

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

No equivalent provision.

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;
    - (C) a private or public utility service provider other than a retail electric provider, including an electric cooperative or municipally owned utility;
    - (D) a school district; or
    - (E) an institution of higher education.
- Sec. 470.002. PURPOSE. The energy efficiency council is a council established in the comptroller's office to:
- (1) monitor energy efficiency programs in this state;
  - (2) make recommendations for improving energy efficiency programs in this state; and
  - (3) provide a central repository for information on energy

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

efficiency programs in this state.

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

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

(1) 12 ex officio members as follows:

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

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

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

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

(E) the comptroller or an employee of the State Energy Conservation Office designated by the comptroller;

(F) the director of the Texas Department of Housing and Community Affairs;

(G) the executive director of the Texas Facilities Commission;

(H) the executive administrator of the Texas Water Development Board;

(I) the presiding officer of the Water Conservation Advisory Council;

(J) the executive director of the Texas Department of Rural Affairs;

(K) the director of the Energy Systems Laboratory at the Texas Engineering Experiment Station of The Texas A&M University System; and

(L) the chief executive of the Office of Public Utility

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

Counsel; and  
(2) four public members appointed by the governor as follows:  
(A) one member to represent low-income ratepayers;  
(B) one member to represent commercial or industrial ratepayers;  
(C) one member to represent an environmental organization;  
and  
(D) one member to represent the taxpayers of this state.  
(b) The four public members must be appointed with the advice and consent of the senate.  
(c) The ex officio members and the appointed members serve as voting members of the council.  
(d) The comptroller or the employee designated under Subsection (a)(1)(E) shall serve as presiding officer of the council.  
(e) The council shall meet at least two times per year at the call of the presiding officer.  
(f) Council members may not receive compensation for services but, subject to the availability of funding, may receive reimbursement for actual and necessary expenses incurred while performing council business.  
(g) Appointments to council positions shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees.  
Sec. 470.005. TERMS; VACANCY. (a) Appointed council members serve staggered two-year terms, with the terms of one or two members, as applicable, expiring on February 1.  
(b) A vacancy on the council in the position of an appointed council member shall be filled in the same manner as the original appointment. The person appointed serves for the remainder of the unexpired term.

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

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

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

(2) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or  
(3) is absent from more than half of the regularly scheduled council meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the council.

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

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

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

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

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

(b) The council may submit to a program administrator recommendations on means to encourage greater energy efficiency on a regular basis.

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

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

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

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

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

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

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

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

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

(b) The report must include:

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

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

program creates;  
(2) a study comparing energy efficiency programs in this state to similar programs in:  
(A) California;  
(B) Florida;  
(C) New York; and  
(D) each other state the council determines to have programs appropriate for the comparisons; and  
(3) recommendations for improving energy efficiency programs in this state.  
(c) The report may include recommendations for creating new energy efficiency programs in this state.  
(d) The council shall publish the report on the official Internet websites under Section 470.010.  
Sec. 470.013. APPLICABILITY OF ADVISORY COMMITTEE LAW. Chapter 2110 does not apply to the council.

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

- (a) It is the goal of the legislature that:
- (1) electric utilities will administer energy efficiency incentive programs 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 and other choices from the market that allow each customer to reduce energy consumption, peak demand, or energy costs;
  - (3) each electric utility will provide, through market-based standard offer programs or through ~~limited~~ targeted market-transformation programs, incentives sufficient for

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

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency for residential and commercial customers equivalent to at least:

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

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

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

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

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

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

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

May 1, 2007.

(d) The commission shall establish a procedure for reviewing and evaluating market-transformation program options described by this subsection and other options. In evaluating program options, the commission may consider the ability of a program option to reduce costs to customers through reduced demand, energy savings, and relief of congestion. Utilities may choose to implement any program option approved by the commission after its evaluation in order to satisfy the goal in Subsection (a), including:

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

SENATE VERSION (IE)

(d) The commission shall establish a procedure for reviewing and evaluating market-transformation program options described by this subsection and other options. In evaluating program options, the commission may consider the ability of a program option to reduce costs to customers through reduced demand, energy savings, and relief of congestion. Utilities may choose to implement any program option approved by the commission after its evaluation in order to satisfy the goal in Subsection (a), including:

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

CONFERENCE



**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

- (12) ~~[(40)]~~ net-zero energy new home programs;
- (13) ~~[(41)]~~ solar thermal or solar electric programs; ~~[and]~~
- (14) ~~[(42)]~~ programs for using windows and other glazing systems, glass doors, and skylights in residential and commercial buildings that reduce solar gain by at least 30 percent from the level established for the federal Energy Star windows program;
- (15) data center efficiency programs; and
- (16) energy use programs with measurable and verifiable results that reduce energy consumption through behavioral changes that lead to efficient use patterns and practices.

No equivalent provision.

SENATE VERSION (IE)

- (12) ~~[(40)]~~ net-zero energy new home programs;
- (13) ~~[(41)]~~ solar thermal or solar electric programs; ~~[and]~~
- (14) ~~[(42)]~~ programs for using windows and other glazing systems, glass doors, and skylights in residential and commercial buildings that reduce solar gain by at least 30 percent from the level established for the federal Energy Star windows program;
- (15) data center efficiency programs; and
- (16) energy use and education programs with measurable and verifiable results that reduce energy consumption through behavioral changes that lead to efficient use patterns and practices.
- (h) An entity that conducts an energy efficiency audit for a residential, commercial, or nongovernmental nonprofit customer and provides a report of the audit shall include in the audit report:
  - (1) a list of any energy efficiency products or alternate energy service providers the entity is recommending that the customer use; and
  - (2) a written disclosure of any financial benefit the entity receives from recommending the use of each particular energy efficiency product or particular alternate energy service provider.

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

CONFERENCE

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

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. [FA1,3rd(1)]

No equivalent provision.

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.  
[FA1,3rd(2)]

No equivalent provision.

SECTION \_\_. (a) The legislature finds that:  
(1) a competitive electric services market requires timely, accurate, and adequate information about the products and services offered to consumers in the market; and  
(2) the Public Utility Commission of Texas operates an Internet website regarding the power to choose retail electric providers on which offers by those providers are published.  
(b) Subchapter C, Chapter 39, Utilities Code, is amended by adding Section 39.110 to read as follows:  
Sec. 39.110. TEXAS ELECTRIC CHOICE WEBSITE. (a)

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

The commission shall publish and maintain an Internet website that allows customers to view competitive offers from retail electric providers. The website must enable a user to search by zip code offers available to a residential customer in the user's service area. Retail electric providers may, but are not required to, post offers available to residential customers on this website.

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

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

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

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

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

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

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

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

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

(c) The commission shall establish a project to implement this section. The commission shall create a working committee to provide input on the implementation of this section that is composed of members of commission staff, experts in user-centered web design, experts in consumer-choice web design,

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

retail electric providers, consumer advocates, and representatives of various categories of potential users of the redesigned website, including people with disabilities and low-income customers.

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

(e) The commission shall consult and cooperate with other state agencies in the design, both for content and usability, of the website, including agencies providing low-income consumer assistance and energy efficiency assistance and the interagency coordinating group established under Section 535.053, Government Code.

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

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

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

(e) The Public Utility Commission of Texas may accept funds from any source, including gifts, grants, or donations, to implement Section 39.110, Utilities Code, as added by this section. The commission may not incorporate a preference for

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

information displayed directly or indirectly in favor of any funding source. The commission may not require an entity to contribute funds to have information posted on the Internet website. Implementation of Section 39.110, Utilities Code, as added by this section, is contingent on a finding by the commission that sufficient funding exists or is likely to exist to carry out the provisions of Section 39.110, Utilities Code, as added by this section.

(f) Notwithstanding any other provision of this Act, this section takes effect September 1, 2011. [FA2,3rd]

No equivalent provision.

SECTION 3. As soon as practicable after the effective date of this Act, the governor shall appoint members to the energy efficiency council in accordance with Section 470.004, Government Code, as added by this Act.

No equivalent provision.

[SECTION 4. Deleted by FA3,3rd(2)]

No equivalent provision.

SECTION \_\_. (a) This section may be cited as the Energy Policy Act.

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

TITLE 6. ENERGY POLICY ACT

CHAPTER 300. STRATEGIC ENERGY PLANNING

SUBCHAPTER A. GENERAL PROVISIONS

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

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

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

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

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

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

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

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

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

Sec. 300.002. DEFINITIONS. In this title:

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

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

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

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

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

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

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

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

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

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

- (5) the commissioner of the General Land Office;
  - (6) two members of the senate appointed by the lieutenant governor;
  - (7) two members of the house of representatives appointed by the speaker of the house of representatives;
  - (8) one member of the academic community with expertise in energy appointed by the governor;
  - (9) one member of the academic community with expertise in environmental issues related to energy appointed by the governor;
  - (10) the director of the State Energy Conservation Office; and
  - (11) one member of the public with expertise in low-income energy issues, including the needs of low-income and vulnerable ratepayers, appointed by the governor.
  - (c) The governor shall designate the presiding officer from among the members of the council.
  - (d) An appointed member of the council serves for a full planning cycle and may be reappointed at the pleasure of the appointing official.
  - (e) The council shall meet at least quarterly in even-numbered years while developing a plan for submission to the legislature. The council may meet annually in odd-numbered years after submitting plans to the legislature.
  - (f) The council shall develop and implement policies and procedures that provide the public with reasonable opportunity to appear before the council and to speak on issues under the jurisdiction of the council.
  - (g) The commission is designated as the state agency responsible for administering the council. Staff from the commission shall be tasked, as necessary, with assisting the council in carrying out its duties.
- Sec. 300.004. POWERS, DUTIES, AND

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

RESPONSIBILITIES OF COUNCIL. (a) In developing the plan, the council shall:

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

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

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

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

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

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

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

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

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

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



**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

- (1) oil and natural gas;
  - (2) coal and lignite;
  - (3) nuclear;
  - (4) renewable energy technologies;
  - (5) geothermal;
  - (6) methane;
  - (7) distributed generation;
  - (8) fuel cells and storage;
  - (9) water conservation technologies that could be utilized in the exploration, production, and generation of energy resources; and
  - (10) any other fuels and technologies as defined in Section 39.904(d), including solar and wind technologies.
- (b) The council shall develop policies that ensure fuel resources available to the state are utilized in a balanced and efficient manner. The council shall consider the economic viability, price stability and volatility, and environmental impact of types of fuel and technology when making its recommendations. The council shall also consider all types of generation technology to identify in its recommendations current or potential operational or administrative advantages or disadvantages of each type of technology to which a protocol of the Electric Reliability Council of Texas applies.
- Sec. 300.006. ENERGY EFFICIENT TECHNOLOGY. (a) In order to reduce the energy demand of customers in this state, the council shall consider energy-efficient technologies when formulating the plan and include them in its recommendations. Energy-efficient technologies shall be considered for the following:
- (1) residential, commercial, industrial, and state and local energy users; and
  - (2) any other user group or application the council deems

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

appropriate.

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

(c) The council shall consider the ability of energy-efficient technologies to reduce the demand for energy and the need for additional transmission capacity in the state and shall consider opportunities for reducing transmission constraints by using these technologies.

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

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

- (1) oil and natural gas;
- (2) coal and lignite;
- (3) wind and solar; and
- (4) electricity.

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

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

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

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

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

- (1) air quality;
- (2) water quality;
- (3) water supply; and
- (4) waste disposal. [FA3,3rd(1)]

No equivalent provision.

SECTION \_\_. Chapter 39, Utilities Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. REPORT ON RESERVES AND VOLUNTARY EMISSIONS REDUCTIONS PLAN

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

- (1) transfer environmental regulation from the Railroad Commission of Texas or the Texas Commission on Environmental Quality to the commission; or
- (2) reduce the competitiveness of the existing energy market in Texas by re-regulating the market or requiring the decommissioning of any lawfully operating generating plant.

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

- (1) natural gas reserves in this state proven and probable on November 1, 2011;
- (2) estimates of the proven and probable natural gas reserves in this state for each of the next 15 years;
- (3) estimates of natural gas prices and potential price volatility for each of the next 15 years;

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

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

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

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

(b) The Railroad Commission of Texas may request financial information and forecasts from the comptroller to assist the Railroad Commission of Texas in carrying out its duties under this section. The comptroller shall provide that information and those forecasts to the Railroad Commission of Texas as quickly as possible after receiving such request.

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

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

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

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

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

(1) maintain electric grid reliability;

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

(3) reduce air pollution, as defined by Section 382.003.

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

Health and Safety Code:

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

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

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

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

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

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

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

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

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

emission characteristics. The analysis must:

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

(2) provide an analysis of the cost and the impact on electric rates, and provide price projections, associated with voluntarily retiring electric generation facilities included in the report;

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

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

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

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

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

[FA3,3rd(1)]

No equivalent provision.

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

**House Bill 3595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[FA3,3rd(1)]

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

SECTION \_\_. This Act takes effect September 1, 2011.  
[FA3,3rd(1)]