities Code, are
5 amended to read as follows:

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

7 (1) electric utilities will administer energy
8 efficiency incentive programs in a market-neutral,
9 nondiscriminatory manner but will not offer underlying competitive
10 services;

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

15 (3) each electric utility will provide, through
16 market-based standard offer programs or through [~~limited,~~
17 targeted[~~7~~] market-transformation programs, incentives sufficient
18 for retail electric providers and competitive energy service
19 providers to acquire additional cost-effective energy efficiency
20 for residential and commercial customers equivalent to at least:

21 (A) 10 percent of the electric utility's annual
22 growth in demand of residential and commercial customers by
23 December 31, 2007;

24 (B) 15 percent of the electric utility's annual

1 growth in demand of residential and commercial customers by
2 December 31, 2008, provided that the electric utility's program
3 expenditures for 2008 funding may not be greater than 75 percent
4 above the utility's program budget for 2007 for residential and
5 commercial customers, as included in the April 1, 2006, filing; and

6 (C) 20 percent of the electric utility's annual
7 growth in demand of residential and commercial customers by
8 December 31, 2009, provided that the electric utility's program
9 expenditures for 2009 funding may not be greater than 150 percent
10 above the utility's program budget for 2007 for residential and
11 commercial customers, as included in the April 1, 2006, filing;

12 (4) each electric utility in the ERCOT region shall
13 use its best efforts to encourage and facilitate the involvement of
14 the region's retail electric providers in the delivery of
15 efficiency programs and demand response programs under this
16 section;

17 (5) retail electric providers in the ERCOT region, and
18 electric utilities outside of the ERCOT region, shall provide
19 customers with energy efficiency educational materials; and

20 (6) notwithstanding Subsection (a)(3), electric
21 utilities shall continue to make available, at 2007 funding and
22 participation levels, any load management standard offer programs
23 developed for industrial customers and implemented prior to May 1,
24 2007.

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

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

- 7 (1) energy-smart schools;
- 8 (2) appliance retirement and recycling;
- 9 (3) air conditioning system tune-ups;
- 10 (4) the installation of variable speed air
11 conditioning systems, motors, and drives;
- 12 (5) the use of trees or other landscaping for energy
13 efficiency;
- 14 (6) [~~5~~] customer energy management and demand
15 response programs;
- 16 (7) [~~6~~] high performance residential and commercial
17 buildings that will achieve the levels of energy efficiency
18 sufficient to qualify those buildings for federal tax incentives;
- 19 (8) commissioning services for commercial and
20 institutional buildings that result in operational and maintenance
21 practices that reduce the buildings' energy consumption;
- 22 (9) [~~7~~] programs for customers who rent or lease
23 their residence or commercial space;
- 24 (10) [~~8~~] programs providing energy monitoring
25 equipment to customers that enable a customer to better understand
26 the amount, price, and time of the customer's energy use;
- 27 (11) [~~9~~] energy audit programs for owners and other

1 residents of single-family or multifamily residences and for small
2 commercial customers;

3 (12) [~~(10)~~] net-zero energy new home programs;

4 (13) [~~(11)~~] solar thermal or solar electric programs;

5 [~~and~~]

6 (14) [~~(12)~~] programs for using windows and other
7 glazing systems, glass doors, and skylights in residential and
8 commercial buildings that reduce solar gain by at least 30 percent
9 from the level established for the federal Energy Star windows
10 program;

11 (15) data center efficiency programs; and

12 (16) energy use programs with measurable and
13 verifiable results that reduce energy consumption through
14 behavioral changes that lead to efficient use patterns and
15 practices.

16 SECTION 2. This Act takes effect immediately if it receives
17 a vote of two-thirds of all the members elected to each house, as
18 provided by Section 39, Article III, Texas Constitution. If this
19 Act does not receive the vote necessary for immediate effect, this
20 Act takes effect September 1, 2011.

ADOPTED

MAY 24 2011

Letay Spaw
Secretary of the Senate

By: (Carroll) Rep. Chrisum - Strama H.B. No. 3595
Substitute the following for H.B. No. 3595:
By: Uroner C.S. H.B. No. 3595

A BILL TO BE ENTITLED

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

AN ACT

relating to energy efficiency goals and energy efficiency programs.

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

SECTION 1. Subtitle E, Title 4, Government Code, is amended by adding Chapter 470 to read as follows:

CHAPTER 470. ENERGY EFFICIENCY COUNCIL

Sec. 470.001. DEFINITIONS. In this chapter:

(1) "Council" means the energy efficiency council.

(2) "Energy efficiency program" means a program that uses state or federal funding to:

(A) reduce inefficient energy use;

(B) reduce peak energy demand;

(C) reduce energy consumption;

(D) promote compliance with energy efficient building design standards; or

(E) pay for the implementation of energy cost reduction measures.

(3) "Program administrator" includes any of the following entities that administer an energy efficiency program:

(A) a state agency, including the Public Utility Commission of Texas, the Railroad Commission of Texas, the State Energy Conservation Office, and the Texas Department of Housing and Community Affairs;

(B) a political subdivision of this state;

1 (C) a private or public utility service provider
2 other than a retail electric provider, including an electric
3 cooperative or municipally owned utility;

4 (D) a school district; or

5 (E) an institution of higher education.

6 Sec. 470.002. PURPOSE. The energy efficiency council is a
7 council established in the comptroller's office to:

8 (1) monitor energy efficiency programs in this state;

9 (2) make recommendations for improving energy
10 efficiency programs in this state; and

11 (3) provide a central repository for information on
12 energy efficiency programs in this state.

13 Sec. 470.003. ENERGY EFFICIENCY PROGRAM POLICIES. A
14 program administrator shall consider any applicable
15 recommendations of the council when creating or implementing the
16 energy efficiency program.

17 Sec. 470.004. COUNCIL MEMBERSHIP. (a) The council is
18 composed of the following 16 members:

19 (1) 12 ex officio members as follows:

20 (A) the presiding officer of the Texas Commission
21 on Environmental Quality;

22 (B) the chief executive officer of the Electric
23 Reliability Council of Texas;

24 (C) the presiding officer of the Public Utility
25 Commission of Texas;

26 (D) the presiding officer of the Railroad
27 Commission of Texas;

1 (E) the comptroller or an employee of the State
2 Energy Conservation Office designated by the comptroller;
3 (F) the director of the Texas Department of
4 Housing and Community Affairs;
5 (G) the executive director of the Texas
6 Facilities Commission;
7 (H) the executive administrator of the Texas
8 Water Development Board;
9 (I) the presiding officer of the Water
10 Conservation Advisory Council;
11 (J) the executive director of the Texas
12 Department of Rural Affairs;
13 (K) the director of the Energy Systems Laboratory
14 at the Texas Engineering Experiment Station of The Texas A&M
15 University System; and
16 (L) the chief executive of the Office of Public
17 Utility Counsel; and
18 (2) four public members appointed by the governor as
19 follows:
20 (A) one member to represent low-income
21 ratepayers;
22 (B) one member to represent commercial or
23 industrial ratepayers;
24 (C) one member to represent an environmental
25 organization; and
26 (D) one member to represent the taxpayers of this
27 state.

1 (b) The four public members must be appointed with the
2 advice and consent of the senate.

3 (c) The ex officio members and the appointed members serve
4 as voting members of the council.

5 (d) The comptroller or the employee designated under
6 Subsection (a)(1)(E) shall serve as presiding officer of the
7 council.

8 (e) The council shall meet at least two times per year at the
9 call of the presiding officer.

10 (f) Council members may not receive compensation for
11 services but, subject to the availability of funding, may receive
12 reimbursement for actual and necessary expenses incurred while
13 performing council business.

14 (g) Appointments to council positions shall be made without
15 regard to the race, color, disability, sex, religion, age, or
16 national origin of the appointees.

17 Sec. 470.005. TERMS; VACANCY. (a) Appointed council
18 members serve staggered two-year terms, with the terms of one or two
19 members, as applicable, expiring on February 1.

20 (b) A vacancy on the council in the position of an appointed
21 council member shall be filled in the same manner as the original
22 appointment. The person appointed serves for the remainder of the
23 unexpired term.

24 Sec. 470.006. GROUNDS FOR REMOVAL. (a) It is a ground for
25 removal from the council that a member:

26 (1) does not maintain during service on the council
27 the qualifications required by Section 470.004(a)(1);

1 (2) cannot, because of illness or disability,
2 discharge the member's duties for a substantial part of the member's
3 term; or

4 (3) is absent from more than half of the regularly
5 scheduled council meetings that the member is eligible to attend
6 during a calendar year without an excuse approved by a majority vote
7 of the council.

8 (b) The validity of an action of the council is not affected
9 by the fact that it is taken when a ground for removal of a council
10 member exists.

11 (c) If the presiding officer has knowledge that a potential
12 ground for removal exists, the presiding officer shall notify the
13 appointing authority and the attorney general that a potential
14 ground for removal exists.

15 Sec. 470.007. ADMINISTRATIVE SUPPORT. To the extent
16 resources are available, the State Energy Conservation Office shall
17 provide the council with administrative support, including meeting
18 space and staff necessary to assist the council in carrying out the
19 council's duties under this chapter.

20 Sec. 470.008. ACCEPTANCE OF GIFTS, GRANTS, OR DONATIONS.
21 The council may solicit and the comptroller may accept for the
22 council gifts, grants, and donations from any public or private
23 source for the purposes of this chapter.

24 Sec. 470.009. ENERGY EFFICIENCY PROGRAM MONITORING AND
25 RECOMMENDATIONS. (a) The council shall monitor energy efficiency
26 programs in this state.

27 (b) The council may submit to a program administrator

1 recommendations on means to encourage greater energy efficiency on
2 a regular basis.

3 Sec. 470.010. OFFICIAL INTERNET WEBSITES. The council
4 shall use the following official Internet websites for the
5 publication of information as required by this chapter:

6 (1) the Internet website of the State Energy
7 Conservation Office; and

8 (2) the Internet website of the Public Utility
9 Commission of Texas.

10 Sec. 470.011. LIST OF ENERGY EFFICIENCY PROGRAMS. (a) The
11 council shall:

12 (1) develop a list of currently operating energy
13 efficiency programs in this state and publish the list on the
14 official Internet websites under Section 470.010; and

15 (2) work with the State Energy Conservation Office and
16 the Public Utility Commission of Texas to develop and publish on the
17 official Internet websites under Section 470.010 a user-friendly
18 page that allows a consumer to search by the consumer's address
19 energy efficiency programs available in the consumer's service
20 area.

21 (b) The State Energy Conservation Office and the Public
22 Utility Commission of Texas shall each provide a link on their
23 Internet websites to the page described by Subsection (a)(2).

24 Sec. 470.012. BIENNIAL PROGRAMS REPORT. (a) The council
25 biennially shall prepare a report on energy efficiency programs in
26 this state. The council shall submit the report to the legislature
27 not later than October 1 of each even-numbered year.

1 (b) The report must include:

2 (1) a comprehensive review of the energy efficiency
3 programs on the list required by Section 470.011, including
4 information on the goals, costs, and benefits of the programs, the
5 results of each program, the energy savings and emissions
6 reductions that each program achieves, and the jobs that each
7 program creates;

8 (2) a study comparing energy efficiency programs in
9 this state to similar programs in:

10 (A) California;

11 (B) Florida;

12 (C) New York; and

13 (D) each other state the council determines to
14 have programs appropriate for the comparisons; and

15 (3) recommendations for improving energy efficiency
16 programs in this state.

17 (c) The report may include recommendations for creating new
18 energy efficiency programs in this state.

19 (d) The council shall publish the report on the official
20 Internet websites under Section 470.010.

21 Sec. 470.013. APPLICABILITY OF ADVISORY COMMITTEE LAW.
22 Chapter 2110 does not apply to the council.

23 SECTION 2. Section 39.905, Utilities Code, is amended by
24 amending Subsection (d) and adding Subsection (h) to read as
25 follows:

26 (d) The commission shall establish a procedure for
27 reviewing and evaluating market-transformation program options

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

8 (1) energy-smart schools;

9 (2) appliance retirement and recycling;

10 (3) air conditioning system tune-ups;

11 (4) the installation of variable speed motors and
12 drives;

13 (5) the use of trees or other landscaping for energy
14 efficiency;

15 (6) [~~5~~] customer energy management and demand
16 response programs;

17 (7) [~~6~~] high performance residential and commercial
18 buildings that will achieve the levels of energy efficiency
19 sufficient to qualify those buildings for federal tax incentives;

20 (8) commissioning services for commercial and
21 institutional buildings that result in operational and maintenance
22 practices that reduce the buildings' energy consumption;

23 (9) [~~7~~] programs for customers who rent or lease
24 their residence or commercial space;

25 (10) [~~8~~] programs providing energy monitoring
26 equipment to customers that enable a customer to better understand
27 the amount, price, and time of the customer's energy use;

1 (11) [~~+9~~] energy audit programs for owners and other
2 residents of single-family or multifamily residences and for small
3 commercial customers;

4 (12) [~~+10~~] net-zero energy new home programs;

5 (13) [~~+11~~] solar thermal or solar electric programs;

6 [~~and~~]

7 (14) [~~+12~~] programs for using windows and other
8 glazing systems, glass doors, and skylights in residential and
9 commercial buildings that reduce solar gain by at least 30 percent
10 from the level established for the federal Energy Star windows
11 program;

12 (15) data center efficiency programs; and

13 (16) energy use and education programs with measurable
14 and verifiable results that reduce energy consumption through
15 behavioral changes that lead to efficient use patterns and
16 practices.

17 (h) An entity that conducts an energy efficiency audit for a
18 residential, commercial, or nongovernmental nonprofit customer and
19 provides a report of the audit shall include in the audit report:

20 (1) a list of any energy efficiency products or
21 alternate energy service providers the entity is recommending that
22 the customer use; and

23 (2) a written disclosure of any financial benefit the
24 entity receives from recommending the use of each particular energy
25 efficiency product or particular alternate energy service
26 provider.

27 SECTION 3. As soon as practicable after the effective date

1 of this Act, the governor shall appoint members to the energy
2 efficiency council in accordance with Section 470.004, Government
3 Code, as added by this Act.

4 SECTION 4. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2011.

3rd Reading

ADOPTED

MAY 24 2011

Letay Spaul
Secretary of the Senate

FLOOR AMENDMENT NO. 1

ADOPTED

~~MAY 25 2011~~

Letay Spaul
Secretary of the Senate

Carroll

Amend CSHB 3595 (senate committee report) as follows:

(1) On page 4, line 47, insert the following appropriately numbered SECTION to the bill and renumber subsequent SECTIONS accordingly:

SECTION ____ Section 39.916(a)(2), Utilities Code, is amended to read as follows:

(2) "Distributed renewable generation owner" means:

(A) the owner of distributed renewable generation;

(B) a retail electric customer on whose side of the meter distributed renewable generation is installed and operated, regardless of whether the customer takes ownership of the distributed renewable generation; or

(C) a person who by contract is assigned ownership rights to energy produced from distributed renewable generation located at the premises of the customer on the customer's side of the meter.

(2) On page 4, line 47, insert the following appropriately numbered SECTION to the bill and renumber subsequent SECTIONS accordingly:

SECTION ____ Section 39.916, Utilities Code, is amended by adding subsection (p) to read as follows:

(p) Neither a retail electric customer that uses distributed renewable generation nor the owner of the distributed renewable generation that the retail electric customer uses is an electric utility, power generation company, or retail electric provider for the purposes of this title and neither is required to register with or be certified by the commission if at the time the distributed renewable generation is installed, the estimated annual amount of electricity to be produced by the distributed renewable generation is less than or equal to the retail electric customer's estimated annual electric consumption.

3rd Reading

ADOPTED

MAY 24 2011

Attest
Secretary of the Senate

Josiah Lewis, Jr.

FLOOR AMENDMENT NO. 2

1 Amend C.S.S.B. No. 3595 by adding the following
2 appropriately numbered SECTION to the bill and renumbering the
3 remaining SECTIONS of the bill accordingly:

4 SECTION __. (a) The legislature finds that:

5 (1) a competitive electric services market requires
6 timely, accurate, and adequate information about the products
7 and services offered to consumers in the market; and

8 (2) the Public Utility Commission of Texas operates
9 an Internet website regarding the power to choose retail
10 electric providers on which offers by those providers are
11 published.

12 (b) Subchapter C, Chapter 39, Utilities Code, is amended
13 by adding Section 39.110 to read as follows:

14 Sec. 39.110. TEXAS ELECTRIC CHOICE WEBSITE. (a) The
15 commission shall publish and maintain an Internet website that
16 allows customers to view competitive offers from retail electric
17 providers. The website must enable a user to search by zip code
18 offers available to a residential customer in the user's service
19 area. Retail electric providers may, but are not required to,
20 post offers available to residential customers on the website.

21 (b) At a minimum, the Internet website must include:

22 (1) features that make the website accessible to
23 people with disabilities;

24 (2) a clear identification with each retail electric
25 service price offer posted on the website of the category of the
26 product as defined by commission rules;

27 (3) a searchable and sortable database of each retail
28 electric provider offer on the website that allows the
29 information to be read into a commercially available electronic

1 database;

2 (4) information about the following programs
3 available in the user's service area through a state agency or
4 utility:

5 (A) energy efficiency programs, including
6 weatherization and rebate programs;

7 (B) distributed renewable generation policies
8 and programs, including rebate programs; and

9 (C) low-income utility assistance programs,
10 including bill payment assistance, weatherization, and rebate
11 programs; and

12 (5) access to information regarding retail electric
13 providers' offers to residential distributed renewable
14 generation owners for the owners' surplus electricity.

15 (c) The commission shall establish a project to implement
16 this section. The commission shall create a working committee
17 to provide input on the implementation of this section that is
18 composed of members of commission staff, experts in user-
19 centered web design, experts in consumer-choice web design,
20 retail electric providers, consumer advocates, and
21 representatives of various categories of potential users of the
22 redesigned website, including people with disabilities and low-
23 income customers.

24 (d) The commission shall establish protocols relating to
25 the frequency with which information posted on the website is
26 updated, except that a retail electric provider may not be
27 limited with respect to the frequency with which the provider
28 may change an offer.

29 (e) The commission shall consult and cooperate with other
30 state agencies in the design, both for content and usability, of
31 the website, including agencies providing low-income consumer

1 assistance and energy efficiency assistance and the interagency
2 coordinating group established under Section 535.053, Government
3 Code.

4 (c) Section 39.116, Utilities Code, is amended to read as
5 follows:

6 Sec. 39.116. NOTICE REGARDING CUSTOMER CHOICE INFORMATION.
7 A retail electric provider shall include on each residential
8 customer's bill a statement, in at least 12-point type on the
9 front of the first page, that reads: "For more information about
10 residential electric service please visit
11 www.powertochoose.com." This section expires September 1, 2023
12 [~~2011~~].

13 (d) The Public Utility Commission of Texas shall publish
14 and begin operation of a redesigned Internet website as provided
15 by Section 39.110, Utilities Code, as added by this section, not
16 later than September 1, 2012.

17 (e) The Public Utility Commission of Texas may accept
18 funds from any source, including gifts, grants, or donations, to
19 implement Section 39.110, Utilities Code, as added by this
20 section. The commission may not incorporate a preference for
21 information displayed directly or indirectly in favor of any
22 funding source. The commission may not require an entity to
23 contribute funds to have information posted on the Internet
24 website. Implementation of Section 39.110, Utilities Code, as
25 added by this section, is contingent on a finding by the
26 commission that sufficient funding exists or is likely to exist
27 to carry out the provisions of Section 39.110, Utilities Code,
28 as added by this section.

29 (f) Notwithstanding any other provision of this Act, this
30 section takes effect September 1, 2011.

on 3rd Reading

ADOPTED

MAY 24 2011

Atay Spaw
Secretary of the Senate

FLOOR AMENDMENT NO. 3

BY: Fraser

1 Amend C.S.H.B. No. 3595 (senate committee printing) as
2 follows:

3 (1) Add the following appropriately numbered SECTIONS to
4 the bill and renumber the subsequent SECTIONS of the bill
5 accordingly:

6 SECTION _____. (a) This section may be cited as the Energy
7 Policy Act.

8 (b) The Utilities Code is amended by adding Title 6 to read
9 as follows:

10 TITLE 6. ENERGY POLICY ACT

11 CHAPTER 300. STRATEGIC ENERGY PLANNING

12 SUBCHAPTER A. GENERAL PROVISIONS

13 Sec. 300.001. PURPOSE AND FINDINGS. (a) This title is
14 enacted to promote, in accordance with the public interest, the
15 strategic planning of energy development, production, delivery,
16 commercialization, and utilization in this state.

17 (b) The purpose of this title is to establish a statewide
18 energy policy planning entity and process that recognizes:

19 (1) public health and general welfare as a critical
20 concern in the development of energy policies;

21 (2) energy as a valuable and vital commodity in the
22 state's economy;

23 (3) protection of the environment as a major
24 consideration in the production of energy and utilization of
25 natural resources;

26 (4) cost-effective, market-based solutions as a
27 preferred policy for energy planning;

28 (5) utilization of Texas-based resources to help
29 provide energy security, stability, and reliability; and

1 (6) the importance of portfolio diversity in promoting
2 energy system flexibility, affordability, and efficiency.

3 Sec. 300.002. DEFINITIONS. In this title:

4 (1) "Commission" means the Public Utility Commission
5 of Texas.

6 (2) "Council" means the Texas Energy Policy Council.

7 (3) "Plan" means the statewide energy policy plan.

8 Sec. 300.003. TEXAS ENERGY POLICY COUNCIL. (a) The Texas
9 Energy Policy Council is created to develop and present a statewide
10 energy policy plan to the legislature. The plan must include a
11 20-year planning horizon and be updated to reflect changing
12 conditions and should be considered a living document.

13 (b) The council is composed of 13 members as follows:

14 (1) the chairman of the Public Utility Commission of
15 Texas;

16 (2) the chairman of the Railroad Commission of Texas;

17 (3) the chairman of the Texas Commission on
18 Environmental Quality;

19 (4) the president and chief executive officer of the
20 Electric Reliability Council of Texas;

21 (5) the commissioner of the General Land Office;

22 (6) two members of the senate appointed by the
23 lieutenant governor;

24 (7) two members of the house of representatives
25 appointed by the speaker of the house of representatives;

26 (8) one member of the academic community with
27 expertise in energy appointed by the governor;

28 (9) one member of the academic community with
29 expertise in environmental issues related to energy appointed by
30 the governor;

31 (10) the director of the State Energy Conservation

1 Office; and

2 (11) one member of the public with expertise in
3 low-income energy issues, including the needs of low-income and
4 vulnerable ratepayers, appointed by the governor.

5 (c) The governor shall designate the presiding officer from
6 among the members of the council.

7 (d) An appointed member of the council serves for a full
8 planning cycle and may be reappointed at the pleasure of the
9 appointing official.

10 (e) The council shall meet at least quarterly in
11 even-numbered years while developing a plan for submission to the
12 legislature. The council may meet annually in odd-numbered years
13 after submitting plans to the legislature.

14 (f) The council shall develop and implement policies and
15 procedures that provide the public with reasonable opportunity to
16 appear before the council and to speak on issues under the
17 jurisdiction of the council.

18 (g) The commission is designated as the state agency
19 responsible for administering the council. Staff from the
20 commission shall be tasked, as necessary, with assisting the
21 council in carrying out its duties.

22 Sec. 300.004. POWERS, DUTIES, AND RESPONSIBILITIES OF
23 COUNCIL. (a) In developing the plan, the council shall:

24 (1) encourage cooperation and coordination between
25 public and private entities regarding energy usage, planning,
26 research and development, and commercialization;

27 (2) seek policies that promote a diverse portfolio of
28 clean, reliable, and competitively priced energy sources;

29 (3) promote research, pilot projects, and
30 market-based incentives to explore and expand long-term energy
31 options;

1 (4) develop policies to prevent supply interruptions
2 and infrastructure failure;

3 (5) examine the impact on the environment of energy
4 exploration, production, and use;

5 (6) take into account the statewide and regional water
6 planning process;

7 (7) make recommendations for increasing public
8 knowledge of energy use issues and public awareness of the
9 importance of more efficient consumption of energy; and

10 (8) take into account the needs of low-income and
11 vulnerable Texans.

12 (b) The council shall submit to the legislature the initial
13 plan by December 1, 2012. Thereafter, the council shall report to
14 the legislature by December 1 of each even-numbered year the status
15 of the plan's implementation and make any recommendations for
16 legislative action as necessary to implement or revise the plan.
17 The council may update the plan as necessary to reflect evolving
18 conditions.

19 Sec. 300.005. FUELS AND TECHNOLOGIES. (a) The council
20 shall consider the following fuel sources, types of generation, and
21 innovative technologies associated with these fuels and types of
22 generation when creating the plan. These fuels, types of
23 generation, and technologies include:

24 (1) oil and natural gas;

25 (2) coal and lignite;

26 (3) nuclear;

27 (4) renewable energy technologies;

28 (5) geothermal;

29 (6) methane;

30 (7) distributed generation;

31 (8) fuel cells and storage;

1 (9) water conservation technologies that could be
2 utilized in the exploration, production, and generation of energy
3 resources; and

4 (10) any other fuels and technologies as defined in
5 Section 39.904(d), including solar and wind technologies.

6 (b) The council shall develop policies that ensure fuel
7 resources available to the state are utilized in a balanced and
8 efficient manner. The council shall consider the economic
9 viability, price stability and volatility, and environmental
10 impact of types of fuel and technology when making its
11 recommendations. The council shall also consider all types of
12 generation technology to identify in its recommendations current or
13 potential operational or administrative advantages or
14 disadvantages of each type of technology to which a protocol of the
15 Electric Reliability Council of Texas applies.

16 Sec. 300.006. ENERGY EFFICIENT TECHNOLOGY. (a) In order to
17 reduce the energy demand of customers in this state, the council
18 shall consider energy-efficient technologies when formulating the
19 plan and include them in its recommendations. Energy-efficient
20 technologies shall be considered for the following:

21 (1) residential, commercial, industrial, and state
22 and local energy users; and

23 (2) any other user group or application the council
24 deems appropriate.

25 (b) The council shall consider the economic viability and
26 competitiveness of new technologies when making its
27 recommendations.

28 (c) The council shall consider the ability of
29 energy-efficient technologies to reduce the demand for energy and
30 the need for additional transmission capacity in the state and
31 shall consider opportunities for reducing transmission constraints

1 by using these technologies.

2 Sec. 300.007. TRANSMISSION. (a) The council shall
3 consider and recommend strategies to ensure that customers in this
4 state have access to reliable energy.

5 (b) The council shall consider transmission constraints,
6 and make recommendations in the plan to alleviate or prevent those
7 constraints, for the following sources of energy:

8 (1) oil and natural gas;

9 (2) coal and lignite;

10 (3) wind and solar; and

11 (4) electricity.

12 Sec. 300.008. ALTERNATIVE FUEL VEHICLES. (a) The council
13 shall consider and make recommendations on strategies and
14 incentives that promote the use of alternative fuel vehicles such
15 as natural gas vehicles and plug-in electric vehicles.

16 (b) The council shall consider the economic feasibility of
17 alternative fuel vehicles and infrastructure constraints and may
18 make recommendations on incentives to incorporate and promote these
19 vehicles as a component of the plan.

20 Sec. 300.009. ENVIRONMENT. (a) The council, when creating
21 the plan or in formulating recommendations, shall consider the
22 effects of energy exploration, production, and consumption on the
23 environment.

24 (b) The council shall recommend strategies that protect and
25 preserve the environment of the state and allow for access to and
26 the production of safe, economically viable, and reliable sources
27 of energy. The council shall consider:

28 (1) air quality;

29 (2) water quality;

30 (3) water supply; and

31 (4) waste disposal.

1 SECTION _____. Chapter 39, Utilities Code, is amended by
2 adding Subchapter L to read as follows:

3 SUBCHAPTER L. REPORT ON RESERVES AND VOLUNTARY EMISSIONS

4 REDUCTIONS PLAN

5 Sec. 39.551. STATEMENT OF INTENT. It is not the intent of
6 this subchapter to:

7 (1) transfer environmental regulation from the
8 Railroad Commission of Texas or the Texas Commission on
9 Environmental Quality to the commission; or

10 (2) reduce the competitiveness of the existing energy
11 market in Texas by re-regulating the market or requiring the
12 decommissioning of any lawfully operating generating plant.

13 Sec. 39.552. REPORT ON RESERVES. (a) Not later than
14 December 1, 2011, the Railroad Commission of Texas shall prepare
15 and submit to the commission a report on coal and gas reserves in
16 this state that includes information relating to:

17 (1) natural gas reserves in this state proven and
18 probable on November 1, 2011;

19 (2) estimates of the proven and probable natural gas
20 reserves in this state for each of the next 15 years;

21 (3) estimates of natural gas prices and potential
22 price volatility for each of the next 15 years;

23 (4) coal reserves in this state proven and probable on
24 November 1, 2011;

25 (5) estimates of the proven and probable coal reserves
26 in this state for each of the next 15 years; and

27 (6) estimates of coal prices and potential price
28 volatility for each of the next 15 years.

29 (b) The Railroad Commission of Texas may request financial
30 information and forecasts from the comptroller to assist the
31 Railroad Commission of Texas in carrying out its duties under this

1 section. The comptroller shall provide that information and those
2 forecasts to the Railroad Commission of Texas as quickly as
3 possible after receiving such request.

4 Sec. 39.553. REPORT AND PLAN. (a) The commission shall
5 prepare a report on electric energy generation in this state. The
6 report must include an analysis of and policy recommendations for
7 how to most cost-effectively comply with environmental regulation.

8 (b) In preparing the report, the commission shall:

9 (1) analyze information from the reports submitted
10 under this subchapter by electric generating facilities and the
11 Railroad Commission of Texas; and

12 (2) use information already in the possession of
13 existing regulators by consulting with the Railroad Commission of
14 Texas, the Texas Commission on Environmental Quality, the Electric
15 Reliability Council of Texas, the Southwest Power Pool, the
16 Southeastern Electric Reliability Council, and the Western
17 Electricity Coordinating Council.

18 (c) The report must evaluate and consider measures that
19 will:

20 (1) maintain electric grid reliability;

21 (2) ensure the availability of electric energy at
22 reasonable rates;

23 (3) reduce air pollution, as defined by Section
24 382.003, Health and Safety Code;

25 (4) increase the state's ability to comply with state
26 and federal clean air standards in nonattainment and
27 near-nonattainment areas; and

28 (5) reduce the use of water for electricity generation
29 in this state.

30 (d) The report must identify the 10 percent of electric
31 generation capacity that will be most impacted by compliance with

1 environmental regulation.

2 (e) The report must identify combinations of market
3 factors, plant operating characteristics, federal and state
4 environmental regulations promulgated after January 1, 2011, and
5 other conditions that might make it more economically attractive
6 for the electric generation capacity identified in the report to be
7 retired rather than comply with the regulations. The market
8 factors considered in the analysis must include:

9 (1) long-term prices and price volatility for fuel
10 sources used to generate electricity in this state;

11 (2) price projections for the cost of electricity
12 going forward and factors that are relevant to determining the
13 market price of electricity; and

14 (3) the potential impact of the voluntary
15 decommissioning of existing units of electric generation capacity
16 from facilities in this state.

17 (f) The report must consider plant operating
18 characteristics including variable and fixed operating costs of
19 electric generation facilities identified in the report. The
20 analysis must also incorporate a range of costs projected by
21 credible sources for complying with the specified federal and state
22 air pollution regulations. In conducting this analysis, the
23 commission shall consider electric generation facilities in this
24 state of various vintages, sizes, fuel types, conversion
25 efficiencies, and emission characteristics. The analysis must:

26 (1) estimate the amount of electric generation
27 capacity that is likely to voluntarily be retired rather than incur
28 the additional expense of complying with the federal and state air
29 pollution regulations;

30 (2) provide an analysis of the cost and the impact on
31 electric rates, and provide price projections, associated with

1 voluntarily retiring electric generation facilities included in
2 the report;

3 (3) identify any additional barriers to the retirement
4 of the types of electric generation capacity identified and provide
5 recommendations on how to most cost-effectively and voluntarily
6 reduce air pollution, including recommendations to accelerate the
7 permitting process for certain types of low-polluting generation;
8 and

9 (4) identify the types, costs, and effects of
10 incentives to promote the goals of this section.

11 (g) Not later than October 1, 2012, the commission shall
12 make a draft of the report available for public review and comment
13 for a period of not less than 30 days.

14 (h) Not later than December 1, 2012, the commission shall
15 finalize and publish the report.

16 (i) Implementation of the requirements of this section
17 shall be contingent upon receiving gifts, grants, or donations
18 sufficient to cover the expenses incurred by the commission.

19 SECTION _____. As soon as practicable after the effective
20 date of this Act, the designated appointing officials shall appoint
21 the members to the Texas Energy Policy Council established under
22 Chapter 300, Utilities Code, as added by this Act.

23 SECTION _____. This Act takes effect September 1, 2011.

24 (2) Strike SECTION 4 of the bill (page 4, lines 51-55).

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 25, 2011

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB3595 by Chisum (Relating to energy efficiency goals and energy efficiency programs.),
As Passed 2nd House

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to create an energy efficiency council composed of 16 members as identified in the bill. The bill would require the council to meet at least twice each year and would authorize council members to receive reimbursements for expenses incurred while performing council business, subject to availability of funding. The State Energy Conservation Office (SECO) would provide the council with administrative support, including meeting space and staff necessary to assist the council in carrying out its duties. The bill would authorize the council to solicit gifts, grants and donations. The bill would require the websites of SECO and Public Utilities Commission (PUC) to include publications of the council. The bill would require the council to develop a list of currently operating energy efficiency programs in the state. SECO and PUC would be required to develop and publish on their websites a user-friendly page allowing consumers to search by address energy efficiency programs available in the consumer's service area. The bill would require the council to submit to the Legislature not later than October 1 of each even-numbered year a report on energy efficiency programs in the state. The bill would amend the Utilities Code relating to the State's energy efficiency programs.

The bill would amend the Utilities Code to require the Public Utility Commission (PUC) to publish and maintain a website that allows customers to view competitive offers from retail electric providers. The bill would require the PUC to establish a project to implement the provisions of the bill. The bill also would require the PUC to establish protocols relating to the frequency with which information posted on the website is updated. The bill would require the PUC to consult and cooperate with other state agencies in the design of the website. The bill would allow the PUC to accept funds from any source for the implementation of the bill and makes the implementation of the bill contingent on a finding by the PUC that complete funding exists or is likely to exist to carry out the provisions of the act. The bill would extend the provision of the Utilities Code requiring retail electric providers to include a statement about the website on each customer's bill. Based on the analysis of the PUC and the Department of Information Resources, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would amend the Utilities Code relating to state energy policy and the planning of energy development and utilization. The bill would establish the Texas Energy Policy Council, which would be composed of 13 members from various state agencies, members of the Legislature and members from other entities as specified by the bill. The bill would require the Council to meet at least quarterly in even-numbered years. The Public Utility Commission (PUC) would be designated as the state agency responsible for administering the council. The bill would require the Council to submit to the legislature various plans and reports as specified by the bill.

The bill would require the Railroad Commission to submit a report to the PUC on coal and gas reserves in the state. The Comptroller of Public Accounts would be required to provide, upon request, information related to the development of the report.

The bill would require the PUC to publish a report on electric energy generation, including an air pollution reduction plan. The PUC estimates the completion of this report would require the PUC to hire a consultant at a cost of \$200,000 in fiscal year 2012. Under the provisions of the bill, the implementation of this report is contingent on the PUC receiving gifts, grants or donations sufficient to cover the expenses incurred by the PUC.

It is anticipated that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 313 Department of Information Resources, 332 Department of Housing and Community Affairs, 455 Railroad Commission, 473 Public Utility Commission of Texas, 582 Commission on Environmental Quality, 710 Texas A&M University System Administrative and General Offices

LBB Staff: JOB, AG, MW, RAN, LCO

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 19, 2011

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB3595 by Chisum (Relating to energy efficiency goals and energy efficiency programs.),
Committee Report 2nd House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to create an energy efficiency council composed of 16 members as identified in the bill. The bill would require the council to meet at least twice each year and would authorize council members to receive reimbursements for expenses incurred while performing council business, subject to availability of funding. The State Energy Conservation Office (SECO) would provide the council with administrative support, including meeting space and staff necessary to assist the council in carrying out its duties. The bill would authorize the council to solicit gifts, grants and donations. The bill would require the websites of SECO and Public Utilities Commission (PUC) to include publications of the council. The bill would require the council to develop a list of currently operating energy efficiency programs in the state. SECO and PUC would be required to develop and publish on their websites a user-friendly page allowing consumers to search by address energy efficiency programs available in the consumer's service area. The bill would require the council to submit to the Legislature not later than October 1 of each even-numbered year a report on energy efficiency programs in the state. The report would include: a comprehensive review of programs; comparisons of the programs with similar programs in other states; and recommendations for improving and creating new programs.

The bill would amend the Utilities Code relating to the State's energy efficiency programs to provide additional options for market-transformation programs and to require an entity that conducts an energy efficiency audit for a customer to include certain information in the audit.

It is anticipated that any additional costs associated with implementation of the legislation could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 473 Public Utility Commission of Texas, 582 Commission on Environmental Quality, 710 Texas A&M University System Administrative and General Offices

LBB Staff: JOB, AG, LCO

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 13, 2011

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB3595 by Chisum (Relating to energy efficiency goals and energy efficiency programs.),
As Engrossed

No significant fiscal implication to the State is anticipated.

The bill would amend the Utilities Code relating to the State's energy efficiency goals and energy efficiency programs.

Based on the analysis of the Public Utility Commission, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 701 Central Education Agency

LBB Staff: JOB, AG, RAN, SZ, MW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 4, 2011

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB3595 by Chisum (Relating to energy efficiency goals and energy efficiency programs.),
Committee Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend the Utilities Code relating to the State's energy efficiency goals and energy efficiency programs.

Based on the analysis of the Public Utility Commission, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 701 Central Education Agency

LBB Staff: JOB, RAN, SZ, MW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 19, 2011

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB3595 by Chisum (Relating to energy efficiency goals and energy efficiency programs.),
As Introduced

No significant fiscal implication to the State is anticipated.

The bill would amend the Utilities Code relating to the State's energy efficiency goals. The bill would allow electric utilities to communicate with customers and provide rebate or incentive funds to customers to promote the success of energy efficiency programs. The bill would allow schools to participate in more than one program and use more than one product or strategy to maximize the school's energy and cost savings. The bill would allow utilities to claim savings realized by schools for those programs that utilize utility resources.

Based on the analysis of the Public Utility Commission and the Central Education Agency, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Based on the analysis of the Central Education Agency, the provisions of the bill could result in a cost savings for school districts. Savings realized under the bill would be expected to vary among school districts and would depend upon the energy efficiency programs in which each district chooses to participate.

Source Agencies: 473 Public Utility Commission of Texas, 701 Central Education Agency

LBB Staff: JOB, SZ, MW, RAN