

Amend SB 2011 on third reading by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Section 39.905, Utilities Code, is amended by adding Subsections (1), (m), and (n) to read as follows:

(1) Each even-numbered year, the commission shall conduct a study regarding cost-effective energy efficiency in this state. In conducting a study and making its report regarding the study, the commission must:

(1) consider the technical, economic, and achievable potential of energy optimization or of the combination of energy efficiency, demand response, and distributed energy resources of all kinds in terms of megawatts and megawatt hours;

(2) determine the amount of energy savings that is achievable through electric utility programs in compliance with commission rules;

(3) quantify the potential for reduced demand as well as deferred or obviated need for transmission and distribution infrastructure;

(4) analyze and recommend measures and strategies to maximize grid reliability benefits and address the potential to lower overall system costs, including by replacing auxiliary resistance heat with high efficiency heat pumps;

(5) analyze whether the goals in this section are at appropriate levels to achieve all cost-effective energy efficiency;

(6) analyze whether the goals in this chapter could be accelerated in a manner economically achievable and cost-effective;

(7) identify potential strategies to increase participation by retail electric providers in the delivery of energy efficiency services to customers in the ERCOT power region and to address the potential for energy efficiency, demand response, and distributed energy resources in the ERCOT market, including any recommended regulatory or statutory changes to eliminate barriers or facilitate greater efficiency; and

(8) recommend any needed changes to each electric

utility's rate structure to encourage energy optimization and demand management to increase grid reliability and lower overall system costs, including by optimizing charging of electric vehicles and use distributed energy resources.

(m) The commission shall impose a fee on electric utilities for the purpose of funding the studies required by Subsection (1)

(n) The commission shall present to the legislature a report of a study conducted under Subsection (1) not later than December 31 of that year.