

By: Hughes

S.B. No. 1050

A BILL TO BE ENTITLED

AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

SUBCHAPTER J. NATURAL GAS ENERGY CONSERVATION PROGRAMS

Sec. 104.401. DEFINITIONS. In this subchapter:

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

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

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

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

(c) A political subdivision served by a local distribution company that implements an energy conservation program approved by the railroad commission under this subchapter may not limit, restrict, or otherwise prevent an eligible customer from participating in the energy conservation program based on the type

or source of energy delivered to the customer.

Sec. 104.403. ENERGY CONSERVATION PROGRAM COST RECOVERY.

(a) A local distribution company may recover costs prudently incurred to implement one or more energy conservation programs if:

(1) the company applies to the railroad commission at least once every three years under this subchapter for review and approval of the company's energy conservation programs; and

(2) the railroad commission approves cost recovery for the company's energy conservation programs.

(b) The railroad commission by rule shall require a local distribution company that implements an energy conservation program under this subchapter to submit to the railroad commission an annual report on:

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

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

(c) An application submitted under Subsection (a) must include:

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

(2) a description of each program;

(3) a proposed budget for each program; and

(4) the projected consumption reduction or cost savings for each program.

(d) The railroad commission by rule shall:

(1) determine a cost recovery mechanism for timely

recovery of all costs incurred in implementing an energy conservation program, including:

(A) costs incurred to design, market, implement, administer, and deliver an energy conservation program; and

(B) an amount equal to the reduction in the local distribution company's marginal revenues due to the lower sales or demand resulting from the energy conservation program; and

(2) ensure that costs associated with an energy conservation program are allocated to the customer classes eligible for participation in the energy conservation program.

(e) Energy conservation programs proposed under this section may be combined in a portfolio to provide incentives and services to encourage energy conservation. The portfolio:

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

(2) may include measures such as:

(A) direct financial incentives;

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

(C) discounts or rebates for products; and

(D) weatherization for low-income customers.

(f) A local distribution company may purchase carbon offsets or credits to meet stated conservation objectives in the

1 company's energy conservation programs and is entitled to recover
2 the costs of the carbon offsets or credits through a purchased gas
3 adjustment for operational emissions or as a regulatory asset for
4 recovery in a future proceeding.

5 (g) A proceeding filed under this section is not a
6 ratemaking proceeding for the purposes of Section 103.022.

7 (h) A local distribution company implementing an energy
8 conservation program under this subchapter shall reimburse the
9 railroad commission for the utility's proportionate share of the
10 railroad commission's costs related to administration of reviewing
11 and approving or denying cost recovery applications under this
12 subchapter.

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