

1-1 By: Paddie (Senate Sponsor - Hughes) H.B. No. 1571  
 1-2 (In the Senate - Received from the House May 1, 2017;  
 1-3 May 4, 2017, read first time and referred to Committee on Business  
 1-4 & Commerce; May 15, 2017, reported favorably by the following vote:  
 1-5 Yeas 8, Nays 0; May 15, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED  
 1-18 AN ACT

1-19 relating to energy savings performance contracts.  
 1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-21 SECTION 1. Sections 44.901(a) and (f-1), Education Code,  
 1-22 are amended to read as follows:  
 1-23 (a) In this section, "energy savings performance contract"  
 1-24 has the meaning assigned by Section 302.001, Local Government Code  
 1-25 ~~[means a contract for energy or water conservation measures to~~  
 1-26 ~~reduce energy or water consumption or operating costs of new or~~  
 1-27 ~~existing school facilities in which the estimated savings in~~  
 1-28 ~~utility costs resulting from the measures is guaranteed to offset~~  
 1-29 ~~the cost of the measures over a specified period. The term includes~~  
 1-30 ~~a contract for the installation or implementation of:~~  
 1-31 ~~[(1) insulation of a building structure and systems~~  
 1-32 ~~within the building;~~  
 1-33 ~~[(2) storm windows or doors, caulking or~~  
 1-34 ~~weatherstripping, multiglazed windows or doors, heat absorbing or~~  
 1-35 ~~heat reflective glazed and coated window or door systems, or other~~  
 1-36 ~~window or door system modifications that reduce energy consumption;~~  
 1-37 ~~[(3) automatic energy control systems, including~~  
 1-38 ~~computer software and technical data licenses;~~  
 1-39 ~~[(4) heating, ventilating, or air-conditioning system~~  
 1-40 ~~modifications or replacements that reduce energy or water~~  
 1-41 ~~consumption;~~  
 1-42 ~~[(5) lighting fixtures that increase energy~~  
 1-43 ~~efficiency;~~  
 1-44 ~~[(6) energy recovery systems;~~  
 1-45 ~~[(7) electric systems improvements;~~  
 1-46 ~~[(8) water-conserving fixtures, appliances, and~~  
 1-47 ~~equipment or the substitution of non-water-using fixtures,~~  
 1-48 ~~appliances, and equipment;~~  
 1-49 ~~[(9) water-conserving landscape irrigation equipment;~~  
 1-50 ~~[(10) landscaping measures that reduce watering~~  
 1-51 ~~demands and capture and hold applied water and rainfall, including:~~  
 1-52 ~~[(A) landscape contouring, including the use of~~  
 1-53 ~~berms, swales, and terraces; and~~  
 1-54 ~~[(B) the use of soil amendments that increase the~~  
 1-55 ~~water-holding capacity of the soil, including compost;~~  
 1-56 ~~[(11) rainwater harvesting equipment and equipment to~~  
 1-57 ~~make use of water collected as part of a storm-water system~~  
 1-58 ~~installed for water quality control;~~  
 1-59 ~~[(12) equipment for recycling or reuse of water~~  
 1-60 ~~originating on the premises or from other sources, including~~  
 1-61 ~~treated municipal effluent;~~

2-1           ~~[(13) equipment needed to capture water from~~  
2-2 ~~nonconventional, alternate sources, including air conditioning~~  
2-3 ~~condensate or graywater, for nonpotable uses,~~  
2-4           ~~[(14) metering equipment needed to segregate water use~~  
2-5 ~~in order to identify water conservation opportunities or verify~~  
2-6 ~~water savings, or~~  
2-7           ~~[(15) other energy or water conservation-related~~  
2-8 ~~improvements or equipment, including improvements or equipment~~  
2-9 ~~relating to renewable energy or nonconventional water sources or~~  
2-10 ~~water reuse].~~  
2-11           (f-1) Notwithstanding other law, the board may use any  
2-12 available money~~[, other than money borrowed from this state,]~~ to  
2-13 pay the provider of the energy or water conservation measures under  
2-14 this section, and the board is not required to pay for such costs  
2-15 solely out of the savings realized by the school district under an  
2-16 energy savings performance contract. The board may contract with  
2-17 the provider to perform work that is related to, connected with, or  
2-18 otherwise ancillary to the measures identified in the scope of an  
2-19 energy savings performance contract.  
2-20           SECTION 2. Sections 51.927(a) and (g-1), Education Code,  
2-21 are amended to read as follows:  
2-22           (a) In this section, "energy savings performance contract"  
2-23 has the meaning assigned by Section 302.001, Local Government Code  
2-24 ~~[means a contract for energy or water conservation measures to~~  
2-25 ~~reduce energy or water consumption or operating costs of new or~~  
2-26 ~~existing institutional facilities in which the estimated savings in~~  
2-27 ~~utility costs resulting from the measures is guaranteed to offset~~  
2-28 ~~the cost of the measures over a specified period. The term includes~~  
2-29 ~~a contract for the installation or implementation of:~~  
2-30           ~~[(1) insulation of a building structure and systems~~  
2-31 ~~within a building,~~  
2-32           ~~[(2) storm windows or doors, caulking or weather~~  
2-33 ~~stripping, multiglazed windows or doors, heat-absorbing or~~  
2-34 ~~heat-reflective glazed and coated window or door systems, or other~~  
2-35 ~~window or door system modifications that reduce energy consumption,~~  
2-36           ~~[(3) automatic energy control systems, including~~  
2-37 ~~computer software and technical data licenses,~~  
2-38           ~~[(4) heating, ventilating, or air conditioning system~~  
2-39 ~~modifications or replacements that reduce energy or water~~  
2-40 ~~consumption,~~  
2-41           ~~[(5) lighting fixtures that increase energy~~  
2-42 ~~efficiency,~~  
2-43           ~~[(6) energy recovery systems,~~  
2-44           ~~[(7) electric systems improvements,~~  
2-45           ~~[(8) water-conserving fixtures, appliances, and~~  
2-46 ~~equipment or the substitution of non-water-using fixtures,~~  
2-47 ~~appliances, and equipment,~~  
2-48           ~~[(9) water-conserving landscape irrigation equipment,~~  
2-49           ~~[(10) landscaping measures that reduce watering~~  
2-50 ~~demands and capture and hold applied water and rainfall, including:~~  
2-51                   ~~[(A) landscape contouring, including the use of~~  
2-52 ~~berms, swales, and terraces, and~~  
2-53                   ~~[(B) the use of soil amendments that increase the~~  
2-54 ~~water-holding capacity of the soil, including compost,~~  
2-55           ~~[(11) rainwater harvesting equipment and equipment to~~  
2-56 ~~make use of water collected as part of a storm-water system~~  
2-57 ~~installed for water quality control,~~  
2-58           ~~[(12) equipment for recycling or reuse of water~~  
2-59 ~~originating on the premises or from other sources, including~~  
2-60 ~~treated municipal effluent,~~  
2-61           ~~[(13) equipment needed to capture water from~~  
2-62 ~~nonconventional, alternate sources, including air conditioning~~  
2-63 ~~condensate or graywater, for nonpotable uses,~~  
2-64           ~~[(14) metering equipment needed to segregate water use~~  
2-65 ~~in order to identify water conservation opportunities or verify~~  
2-66 ~~water savings, or~~  
2-67           ~~[(15) other energy or water conservation-related~~  
2-68 ~~improvements or equipment, including improvements or equipment~~  
2-69 ~~related to renewable energy or nonconventional water sources or~~

3-1 ~~water reuse~~].

3-2 (g-1) Notwithstanding other law, the board may use any  
3-3 available money[~~, other than money borrowed from this state,~~] to  
3-4 pay the provider of the energy or water conservation measures under  
3-5 this section, and the board is not required to pay for such costs  
3-6 solely out of the savings realized by the institution of higher  
3-7 education under an energy savings performance contract. The board  
3-8 may contract with the provider to perform work that is related to,  
3-9 connected with, or otherwise ancillary to the measures identified  
3-10 in the scope of an energy savings performance contract.

3-11 SECTION 3. Sections [2166.406](#)(a) and (f-1), Government Code,  
3-12 are amended to read as follows:

3-13 (a) In this section, "energy savings performance contract"  
3-14 has the meaning assigned by Section [302.001](#), Local Government Code  
3-15 ~~[means a contract for energy or water conservation measures to~~  
3-16 ~~reduce energy or water consumption or operating costs of new or~~  
3-17 ~~existing governmental facilities in which the estimated savings in~~  
3-18 ~~utility costs resulting from the measures is guaranteed to offset~~  
3-19 ~~the cost of the measures over a specified period. The term includes~~  
3-20 ~~a contract for the installation of:~~

3-21 ~~[(1) insulation of a building structure and systems~~  
3-22 ~~within the building;~~

3-23 ~~[(2) storm windows or doors, caulking or weather~~  
3-24 ~~stripping, multiglazed windows or doors, heat absorbing or heat~~  
3-25 ~~reflective glazed and coated window or door systems, or other~~  
3-26 ~~window or door system modifications that reduce energy consumption;~~

3-27 ~~[(3) automatic energy control systems, including~~  
3-28 ~~computer software and technical data licenses;~~

3-29 ~~[(4) heating, ventilating, or air-conditioning system~~  
3-30 ~~modifications or replacements that reduce energy or water~~  
3-31 ~~consumption;~~

3-32 ~~[(5) lighting fixtures that increase energy~~  
3-33 ~~efficiency;~~

3-34 ~~[(6) energy recovery systems;~~

3-35 ~~[(7) electric systems improvements;~~

3-36 ~~[(8) water-conserving fixtures, appliances, and~~  
3-37 ~~equipment or the substitution of non-water-using fixtures,~~  
3-38 ~~appliances, and equipment;~~

3-39 ~~[(9) water-conserving landscape irrigation equipment;~~

3-40 ~~[(10) landscaping measures that reduce watering~~  
3-41 ~~demands and capture and hold applied water and rainfall, including:~~

3-42 ~~[(A) landscape contouring, including the use of~~  
3-43 ~~berms, swales, and terraces; and~~

3-44 ~~[(B) the use of soil amendments that increase the~~  
3-45 ~~water-holding capacity of the soil, including compost;~~

3-46 ~~[(11) rainwater harvesting equipment and equipment to~~  
3-47 ~~make use of water collected as part of a storm-water system~~  
3-48 ~~installed for water quality control;~~

3-49 ~~[(12) equipment for recycling or reuse of water~~  
3-50 ~~originating on the premises or from other sources, including~~  
3-51 ~~treated municipal effluent;~~

3-52 ~~[(13) equipment needed to capture water from~~  
3-53 ~~nonconventional, alternate sources, including air conditioning~~  
3-54 ~~condensate or graywater, for nonpotable uses;~~

3-55 ~~[(14) metering equipment needed to segregate water use~~  
3-56 ~~in order to identify water conservation opportunities or verify~~  
3-57 ~~water savings; or~~

3-58 ~~[(15) other energy or water conservation-related~~  
3-59 ~~improvements or equipment including improvements or equipment~~  
3-60 ~~related to renewable energy or nonconventional water sources or~~  
3-61 ~~water reuse].~~

3-62 (f-1) Notwithstanding other law, the state agency may use  
3-63 any available money[~~, other than money borrowed from this state,~~]  
3-64 to pay the provider of the energy or water conservation measures  
3-65 under this section, and the state agency is not required to pay for  
3-66 such costs solely out of the savings realized by the state agency  
3-67 under an energy savings performance contract. The state agency may  
3-68 contract with the provider to perform work that is related to,  
3-69 connected with, or otherwise ancillary to the measures identified

4-1 in the scope of an energy savings performance contract.

4-2 SECTION 4. Sections 302.001(1), (3), and (4), Local  
4-3 Government Code, are amended to read as follows:

4-4 (1) "Baseline" means a calculation or set of  
4-5 calculations in an energy savings performance contract that:

4-6 (A) may be based on:

4-7 (i) historical costs, revenues, accuracy,  
4-8 or related components; or

4-9 (ii) avoided anticipated costs; and

4-10 (B) may be used for determining:

4-11 (i) [~~(A)~~] the costs for energy or water  
4-12 usage [~~by a local government~~] and related net operating costs;

4-13 (ii) [~~(B)~~] the billable revenues from  
4-14 providing energy, water, or other utilities to users; or

4-15 (iii) [~~(C)~~] the efficiency or accuracy of  
4-16 metering or related equipment, systems, or processes or procedures.

4-17 (3) "Energy savings" means an estimated reduction in  
4-18 net fuel costs, energy costs, water costs, stormwater fees, or  
4-19 other utility costs, or related net operating costs, including  
4-20 costs for anticipated equipment replacement and repair, from or as  
4-21 compared to an established baseline of those costs. The term does  
4-22 not include an estimated reduction due to a decrease in energy rates  
4-23 that is not derived from increased conservation or reduced usage.

4-24 (4) "Energy savings performance contract" means a  
4-25 contract with [~~between a local government and~~] a provider for  
4-26 energy or water conservation or usage measures in which the  
4-27 estimated energy savings, utility cost savings, increase in  
4-28 billable revenues, or increase in meter accuracy resulting from the  
4-29 measures is subject to guarantee to offset the cost of the energy or  
4-30 water conservation or usage measures over a specified period. The  
4-31 term includes a contract related to the pilot program described by  
4-32 Subdivision (9-a) and a contract for the installation or  
4-33 implementation of the following in new or existing facilities,  
4-34 including all causally connected work:

4-35 (A) insulation of a building structure and  
4-36 systems within the building;

4-37 (B) storm windows or doors, caulking or weather  
4-38 stripping, multiglazed windows or doors, heat-absorbing or  
4-39 heat-reflective glazed and coated window or door systems, or other  
4-40 window or door system modifications that reduce energy consumption;

4-41 (C) automatic energy control systems, including  
4-42 computer software and technical data licenses;

4-43 (D) heating, ventilating, or air-conditioning  
4-44 system modifications or replacements that reduce energy or water  
4-45 consumption;

4-46 (E) lighting fixtures that increase energy  
4-47 efficiency;

4-48 (F) energy recovery systems;

4-49 (G) electric systems improvements;

4-50 (H) water-conserving fixtures, appliances, and  
4-51 equipment or the substitution of non-water-using fixtures,  
4-52 appliances, and equipment;

4-53 (I) water-conserving landscape irrigation  
4-54 equipment;

4-55 (J) landscaping measures that reduce watering  
4-56 demands and capture and hold applied water and rainfall, including:

4-57 (i) landscape contouring, including the use  
4-58 of berms, swales, and terraces; and

4-59 (ii) the use of soil amendments that  
4-60 increase the water-holding capacity of the soil, including compost;

4-61 (K) rainwater harvesting equipment and equipment  
4-62 to make use of water collected as part of a storm-water system  
4-63 installed for water quality control;

4-64 (L) equipment for recycling or reuse of water  
4-65 originating on the premises or from other sources, including  
4-66 treated municipal effluent;

4-67 (M) equipment needed to capture water from  
4-68 nonconventional, alternate sources, including air-conditioning  
4-69 condensate or graywater, for nonpotable uses;

- 5-1 (N) metering or related equipment or systems that
- 5-2 improve the accuracy of billable-revenue-generation systems;
- 5-3 (O) alternative fuel programs resulting in
- 5-4 energy cost savings and reduced emissions for local government
- 5-5 vehicles, including fleet vehicles;
- 5-6 (P) programs resulting in utility cost savings;
- 5-7 or
- 5-8 (Q) other energy or water conservation-related
- 5-9 improvements or equipment, including improvements or equipment
- 5-10 relating to renewable energy or nonconventional water sources or
- 5-11 water reuse.

5-12 SECTION 5. Section 302.004(a-1), Local Government Code, is

5-13 amended to read as follows:

5-14 (a-1) Notwithstanding other law, the governing body of a

5-15 local government may use any available money[~~, other than money~~

5-16 ~~borrowed from this state,~~] to pay the provider of the energy or

5-17 water conservation measures under this section, and the governing

5-18 body is not required to pay for such costs solely out of the savings

5-19 realized by the local government under an energy savings

5-20 performance contract. The governing body may contract with the

5-21 provider to perform work that is related to, connected with, or

5-22 otherwise ancillary to the measures identified in the scope of an

5-23 energy savings performance contract.

5-24 SECTION 6. This Act takes effect immediately if it receives

5-25 a vote of two-thirds of all the members elected to each house, as

5-26 provided by Section 39, Article III, Texas Constitution. If this

5-27 Act does not receive the vote necessary for immediate effect, this

5-28 Act takes effect September 1, 2017.

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