

BILL ANALYSIS

C.S.H.B. 5623
By: Davis, Yvonne
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The 88th Texas Legislature created the Texas Energy Fund to support the construction, maintenance, modernization, and operation of electric generating facilities and appropriated \$5 billion to be used to provide grants and loans to projects through that fund. Texans approved the creation of the fund through a constitutional election in November 2023. C.S.H.B. 5623 would allow money in the fund to be used to provide grants for energy efficiency projects that benefit retail electric customers, contingent on voter approval of a corresponding constitutional amendment.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 5623 amends the Utilities Code to authorize the Public Utility Commission of Texas (PUC) to use money in the Texas Energy Fund without further appropriation to provide grants for energy efficiency projects that benefit retail electric customers, including residential weatherization, demand reduction, or energy loss prevention projects. The bill requires the PUC by rule to establish eligibility criteria to receive such a grant and authorizes the PUC to provide such a grant to a retail electric customer or a nonprofit corporation.

C.S.H.B. 5623 makes inapplicable to such a grant the statutory provisions that do the following with respect to facilities in the ERCOT power region for which a loan or grant is provided from the Texas Energy Fund:

- require ERCOT to work with electric utilities to ensure that each facility is fully interconnected in the region not later than the date the facility is ready for commercial operation; and
- require an applicable facility to be given certain priority regarding interconnection.

EFFECTIVE DATE

January 1, 2026, if the constitutional amendment authorizing the use of money in the Texas Energy Fund for energy efficiency projects that benefit retail electric customers is approved by the voters.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 5623 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Both the introduced and the substitute authorize the PUC to use money in the Texas Energy Fund without further appropriation to provide grants for energy efficiency projects that benefit retail electric customers. However, the introduced also authorized the PUC to use money in the fund to provide loans for such projects, whereas the substitute does not. Accordingly, the substitute omits a provision present in the introduced that exempted a loan or grant for an energy efficiency project from the statutory requirement that the PUC require each recipient of a loan from the Texas Energy Fund to enter into a certain debt covenant.