

BILL ANALYSIS

Senate Research Center
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S.B. 243
By: Eckhardt
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 243 raises Texas's energy efficiency goals to allow Texas to achieve one percent of energy savings annually through investment in energy efficiency programs. This improved goal would not only reduce growing demand on the electrical grid, but would also provide weatherization of people's homes and businesses.

Raising Texas's goal to one percent is achievable and cost effective. Currently, Texas has a meager energy efficiency goal of four-tenths percent of the summer-adjusted peak demand annually. Texas was the first state to create an energy efficiency goal. It did so in 1999 under Governor Bush—in part to balance the public's interest to support energy efficiency efforts while the state was moving to a deregulated electric market. Since then, 27 states have adopted energy efficiency goals. However, Texas is now last among them. Most states are meeting targets of 1.5 to three percent of new electricity savings each year.

Fallout from the February winter storm has generated much interest in S.B. 243. Many advocates view this type of legislation as a means to protect the public with improved weatherization for homes and businesses while reducing the demand that the state's energy needs place on the grid—thus improving ERCOT's ability to meet its reserve margins. Some electric retail companies will take issue with S.B. 243 because it reduces demand for electricity and socializes the cost. In the past (2011, 2009, 2007), AECT has either supported or remained neutral on similar legislation.

As proposed, S.B. 243 amends current law relating to energy efficiency goals for electric utilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 39.905, Utility Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.905, Utilities Code, by adding Subsections (a-1) and (a-2), as follows:

(a-1) Requires each electric utility, in addition to meeting the demand goals provided by Subsection (a) (relating to the goals of the legislature regarding electric utilities and energy efficiency), to also meet an annual energy savings goal of one-fourth of one percent annual energy savings in the 2022 calendar year, one-half of one percent annual energy savings in the 2023 calendar year, three-fourths of one percent annual energy savings in the 2024 calendar year, and one percent annual energy savings beginning with the 2025 calendar year.

(a-2) Requires the Public Utility Commission of Texas (PUC) by rule to provide a method to establish each utility's annual savings goal under Subsection (a-1). Requires that the method be based on the existing and expected usage of electricity delivered in a utility's service area that is required to pay the annual energy efficiency cost recovery fee. Authorizes the PUC, in adopting rules, to provide for cost caps for the implementation of

Subsection (a-1) and provide good cause exceptions for a utility that is unable to meet the goal in a cost-effective manner.

SECTION 2. Requires the PUC, not later than December 31, 2021, to adopt rules to implement the changes made by this Act to Section 39.905, Utilities Code.

SECTION 3. Effective date: September 1, 2021.