

BILL ANALYSIS

Senate Research Center
88R832 JXC-F

S.B. 258
By: Eckhardt
Business & Commerce
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The changes in the committee substitute:

- Remove the specific percentage goals currently in statute.
 - Instead proposes specific peak KW and energy savings KWh goals in 2024 based on the size of the utilities.
- Move toward an eventual goal of reaching at least one percent energy savings by:
 - Increasing peak goals by at least 25percent each year and the energy savings goals would increase by at least 50 percent each year.
 - Levels off after 2027 unless the Public Utility Commission of Texas (PUC) or the legislature raise the goals.
- Require the utilities to fund a study once every two years conducted by the PUC considering the technical, economic, and achievable potential of energy optimization or the combination of energy efficiency, demand response, and distributed energy resources of all kinds.
- Clarify that utilities should continue to offer demand response and load management programs at least at current 2023 levels.
- Change the cost-effectiveness test and require that the total portfolio of programs be cost-effective as opposed to requiring each individual program to be proved cost-effective.
- Require that the PUC continue to establish reasonable cost caps for both residential and commercial ratepayers:
 - Move costs associated with the EMV (evaluation, measurement and verification) outside of the cost cap so that utilities will be further encouraged to move beyond the important but modest goals found in this bill.
 - Cap the total performance bonus to 10 percent of the utility's total net benefit, providing some assurance that performance bonuses will not be above current PUC practices.
- Require that industrial customers that wish to opt out of the programs and pay the EECRFs send a notice to the PUC and the utility.
- Make a change to continue to requiring the PUC and the Comptroller of Public Accounts (through the State Energy Conservation Office) to analyze any energy demand and energy savings that result from the programs within ERCOT to help our grid operator better understand the impact of these programs on demand and operational needs.
- Make changes to the TDU programs to reach both low-income and hard-to-reach customers, including customers living in rural areas.
- Allow the TDUs to have better access to low-income customer information like that available to REPs and certified telephone companies so that utilities can better confirm customer eligibility for those programs.
- Require utilities to spend at least 20 percent of their program goals by 2027 on these programs.

As proposed, S.B. 258 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, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

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

(a-1) Requires each electric utility, in addition to meeting the demand goals provided by Subsection (a) (relating to the energy efficiency goals of the legislature), to also meet an annual energy savings goal of:

- (1) one-fourth of one percent annual energy savings in the 2024 calendar year;
- (2) one-half of one percent annual energy savings in the 2025 calendar year;
- (3) three-fourths of one percent annual energy savings in the 2026 calendar year;
and
- (4) one percent annual energy savings beginning with the 2027 calendar year.

(b-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 the 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 to adopt rules to implement the changes made by this Act to Section 39.905 (Goal for Energy Efficiency), Utilities Code, not later than December 31, 2023.

SECTION 3. Effective date: September 1, 2023.