

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1434
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As the overall budget of energy efficiency programs (EE programs) run by the electric utilities continues to increase, the percentage of money spent on targeted low-income EE programs continues to decrease. This is because the funding mechanism is outdated and obsolete. C.S.S.B. 1434 seeks to update this funding mechanism to more accurately reflect current needs so that funding for the targeted low-income EE programs is restored to at least 10 percent of a transmission and distribution utility's energy efficiency budget for the year.

Under Section 39.905 (Goal for Energy Efficiency), Utilities Code, both targeted and standard offer low-income EE program expenditures are based on 2003 levels of hard to reach programs. The Texas Department of Housing and Community Affairs is required to issue reports on demand savings, but is not required to participate in efficiency cost recovery factor (EECRF) proceedings.

C.S.S.B. 1434 amends Section 39.905, Utilities Code, by changing funding for targeted low-income programs from the base floor of 2003 funding levels to 10 percent of the utility's overall energy efficiency budget. It also limits the 10 percent budget portion to those low-income EE programs that can be verified; more specifically, targeted low-income EE programs must comply with the same audit requirements as federal weatherization programs. In addition, C.S.S.B. 1434 requires the state agency that oversees the federal weatherization assistance program to participate in the EECRF proceedings to assist the Public Utility Commission in its determination that utilities comply with program requirements. Lastly, the committee substitute no longer requires an annual report on EE program costs and savings.

C.S.S.B. 1434 amends current law relating to certain low-income weatherization programs.

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(f), Utilities Code, as follows:

(f) Requires that the level of funding for low-income energy efficiency programs be provided from money approved by the Public Utility Commission of Texas (PUC) for the transmission and distribution utility's energy efficiency programs. Requires PUC to ensure that annual expenditures for the targeted low-income energy efficiency programs of each unbundled transmission and distribution utility are not less than 10 percent of the transmission and distribution utility's energy efficiency budget for the year. Requires a targeted low-income energy efficiency program to comply with the same audit requirements that apply to federal weatherization subrecipients. Requires PUC, in an energy efficiency cost recovery factor proceeding related to expenditures under this subsection, to make findings of fact regarding whether the utility meets requirements imposed under this subsection. Requires the state agency that administers the federal weatherization assistance program to participate in energy efficiency cost recovery factor proceedings related to expenditures under this subsection to ensure that targeted low-

income weatherization programs are consistent with federal weatherization programs and adequately funded. Deletes existing text providing that the total expenditures for both targeted and standard offer low-income energy efficiency programs will be based on the amount spent by the transmission and distribution utility on PUC's hard-to-reach program in calendar year 2003. Deletes existing text requiring that this level of funding for low-income energy efficiency programs be provided from money approved by PUC for the transmission and distribution utility's energy efficiency programs. Makes a conforming change.

SECTION 2. Effective date: upon passage or September 1, 2011.