

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 546  
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Business & Commerce  
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Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, Section 39.905 (Goal for Energy Efficiency), Utilities Code, provides a goal for utilities to meet for implementing energy efficiency. As a result of H.B. 3693, 80th Legislature, Regular Session, 2007, the Public Utilities Commission (PUC) conducted a study to determine the amount of energy efficiency utilities could feasibly obtain. The report detailing those amounts was released at the end of 2008.

C.S.S.B. 546 sets forth the goals of the legislature relating to state energy efficiency standards, and authorizes the PUC to establish alternative goals for a utility under certain circumstances or to suspend goals under certain circumstances. The bill also addresses issues relating to outreach.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 39.905, Utilities Code, by amending Subsection (a) and adding Subsections (h), (i), and (j), as follows:

(a) Provides that it is the goal of the legislature that each electric utility will provide, through market-based standard offer programs, limited, targeted, market-transformation programs, or programs that address the major barriers to energy efficiency, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency for residential and commercial customers equivalent to at least a certain percentage of the electric utility's annual growth in demand of certain customers by certain dates, including the lower of 30 percent of the electric utility's annual growth in demand or 0.3 percent of the total peak demand of residential and commercial customers by December 31, 2012, provided that the average rate impact of the programs is not more than 25 cents per megawatt hour, and the lower of 50 percent of the electric utility's annual growth in demand or 0.7 percent of the total peak demand of residential and commercial customers by December 31, 2016, provided that the average rate impact of the programs is not more than 35 cents per megawatt hour; and requires that, notwithstanding Subdivision (3), rather than Subsection (a)(3), electric utilities continue to make available, at 2007 funding and participation levels, any load management standard offer programs developed for industrial customers and implemented prior to May 1, 2007. Makes a nonsubstantive change.

(h) Authorizes the Public Utility Commission of Texas (PUC), if PUC finds that an electric utility is unable to meet the goals specified in this section due to the establishment of new building energy codes; new appliance standards; federal funding of conservation, weatherization, and energy efficiency programs; or other factors unique to a particular utility, to establish alternative goals for the utility, subject to average rate impact limitations listed in Subsection (a)(3).

(i) Authorizes PUC, in the event the federal government establishes national mandates, requirements, or goals for energy efficiency, to suspend the goals in this section if it finds that the maintenance of a separate state requirement is duplicative or more costly than the suspension of the requirement.

(j) Authorizes electric utilities, in the event funding is not provided for customer education efforts under Section 39.903(e)(2) (relating to money in the fund being authorized to provide funding for certain programs) at a level sufficient to allow PUC to adequately inform customers of the programs authorized by this section, to conduct advertising or other outreach activities to retail customers if insufficient demand for incentives exists in the utility's service area. Prohibits outreach funds from being included in the average rate impact cap provided by this section. Requires PUC to approve the amount of funds to be expended in outreach efforts and the electric utility's plan for the activities to ensure that the activities are coordinated with other customer education initiatives of PUC.

SECTION 2. Repealer: Subsection (b-2) (relating to a cost-effective energy efficiency study), Section 39.905, Utilities Code.

Repealer: Section 39.913 (Combining Certain Reports), Utilities Code.

SECTION 3. Effective date: upon passage or September 1, 2009.