

1-1 By: Hughes S.B. No. 1050
 1-2 (In the Senate - Filed February 21, 2023; March 3, 2023,
 1-3 read first time and referred to Committee on Natural Resources &
 1-4 Economic Development; April 20, 2023, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 8,
 1-6 Nays 0; April 20, 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 S.B. No. 1050 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 prudently
 1-47 incurred to implement one or more energy conservation programs,
 1-48 including costs incurred to design, market, implement, administer,
 1-49 and deliver an energy conservation program and an amount equal to
 1-50 the reduction in the local distribution company's marginal revenues
 1-51 due to the lower sales or demand resulting from the energy
 1-52 conservation program, if:

1-53 (1) the company applies to the railroad commission at
 1-54 least once every three years under this subchapter for review and
 1-55 approval of the company's energy conservation programs; and

1-56 (2) the railroad commission approves cost recovery for
 1-57 the company's energy conservation programs.

1-58 (b) The railroad commission by rule shall require a local
 1-59 distribution company that implements an energy conservation
 1-60 program under this subchapter to submit to the railroad commission

2-1 an annual report on:
2-2 (1) the performance of the company's energy
2-3 conservation programs for the preceding year; and
2-4 (2) the company's planned energy conservation programs
2-5 for the upcoming year.
2-6 (c) An application submitted under Subsection (a) must
2-7 include:
2-8 (1) a summary of and objectives for the local
2-9 distribution company's energy conservation programs;
2-10 (2) a description of each program;
2-11 (3) a proposed budget for each program;
2-12 (4) the projected consumption reduction or cost
2-13 savings for each program; and
2-14 (5) any public input compiled by the local
2-15 distribution company on the proposed programs as required by the
2-16 railroad commission.
2-17 (d) The railroad commission by rule may:
2-18 (1) determine a cost recovery mechanism for timely
2-19 recovery of costs described by Subsection (a); and
2-20 (2) ensure that costs described by Subsection (a) are
2-21 allocated to the customer classes eligible for participation in the
2-22 energy conservation program.
2-23 (e) Energy conservation programs proposed under this
2-24 section may be combined in a portfolio to provide incentives and
2-25 services to encourage energy conservation. The portfolio:
2-26 (1) must be designed to overcome barriers to the
2-27 adoption of energy-efficient equipment, technologies, and
2-28 processes and be designed to change customer behavior as necessary;
2-29 and
2-30 (2) may include measures such as:
2-31 (A) direct financial incentives;
2-32 (B) technical assistance and information,
2-33 including building energy performance analyses performed by the
2-34 local distribution company or a third party approved by the
2-35 company;
2-36 (C) discounts or rebates for products; and
2-37 (D) weatherization for low-income customers.
2-38 (f) A proceeding filed under this section is not a
2-39 ratemaking proceeding for the purposes of Section 103.022.
2-40 (g) A local distribution company implementing an energy
2-41 conservation program under this subchapter shall reimburse the
2-42 railroad commission for the utility's proportionate share of the
2-43 railroad commission's costs related to administration of reviewing
2-44 and approving or denying cost recovery applications under this
2-45 subchapter.
2-46 SECTION 2. This Act takes effect immediately if it receives
2-47 a vote of two-thirds of all the members elected to each house, as
2-48 provided by Section 39, Article III, Texas Constitution. If this
2-49 Act does not receive the vote necessary for immediate effect, this
2-50 Act takes effect September 1, 2023.

2-51 * * * * *