

The 87th Session of the Texas Legislature was saddled with three elements, first the continuing pandemic, second, a large budget shortfall, and third, Winter Storm Uri. Fallout from the storm captured the focus of lawmakers, generated many bills, and brought to the forefront other important dynamics which are being addressed by several late filed Senate bills that seek to address the winter storm's wrath.

As the session moves to seven (7) weeks remaining, House bills that have not been heard by the end of next week are effectively dead. However, bills that would affect the broader energy efficiency programs, products and services are making their way through the Texas House and Senate.

SPEER maintains our support for those bills that are force-multipliers for Texans and we look forward to working with stakeholders on saving ALL Texans both dollars and energy through thoughtful legislation. Energy Efficiency is a key factor to help drive the resiliency and stability of the Texas power grid.

IOU (Investor Owned Utilities) Increased Efficiency Goals!

SB 243 by Sen Eckhardt – As of 06April2021 bill has been sent to Senate Business and Commerce Committee, however, has not been set for a hearing.

Bill has the following provisions that SPEER views as EXTREMELY positive:

a-1) In addition to meeting the demand goals provided by Subsection (a), each electric utility shall also meet an annual energy savings goal of:

- (1) one-fourth of one percent annual energy savings in the 2022 calendar year;*
- (2) one-half of one percent annual energy savings in the 2023 calendar year;*
- (3) three-fourths of one percent annual energy savings in the 2024 calendar year; and*
- (4) one percent annual energy savings beginning with the 2025 calendar year.*

Investor Owned Utilities are required annually to support energy efficiency by offering market based programs both commercially and residentially that reduce demand and peak energy load usage. Annually, roughly \$6.25 per Texan is spent on these programs, however, SPEER and many of our allied organizations feel that more can be done through smaller incremental tiered increases. SB 243 would increase GOALS by .25 percent annually until a 1% increase is achieved in 2025 for the Energy Efficiency Resource Standard (EERS). This could reduce consumption over the four year span by the amount of power needed to serve more than 50,000 Texas homes.

Building Codes are FUNDAMENTALLY CRUCIAL to a resilient stock of supply!

HB 738 by Rep Paul – Bill has been voted out of Land and Resource Management on 29March2021. Bill has passed the House.

Bill has the following provisions that SPEER sees as a positive move in raising code standards across the state of Texas:

1. Section 214.212, Local Government Code. (a) To protect the public health, safety, and welfare, the International Residential Code, as it existed on May 1, 2012, is adopted as a municipal residential building code in this state.

2. Sec. 214.216, Local Government Code. (a) To protect the public health, safety, and welfare, the International Building Code, as it existed on May 1, 2012, is adopted as a municipal commercial building code in this state.
(b) The International Building Code applies to all commercial buildings in a municipality and to any alteration, remodeling, enlargement, or repair of those commercial buildings.

Though a leader in building, both residentially and commercially, Texas lags well behind in building code standards. Building Codes are set on a three-year cycle, with many municipalities utilizing the more recent 2018 version of the codes. However, many other cities and regions are using outdated and less efficiency-based code standards from as far back as 2006, more than a decade behind current standards. It is time for TEXAS to be a leader, not a lagger in code adoption. HB 738 by Rep Paul would help to bridge the gap in many areas by increasing the minimum code standard to a baseline 2012 International Residential Code (IRC) a more updated and efficiency based application.

A well-trained workforce can help to drive clean energy opportunities!

HB 739 by Rep Lopez – Bill has been voted out of Defense and Veterans Affairs Committee and is set for General State Calendar (House) on 08April2021

Bill contains provisions such as the following:

434.026. GRANTS FOR PROFESSIONAL DEVELOPMENT. (a) The Texas Veterans Commission shall develop and administer a grant program to provide financial assistance to veterans seeking a certification or training to prepare for employment in the energy industry.

Creating a stronger energy sector workforce, including utilizing one of the state's more qualified resources, our VETERANS, is a key factor as Texas pushes the boundaries on our power resources. Programs to help transitioning veterans or those looking to change careers can have long lasting positive outcomes while laying the groundwork for a well-trained workforce that can drive our economy and efficiency forward. HB 739 would set up grant programs through the Texas Veterans Commission that would be used for energy sector training and education for these proud protectors. This could include training and certification within the renewables industry and energy efficiency.

Texas Power Structure could change via numerous legislative filings!

HBs 10 -17 (below) have been noted as **HIGH priority bills by the Governor and Speaker** based on the recent winter storm, and many of these have passed the House and are headed to the Senate. They cover the following:

- HB 10 - Relating to the governing body of the independent organization certified to manage the ERCOT power region – passed the House
- HB 11 - Relating to the extreme weather emergency preparedness of facilities for providing electric service – passed the House

- HB 12 - Relating to a study on a statewide disaster and extended power outage alert system and implementation of that system. – passed the House
- HB 13 - Relating to the establishment of the Texas Energy Disaster Reliability Council – passed the House
- HB 16 - Relating to a prohibition on the sale of wholesale indexed products by retail electric providers – passed the House
- HB 17 - Relating to a restriction on the regulation of utility services and infrastructure based on the energy source to be used or delivered. – passed the House

The Senate's priority bills:

SB 2142 – The PUC shall order ERCOT to correct the prices of wholesale power and ancillary services sold in the ERCOT market during the period beginning 11:55 p.m., February 17, 2021 and ending 9 a.m., February 19, 2021, to reflect the prices of wholesale power and ancillary services that would have been paid in the ERCOT market during that period absent any action of ERCOT or the PUC to raise prices... By the order described by above, the PUC shall require ERCOT to issue all orders and take all other actions necessary to correct the prices not later than March 20, 2021. Passed and referred to House Committee on House State Affairs.

SB 2154 - PUC will have five rather than three commissioners appointed by the governor with the advice and consent of the Senate. Adds Texas residency as a requirement for appointment. Narrows the requirement that **all** commissioners be well informed and qualified in the field of public utilities and utility regulation to 'at least two commissioners must be'. Each commissioner must have at least five years of experience: in the administration of business or government or as a practicing attorney, certified public accountant, or ADDS professional engineer. A person is not eligible for appointment as a commissioner if the person: at any time during the one year **WAS two years** preceding appointment: personally served as an officer, director,... of a public utility regulated by the commission... **INCREASES THE REVOLVING DOOR**. Not later than the 30th day after the effective date of this Act, the governor shall appoint a person to the PUC to serve as the presiding officer. Passed and received by the House.

Continued Items of interest:

Aside from the priority items, many other bills have been filed that include the following:

- Environmental Justice Commissions
- Energy storage and distributed energy resources
- Reduction of tax credits on "renewable energy sources"
- Smart-meter technology
- Restriction of utility type
- Energy Efficiency loans and grants
- Demand Response actions – Commercial/Residential
- Study of the Texas energy system – Task Forces/Groups
- Customer choice and Retail Electric Providers

These and other legislative items can be found at <https://capitol.texas.gov/> by searching the key-word and/or bill search query.