

BILL ANALYSIS

Senate Research Center

S.B. 600
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, electric companies are required to meet certain energy efficiency goals based on their growth in demand, but no requirement exists for the generation of electric energy from solar generation technologies.

As proposed, S.B. 600 establishes an eight-year graduated goal for increasing solar generation capacity. The bill expands existing energy efficiency programs to include solar generation technologies, making it accessible to all retail customers. S.B. 600 changes the current energy efficiency funding formula from growth in demand to a new market-driven funding mechanism of one percent of each electric utility's annual retail gross receipts to residential and commercial customers.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Public Utility Commission of Texas is modified in SECTION 1 (Section 39.905, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.905, Utilities Code, by amending Subsections (a), (b), (b-4), (d), and (e), and adding Subsection (a-1), as follows:

(a) Provides that it is the goal of the legislature that:

- (1) electric utilities will administer in a market-neutral, nondiscriminatory manner energy efficiency incentive programs and incentive programs for generation capacity from solar energy technologies, but will not offer underlying competitive services;
- (2) all customers, in all customer classes, will have a choice of an access to energy efficiency alternatives, solar energy technology systems, and other choices from the market that allow each customer to reduce energy consumption, peak demand, or energy costs;
- (3) subject to Subsection (a-1), by December 31, 2011, each electric utility will provide, through market-based standard offer programs or limited, targeted, market-transformation programs, 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 one percent of the electric utility's annual gross receipts from retail sales to residential and commercial customers, provided that the electric utility's program expenditures for each subsequent year are prohibited from being greater than 150 percent of the utility's program budget for residential and commercial customers, as filed with the Public Utility Commission of Texas (PUC) in the electric utility's most recent filing under this section. Deletes existing Subdivisions (3)(A), (3)(B), and (3)(C), regarding certain targets for 2007, 2008, and 2009.;
- (4) each electric utility in the Electric Reliability Council of Texas (ERCOT) region shall use its best efforts to encourage and facilitate the involvement of the

region's retail electric providers in the delivery of efficiency programs, solar technologies, and demand response programs under this section;

(5) retail electric providers in the ERCOT region, and electric utilities outside of the ERCOT region are required to provide customers with energy efficiency educational materials and information on available solar energy technologies; and

(6) Makes no changes to this subdivision.

(a-1) Provides that in addition to market-neutral standard offer programs, it is the intent of the legislature that a cumulative total of additional generating capacity from solar energy technologies be installed in this state as follows: at least 200 megawatts by January 1, 2011, at least 500 megawatts by January 1, 2013, at least 1,500 megawatts by January 1, 2015, and at least 3,000 megawatts by January 1, 2019, by spending at least 60 percent of the yearly balance of the money administered under the program on solar energy technologies for residential and commercial customers.

(b) Requires PUC to provide oversight and adopt rules and procedures to ensure that the utilities can achieve the goals, rather than goal, of this section, including encouraging the deployment of solar energy technologies. Makes nonsubstantive changes.

(b-4) Requires PUC and ERCOT to develop a method to account for the projected efficiency impacts under Subsection (b-3), including any efficiencies that may be achieved through the deployment of solar energy technologies as provided by Subsection (a-1), in ERCOT's annual forecasts of future capacity, demand, and reserves.

(d) Authorizes utilities to choose to implement any program option approved by PUC after evaluating the market-transformation program, in order to satisfy the goal in Subsection (a), including solar thermal programs, solar electric programs, or solar energy technologies as provided by Subsection (a-1).

(e) Authorizes an electric utility to use money approved by PUC for energy efficiency programs to perform necessary energy efficiency research and development to foster continuous improvement and innovation in the application of energy efficiency technology and energy efficiency program design and implementation, including the deployment of solar energy technologies in the grid.

SECTION 2. As drafted, this bill does not contain SECTION 2.

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