

1-1 By: Darby (Senate Sponsor - Hughes) H.B. No. 2263
 1-2 (In the Senate - Received from the House May 5, 2023;
 1-3 May 11, 2023, read first time and referred to Committee on Natural
 1-4 Resources & Economic Development; May 19, 2023, reported
 1-5 adversely, with favorable Committee Substitute by the following
 1-6 vote: Yeas 7, Nays 1; May 19, 2023, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
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		X		

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 2263 By: Hughes

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the authority of a natural gas local distribution
 1-22 company to offer energy conservation programs.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Chapter 104, Utilities Code, is amended by
 1-25 adding Subchapter J to read as follows:

1-26 SUBCHAPTER J. NATURAL GAS ENERGY CONSERVATION PROGRAMS

1-27 Sec. 104.401. DEFINITIONS. In this subchapter:

1-28 (1) "Energy conservation program" means a program that
 1-29 promotes energy conservation or energy efficiency.

1-30 (2) "Local distribution company" means a gas utility
 1-31 that operates a retail gas distribution system.

1-32 Sec. 104.402. ENERGY CONSERVATION PROGRAM AUTHORITY. (a)
 1-33 A local distribution company may offer to customers and prospective
 1-34 customers and provide to customers an energy conservation program
 1-35 in the manner provided by this subchapter.

1-36 (b) The railroad commission has exclusive original
 1-37 jurisdiction over energy conservation programs implemented by
 1-38 local distribution companies.

1-39 (c) A political subdivision served by a local distribution
 1-40 company that implements an energy conservation program approved by
 1-41 the railroad commission under this subchapter may not limit,
 1-42 restrict, or otherwise prevent an eligible customer from
 1-43 participating in the energy conservation program based on the type
 1-44 or source of energy delivered to the customer.

1-45 Sec. 104.403. ENERGY CONSERVATION PROGRAM COST RECOVERY.

1-46 (a) A local distribution company may recover costs of energy
 1-47 conservation programs implemented under this subchapter if
 1-48 approved by the railroad commission in the manner provided by this
 1-49 subchapter. A local distribution company seeking to recover the
 1-50 costs must apply to the railroad commission before beginning
 1-51 recovery of the costs and at least once every three years after the
 1-52 date the company first applies for the cost recovery.

1-53 (b) If the railroad commission approves the local
 1-54 distribution company's application or approves the application
 1-55 with modifications, the company may recover costs prudently
 1-56 incurred to implement the energy conservation programs, including
 1-57 costs incurred to design, market, implement, administer, and
 1-58 deliver an energy conservation program.

1-59 (c) If the local distribution company provides an earnings
 1-60 monitoring report for the preceding calendar year demonstrating

2-1 that the company did not earn above the rate of return established
2-2 in the latest effective rates approved by the railroad commission
2-3 for the company, the railroad commission may allow the company to
2-4 recover an amount equal to the reduction in the company's marginal
2-5 revenues due to lower sales or demand resulting from the energy
2-6 conservation program.

2-7 (d) The railroad commission by rule shall require a local
2-8 distribution company that implements an energy conservation
2-9 program under this subchapter to submit to the railroad commission
2-10 an annual report on:

2-11 (1) the performance of the company's energy
2-12 conservation programs for the preceding year; and

2-13 (2) the company's planned energy conservation programs
2-14 for the upcoming year.

2-15 (e) An application for cost recovery under Subsection (a)
2-16 must include:

2-17 (1) a summary of and objectives for the local
2-18 distribution company's energy conservation programs;

2-19 (2) a description of each program;

2-20 (3) a proposed budget for each program;

2-21 (4) the projected consumption reduction or cost
2-22 savings for each program; and

2-23 (5) any public input compiled by the local
2-24 distribution company on the proposed programs as required by the
2-25 railroad commission.

2-26 (f) The railroad commission by rule may:

2-27 (1) determine a cost recovery mechanism for timely
2-28 recovery of costs described by Subsection (a); and

2-29 (2) ensure that costs described by Subsection (a) are
2-30 allocated to the customer classes eligible for participation in the
2-31 energy conservation program.

2-32 (g) Energy conservation programs proposed under this
2-33 section may be combined in a portfolio to provide incentives and
2-34 services to encourage energy conservation. The portfolio:

2-35 (1) must be designed to overcome barriers to the
2-36 adoption of energy-efficient equipment, technologies, and
2-37 processes and be designed to change customer behavior as necessary;
2-38 and

2-39 (2) may include measures such as:

2-40 (A) direct financial incentives;

2-41 (B) technical assistance and information,
2-42 including building energy performance analyses performed by the
2-43 local distribution company or a third party approved by the
2-44 company;

2-45 (C) discounts or rebates for products; and

2-46 (D) weatherization for low-income customers.

2-47 (h) A proceeding filed under this section is not a
2-48 ratemaking proceeding for the purposes of Section 103.022.

2-49 (i) A local distribution company implementing an energy
2-50 conservation program under this subchapter shall reimburse the
2-51 railroad commission for the utility's proportionate share of the
2-52 railroad commission's costs related to administration of reviewing
2-53 and approving or denying cost recovery applications under this
2-54 subchapter.

2-55 SECTION 2. This Act takes effect immediately if it receives
2-56 a vote of two-thirds of all the members elected to each house, as
2-57 provided by Section 39, Article III, Texas Constitution. If this
2-58 Act does not receive the vote necessary for immediate effect, this
2-59 Act takes effect September 1, 2023.

2-60 * * * * *