

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 258
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 258 raises Texas' energy efficiency goals to allow Texas to achieve 1% of energy savings annually through investment in energy efficiency programs in the state's deregulated energy market. This second committee substitute goes back to a percentage goal of 1% by 2030 that was in the filed version. This draft is significantly slimmed down. It removes the energy efficiency study language. This version also removes the "stair step" of the goal up to 1% by 2030 and instead charges the Public Utility Commission of Texas (PUC) with developing, through rule, the method to achieve this goal. The bill allows the PUC to provide for cost caps and allow good cause exemptions for a utility that is unable to meet the goal in a cost-effective manner. This improved goal would not only reduce growing demand on the electrical grid, but would also provide for weatherization of homes and businesses.

Background:

- How it works: Electric transportation and distribution utilities provide funding to energy efficiency programs that assist all customer classes—homes, businesses—with weatherizing buildings.
- This is paid for by a small fee assessed to customers' bills. That investment, however, pays off by reducing annual demand for electricity. Not only do customers who take advantage of the program reap the reward of paying less in heating and cooling costs, but the entire state benefits when we reduce the need to build additional generation and help ERCOT ensure that there is sufficient supply on the grid to meet demand.
- Twenty-seven states have adopted energy efficiency goals. However Texas is now last among them. Most states are meeting targets of 1.5% – 3% of new electricity savings each year.
- Energy efficiency programs are a low-cost solution to reduce energy waste and burden through home energy audits, weather-stripping windows and doors, installing new windows or insulations, switching to LED lighting, upgrading heating and air conditioning equipment or replacing water heaters.
- Investment in energy efficiency aids economic growth. Energy efficiency employs more jobs in the clean energy sector than any other.

C.S.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 Subsection (a-1), as follows:

(a-1) Requires the Public Utility Commission of Texas (PUC), in addition to meeting the demand goals provided by Subsection (a) (relating to the energy efficiency goals of the legislature), by rule to provide a method to establish an annual energy savings goal of one percent not later than the 2030 calendar year for each electric utility. 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 this subsection 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.