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Bill Number	Key Legislative Language/Chapter	Summary Notes	Link to Legislation	PUCT Project Number	Enacted Rule Summary
SB 7 (76th R)	<p>Sec. 39.905. GOAL FOR ENERGY EFFICIENCY. (a) It is the goal of the legislature that:</p> <p>(1) electric utilities will administer energy savings incentive programs in a market-neutral, nondiscriminatory manner but will not offer underlying competitive services;</p> <p>(2) all customers, in all customer classes, have a choice of and access to energy efficiency alternatives and other choices from the market that allow each customer to reduce energy consumption and reduce energy costs; and</p> <p>(3) 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 equivalent to at least 10 percent of the electric utility's annual growth in demand.</p> <p>(b) The commission shall provide oversight and adopt rules and procedures, if necessary, to ensure that the goal of this section is achieved by January 1, 2004.</p>	<p>Section 39.905 established the EGoal for the state of at least 10% of electric utilities annual growth in demand. Rules to be adopted by PUCT by 1/1/2004.</p>	<p>https://capitol.texas.gov/bills/76/sb/0001-0999/sb_766_0001.htm</p>	No. 21074	<p>Established interim goal of 5% demand growth by 1/1/2003 and 10% of demand growth by 1/1/2004. Demand growth based on 5 year average of growth in demand for each utility.</p>
SB 712 (75th R)	<p>SECTION 1. Amends Section 39.905, Utilities Code to add subsections (c), (d), (e), and (f). Amends subsection (b) to remove 1/1/2008 goal date.</p> <p>subsection (c) requires a standard offer program under Subsection (a)(3) to benefit with respect to technologies, equipment, and fuels, including thermal, chemical, mechanical, and electrical energy storage technologies.</p> <p>Subsection (d) requires the commission to adopt certain market transformation program options that the utilities are authorized to choose in order to satisfy the goal in Subsection (a)(3):</p> <p>(1) energy smart schools;</p> <p>(2) appliance retrofit and recycling;</p> <p>(3) air conditioning system tune-up; and</p> <p>(4) the use of trees or other landscaping for energy efficiency.</p> <p>subsection (e) Authorizes an electric utility to use money approved by the commission for energy efficiency programs to perform necessary research and development to foster continuous improvement and innovation in the application of technology and program design and implementation. Prohibits money the utility uses under this subsection from exceeding 10 percent of the amount the commission approved for energy efficiency programs in the utility's most recent full rate proceeding.</p> <p>subsection (f) Requires each unbundled transmission and distribution utility, unless funding is provided under Section 39.903 (System Benefit Fund), beginning January 1, 2006, to include a targeted low-income energy program as described by Section 39.909(a)(2) in its energy efficiency plan, and the savings achieved by the program to count toward that transmission and distribution utility's energy efficiency goal. PUCT is required to determine appropriate level of funding for aid programs. Requires TDHCA to submit reports as required by PUCT to provide the most current information available on energy and peak demand savings achieved in each transmission and distribution utility service area.</p>	<p>Text of legislature explicitly directed the PUCT to allow a wider variety of efficiency measures, which implicitly forced the commission to allow variable measures. For example, the legislation explicitly designated air conditioning tuneup and tree planting for passive shading. Effectively allowing utilities to reduce the cost of their load management programs and use the same funds every year to apply to their demand savings.</p>	<p>https://capitol.texas.gov/bills/75/sb/0001-0999/sb_712_0001.htm</p>	No. 30391	<p>The amended rules include the adoption of a solar water-heater program, updating lighting tables to reflect additional energy-efficient lighting options that are available, and increased emphasis on load management. Under the new solar water-heater program, the rule will provide incentives to assist solar water-heater manufacturers to train installers and to promote installation of solar water-heaters. The lighting tables provide calculations of energy savings for various standard offer programs under the rule, and updating the tables will allow additional energy efficiency fixtures to be used under these programs. The amendments relating to load management will remove limit on the current rule and should facilitate load management projects for residential and small commercial customers and additional demand savings from large commercial and industrial customers. The amended rules have been developed with the expectation that utilities may take advantage of the changes in their programs being developed for the 2006 calendar year.</p>
HB 3059 (80th R)	<p>subsection (a)(3)(A) increases electric utility goal from 10 percent to 15 percent annual demand growth provided the utility's program expenditures for 2008 funding may not be greater than 75 percent above the utility's program budget for 2007 on 12/31/2006.</p> <p>subsection (a)(3)(B) increases electric utility goal to 20% annual demand growth provided the utility's program expenditures for 2009 funding may not be greater than 150% above the utility's program budget for 2007 on 12/31/2009.</p> <p>subsection (b-1) Established EE cost recovery factor (bonus structure)</p> <p>subsection (b-2) Required an EE economic/technical/achieve potential study. Study was completed in 2008 and submitted to legislature in 2009. (later repealed in statute by SB 1125, 82nd)</p> <p>subsection (b-3) required PUCT and SEDCO to annually, for a period of five years beginning in 2008, to compute and report to ERCOT the projected energy savings and demand impacts for each entity in the ERCOT region that administers EE programs.</p> <p>subsection (b-4) Requires PUC and ERCOT to develop a method to account for the projected efficiency impacts under Subsection (b-3) in ERCOT's annual forecast of future capacity, demand, and reserves.</p> <p>Amends subsection (d) to add (d)(9)-(12)</p> <p>Subsection (e) The PUCT may provide for good cause exemption to a utility's liability for an administrative penalty or other sanction if the utility fails to meet a goal for energy efficiency under this section and the utility's failure to meet the goal is caused by one or more factors outside of the utility's control.</p> <p>Section 39.9051 adds municipally owned electric utilities section</p> <p>Section 39.9052 adds electric cooperative utilities section</p>	<p>Increased EGoal from 10 to 20% of annual demand growth over a two year period (2008-2009). Encouraged reps in ERCOT region and utilities outside ERCOT to provide educational EE materials. Law enabled utility providers to earn a bonus if they exceeded their goal in recognition that the utilities experience a revenue loss associated with increased efficiency which their program creation costs into incentive to participate and potentially exceed goal. This legislation also directed PUCT to commission a full potential of EE study and to report recommendations in prior to 2009 legislative session with respect to EERS (referenced in SB 1125 comments below). Amends to add additional program options, energy management and demand response, 6. high performance residential and commercial buildings, 7. program for retrofits of 6. energy monitoring equipment to customers energy audit programs for owners, 10. net-zero energy new home programs, 11. solar thermal or solar electric programs, and 12. windows that reduce solar gain by at least 30%. Industrial customers were provided a carve-out of contributing/participating in EE programs. Industrial customers argued they invest in efficiency because their internal incentive to improve their bottom lines and competitiveness, not by utility incentives.</p>	<p>https://capitol.texas.gov/bills/80/hb/0001-0999/hb_3059_0001.htm</p>	No. 33487 and No. 37623	<p>33487-PUCT adapted an energy savings (EWS) goal, to complement the demand (DWR) reduction goal, by adopting a capacity factor requirement, as a way to encourage a minimum of long-term energy savings. Adopted a 20% capacity factor, to not bias utilities away from demand response programs, but to also balance that with efficiency measures that delivered more consumer benefits. The PUCT defined energy savings at that time as a class-based reduction in a customer's consumption of energy that is attributable to energy efficiency measures. PUCT determined that if a utility exceeded 100% of its demand reduction goal, it would be eligible to receive a bonus equal to 1% of the net benefit for every 2% the demand reduction goal has been exceeded. The bonus amount was capped at 20% of total efficiency program costs. PUCT also required that a utility's goal could not fall below the prior year's goal, unless granted an exception by the PUCT for good cause.</p> <p>37623-PUCT adopted additional modifications to the efficiency rules, increasing demand reduction goal support its own motion, ramping up from 20% of demand growth in 2010 and 2011, to 25% reduction in demand growth in 2012, and finally to 30% reduction in demand growth for 2013. PUCT also modified the calculation of the performance bonus to require utilities to exceed their efficiency goal, in addition to their demand goal, in order to be eligible to earn a bonus.</p>
SB 1125 (82nd R)	<p>Subsection (a)(3) requires electric utility providers to provide annual market-based standard offer programs, market transformation programs, incentives sufficient for REPs and ESCOs to acquire additional cost-effective energy efficiency, subject to cost savings established by the commission, for residential and commercial customers equivalent to:</p> <p>(A) not less than:</p> <p>(i) 30 percent of the electric utility's annual growth in demand of residential and commercial customers by December 31 of each year beginning with the 2013 calendar year; and</p> <p>(ii) a program amount of energy efficiency to be acquired for the utility's residential and commercial customers for the most recent preceding year, 2007's and</p> <p>subsection (a)(3)(B) phases in the peak demand transition on a utility-by-utility basis so that utilities are required to achieve 9 percent of annual growth until their actual reductions reach 0.4 percent of peak demand, at which point peak demand then becomes the new goal. Repeals former subsection (a)(3)(A-4).</p> <p>subsection (d) amended to add additional program options</p> <p>subsection (f)(1)(i)(A) added.</p> <p>SECTION 2. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.9054, Energy Efficiency Plans and Reports to Public Information.</p> <p>SECTION 3. Repeals Section 39.905(b-2) (relating to establishing an incentive under Section 36.204 to reward utilities administering programs under this section that exceed the minimum goals established by this section), Utilities Code.</p>	<p>Increased EGoal from 10% to at least 30% of electric utility annual demand growth. Once a utility hits the 30% goal of annual demand growth it changes to 0.4% of peak demand. The 2009 full potential study by Iron commissioned by the PUCT pointed out that linking the goal to the level of demand, rather than the more available "growth in demand," would provide a more stable base for the utility programs. Utilities were also open to such a shift, because in 2011 it appeared the economy might return to a healthier rate of growth, and the goal adopted provided a predictable moderate cap for savings expectations.</p> <p>Other changes include expanding demand-side management programs, like Load Resource, to residential and commercial classes as long as current reliability standards are maintained. Adds to program options installation of variable speed AC systems, motors, and drives, commissioning services for commercial and institutional buildings that result in reduced energy consumption, data center efficiency programs, energy use programs that reduce consumption through behavior changes, Section 2 adds the requirement for electric utilities to submit energy efficiency plans by or before April 1 annually.</p>	<p>https://capitol.texas.gov/bills/82/sb/0001-0999/sb_1125_0001.htm</p>	No. 39674	<p>The addition of an evaluation, measurement, and verification (EM&V) framework as directed by SB 1125 will result in the commission hiring an outside consultant to develop a process that ensures accurate estimation of energy and demand impacts and will provide feedback to the commission, utilities, and stakeholders on program performance. The amendments also make several revisions to the energy efficiency cost recovery factor (EECRF) proceedings, including revising the procedural schedule and scope of the EECRFs and allowing an annual consumer price index (CPI) adjustment to the cost caps beginning in 2014; requiring costs to be directly assigned on a rate class basis and calculating EECRFs to provide energy charges for residential and commercial customers based on base rates on an energy basis and an energy or demand charge for each commercial rate class based on a demand basis for base rates and replacing the three-year reconciliation proceeding with an expanded annual EECRF proceeding that includes the issue to the extent to which the cost recovered through the EECRF complied with Public Utility Code and this section, and the extent to which the cost recovered was reasonable and necessary to reduce demand and energy growth, except for the 2013 proceedings that will allow a review of expensed program years prior to 2012.</p> <p>Other amendments include updating the avoided cost calculation to account for their transition to a nodal market design in the Electric Reliability Council of Texas (ERCOT); increasing the demand reduction goal to 30% annual growth in demand beginning in 2013 and moving to four-tenths of summer weather adjusted peak in subsequent years; setting the bonus at a maximum of 10% of total net benefits; adding provisions for utility self-delivered programs; revising load management programs by requiring more coordination with ERCOT; increasing the net-aside for targeted low-income programs; 10% of the utility's budget; formalizing the energy efficiency implementation project (EEP) process; revising the customer protection standards and applying definitions to allow behavioral programs and adding an opt-out provision for industrial customer staging service at distribution voltage.</p>
Additional PUCT Rulemaking	N/A	N/A	N/A	No. 46692	<p>The amendments to 525.181 remove the cost recovery and performance bonus subsections, require the inclusion of calculations supporting adjustment between meter and source in the energy efficiency plan and report, clarify that peak demand is to be calculated at the source, address the process to challenge the determination of avoided cost and the approval of changes to the technical reference manual, and include clarifications of rule language and non-substantive amendments, including the removal of obsolete and unnecessary rule language. The new 525.182 includes the cost recovery and performance bonus subsections removed from 525.181, and amends those subsections to increase the application of interest to over- and under-recovery balances, clarify the bonus calculation based on recent commission precedent, clarify rule language, and incorporate non-substantive amendments including the removal of obsolete and unnecessary rule language. The amendments to 525.183 remove obsolete and unnecessary rule language.</p>