

AN ACT

relating to energy demand, energy load, energy efficiency incentives, energy programs, and energy performance measures.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter Z, Chapter 44, Education Code, is amended by adding Section 44.902 to read as follows:

Sec. 44.902. GOAL TO REDUCE CONSUMPTION OF ELECTRIC ENERGY.

The board of trustees of a school district shall establish a goal to reduce the school district's annual electric consumption by five percent each state fiscal year for six years beginning September 1, 2007.

SECTION 2. Subchapter Z, Chapter 44, Education Code, is amended by adding Section 44.903 to read as follows:

Sec. 44.903. ENERGY-EFFICIENT LIGHT BULBS IN INSTRUCTIONAL FACILITIES. (a) In this section, "instructional facility" has the meaning assigned by Section 46.001.

(b) A school district shall purchase for use in each type of light fixture in an instructional facility the commercially available model of light bulb that:

(1) uses the fewest watts for the necessary luminous flux or light output;

(2) is compatible with the light fixture; and

(3) is the most cost-effective, considering the factors described by Subdivisions (1) and (2).

1 SECTION 3. Subchapter Z, Chapter 51, Education Code, is  
2 amended by adding Section 51.9271 to read as follows:

3 Sec. 51.9271. ENERGY-EFFICIENT LIGHT BULBS IN EDUCATIONAL  
4 AND HOUSING FACILITIES. (a) In this section, "housing facility"  
5 has the meaning assigned by Section 53.02.

6 (b) An institution of higher education shall purchase for  
7 use in each type of light fixture in an educational or housing  
8 facility the commercially available model of light bulb that:

9 (1) is compatible with the light fixture;

10 (2) uses the fewest watts for the necessary luminous  
11 flux or light output; and

12 (3) is the most cost-effective, considering the  
13 factors described by Subdivisions (1) and (2).

14 SECTION 4. Section 2155.068(d), Government Code, is amended  
15 to read as follows:

16 (d) As part of the standards and specifications program, the  
17 commission shall:

18 (1) review contracts for opportunities to recycle  
19 waste produced at state buildings;

20 (2) develop and update a list of equipment and  
21 appliances that meet the energy efficiency standards provided by  
22 Section 2158.301; and

23 (3) assist state agencies in selecting products under  
24 Section 2158.301, as appropriate.

25 SECTION 5. Chapter 2158, Government Code, is amended by  
26 adding Subchapter F to read as follows:

1     SUBCHAPTER F. ENERGY AND EFFICIENCY STANDARDS FOR EQUIPMENT AND  
2                                     APPLIANCES

3             Sec. 2158.301. ENERGY CONSERVATION. If available and  
4 cost-effective, a state agency shall purchase equipment and  
5 appliances for state use that meet or exceed:

6                     (1) the federal energy conservation standards under  
7 Section 325, Energy Policy and Conservation Act (42 U.S.C. Section  
8 6295), or a federal regulation adopted under that Act; or

9                     (2) the federal Energy Star standards designated by  
10 the United States Environmental Protection Agency and the United  
11 States Department of Energy.

12             SECTION 6. Subchapter A, Chapter 2165, Government Code, is  
13 amended by adding Section 2165.008 to read as follows:

14             Sec. 2165.008. ENERGY-EFFICIENT LIGHT BULBS IN STATE  
15 BUILDINGS. A state agency or institution of higher education in  
16 charge and control of a state building shall purchase for use in  
17 each type of light fixture in the building the commercially  
18 available model of light bulb that:

19                     (1) uses the fewest watts for the necessary luminous  
20 flux or light output; and

21                     (2) is compatible with the light fixture.

22             SECTION 7. Subchapter B, Chapter 2165, Government Code, is  
23 amended by adding Section 2165.058 to read as follows:

24             Sec. 2165.058. VENDING MACHINES; ENERGY-SAVING DEVICE  
25 REQUIRED. (a) This section does not apply to a vending machine  
26 that contains a perishable food product, as defined by Section  
27 96.001, Civil Practice and Remedies Code.

1       (b) The commission shall require an entity that owns or  
2 operates a vending machine located in a building owned or leased by  
3 the state to activate and maintain any internal energy-saving or  
4 energy-management device or option that is already part of the  
5 machine or contained in the machine.

6       (c) The commission shall require the use of an external  
7 energy-saving or energy-management device for each vending machine  
8 that:

9               (1) is located in a building owned or leased by the  
10 state;

11               (2) operates with a compressor; and

12               (3) does not have an activated and operational  
13 internal energy-saving or energy-management device or option.

14       (d) An entity that owns or operates a vending machine  
15 subject to this section is responsible for any expenses associated  
16 with the acquisition, installation, or maintenance of an  
17 energy-saving device required by this section.

18       (e) The commission may impose an administrative fine on an  
19 entity that operates a vending machine subject to this section in an  
20 amount not to exceed \$250 a year for each machine found to be in  
21 violation of this section or rules adopted by the commission under  
22 this section.

23       (f) The commission shall adopt rules relating to the  
24 specifications for and regulation of energy-saving devices  
25 required by this section.

26       SECTION 8. Subtitle F, Title 10, Government Code, is  
27 amended by adding Chapter 2264 to read as follows:

1 CHAPTER 2264. REQUIRED PUBLICATION AND REPORTING BY GOVERNMENTAL  
2 ENTITIES

3 Sec. 2264.001. RECORDING AND REPORTING OF ELECTRICITY,  
4 WATER, AND NATURAL GAS CONSUMPTION. (a) In this section,  
5 "governmental entity" means:

6 (1) a board, commission, or department of the state or  
7 a political subdivision of the state, including a municipality, a  
8 county, or any kind of district; or

9 (2) an institution of higher education as defined by  
10 Section 61.003, Education Code.

11 (b) Notwithstanding any other law, a governmental entity  
12 responsible for payments for electric, water, or natural gas  
13 utility services shall record in an electronic repository the  
14 governmental entity's metered amount of electricity, water, or  
15 natural gas consumed for which it is responsible to pay and the  
16 aggregate costs for those utility services. The governmental  
17 entity shall report the recorded information on a publicly  
18 accessible Internet website with an interface designed for ease of  
19 navigation if available, or at another publicly accessible  
20 location.

21 SECTION 9. Subchapter H, Chapter 2306, Government Code, is  
22 amended by adding Section 2306.187 to read as follows:

23 Sec. 2306.187. ENERGY EFFICIENCY STANDARDS FOR CERTAIN  
24 SINGLE AND MULTIFAMILY DWELLINGS. (a) A newly constructed single  
25 or multifamily dwelling that is constructed with assistance awarded  
26 by the department, including state or federal money, housing tax  
27 credits, or multifamily bond financing, must include energy

1 conservation and efficiency measures specified by the department.  
2 The department by rule shall establish a minimum level of energy  
3 efficiency measures that must be included in a newly constructed  
4 single or multifamily dwelling as a condition of eligibility to  
5 receive assistance awarded by the department for housing  
6 construction. The measures adopted by the department may include:

7 (1) the installation of Energy Star-labeled ceiling  
8 fans in living areas and bedrooms;

9 (2) the installation of Energy Star-labeled  
10 appliances;

11 (3) the installation of Energy Star-labeled lighting  
12 in all interior units;

13 (4) the installation of Energy Star-labeled  
14 ventilation equipment, including power-vented fans, range hoods,  
15 and bathroom fans;

16 (5) the use of energy efficient alternative  
17 construction material, including structural insulated panel  
18 construction;

19 (6) the installation of central air conditioning or  
20 heat pump equipment with a better Seasonal Energy Efficiency Rating  
21 (SEER) than that required by the energy code adopted under Section  
22 388.003, Health and Safety Code; and

23 (7) the installation of the air ducting system inside  
24 the conditioned space.

25 (b) A single or multifamily dwelling must include energy  
26 conservation and efficiency measures specified by the department  
27 if:

1           (1) the dwelling is rehabilitated with assistance  
2 awarded by the department, including state or federal money,  
3 housing tax credits, or multifamily bond financing; and

4           (2) any portion of the rehabilitation includes  
5 alterations that will replace items that are identified as required  
6 efficiency measures by the department.

7           (c) The energy conservation and efficiency measures the  
8 department requires under Subsection (b) may not be more stringent  
9 than the measures the department requires under Subsection (a).

10           (d) The department shall review the measures required to  
11 meet the energy efficiency standards at least annually to determine  
12 if additional measures are desirable and to ensure that the most  
13 recent energy efficiency technology is considered.

14           (e) Subsections (a) and (b) do not apply to a single or  
15 multifamily dwelling that receives weatherization assistance money  
16 from the department or money provided under the first-time  
17 homebuyer program.

18           SECTION 10. Section 301.038, Health and Safety Code, is  
19 amended to read as follows:

20           Sec. 301.038. PROVISION [~~COST~~] OF SERVICES; COSTS. (a) A  
21 cooperative association may provide services from a system to  
22 eligible institutions and may determine the amount to be charged  
23 for providing the services.

24           (b) Notwithstanding Sections 301.032 and 301.037, a  
25 cooperative association may provide from a system central heating  
26 and cooling services, including steam and heated and chilled water  
27 supply, to persons other than eligible institutions and may

1 determine the amount to be charged for providing services.

2 SECTION 11. Section 388.003, Health and Safety Code, is  
3 amended by adding Subsections (b-1), (b-2), and (b-3) to read as  
4 follows:

5 (b-1) If the State Energy Conservation Office determines,  
6 based on written recommendations from the laboratory, that the  
7 energy efficiency provisions of the latest published editions of  
8 the International Residential Code or the International Energy  
9 Conservation Code for residential or commercial energy efficiency  
10 and air quality are equivalent to or more stringent than the  
11 provisions of editions adopted under Subsection (a) or (b), the  
12 office by rule may adopt and substitute in the energy code the  
13 equivalent or more stringent editions for of the initial editions  
14 described by Subsection (a) or (b). If the State Energy  
15 Conservation Office adopts the latest published editions of the  
16 International Residential Code or the International Energy  
17 Conservation Code into the energy code, the office shall establish  
18 an effective date for the new editions that is not earlier than nine  
19 months after the date of adoption. The laboratory shall submit  
20 recommendations concerning the latest published editions of the  
21 International Residential Code or the International Energy  
22 Conservation Code not later than six months after publication of  
23 new editions.

24 (b-2) The State Energy Conservation Office by rule shall  
25 establish a procedure for allowing an opportunity for persons who  
26 have an interest in the adoption of energy efficiency codes under  
27 Subsection (b-1) to comment on a code considered for adoption,



1 including:

2 (1) commercial and residential builders;

3 (2) architects;

4 (3) engineers;

5 (4) county and other local government authorities; and

6 (5) environmental groups.

7 (b-3) In developing written recommendations under  
8 Subsection (b-1), the laboratory shall consider the comments  
9 submitted under Subsection (b-2).

10 SECTION 12. Section 388.005, Health and Safety Code, is  
11 amended to read as follows:

12 Sec. 388.005. ENERGY EFFICIENCY PROGRAMS IN CERTAIN  
13 GOVERNMENTAL ENTITIES [~~POLITICAL SUBDIVISIONS~~]. (a) In this  
14 section:

15 (1) "Institution of higher education" includes an  
16 institution of higher education as defined by Section 61.003,  
17 Education Code, and a private institution of higher education that  
18 receives funding from the state.

19 (2) "Political [~~,"political]~~ subdivision" means:

20 (A) [~~(1)~~] an affected county; or

21 (B) [~~(2)~~] any political subdivision in a  
22 nonattainment area or in an affected county other than:

23 (i) [~~(A)~~] a school district; or

24 (ii) [~~(B)~~] a district as defined by Section  
25 36.001 or 49.001, Water Code, that had a total annual electricity  
26 expense of less than \$200,000 in the previous fiscal year of the  
27 district.

1           (3) "State agency" means a department, commission,  
2 board, office, council, or other agency in the executive branch of  
3 state government that is created by the constitution or a statute of  
4 this state and has authority not limited to a geographical portion  
5 of the state.

6           (b) Each political subdivision, institution of higher  
7 education, or state agency shall implement all energy efficiency  
8 measures that meet the standards established for a contract for  
9 energy conservation measures under Section 302.004(b), Local  
10 Government Code, in order to reduce electricity consumption by the  
11 existing facilities of the entity [~~the political subdivision~~].

12           (c) Each political subdivision, institution of higher  
13 education, or state agency shall establish a goal to reduce the  
14 electric consumption by the entity [~~political subdivision~~] by five  
15 percent each state fiscal year for six [~~five~~] years, beginning  
16 September 1, 2007 [~~January 1, 2002~~].

17           (d) A political subdivision, institution of higher  
18 education, or state agency that does not attain the goals under  
19 Subsection (c) must include in the report required by Subsection  
20 (e) justification that the entity [~~political subdivision~~] has  
21 already implemented all available measures.

22           (e) A political subdivision, institution of higher  
23 education, or state agency annually shall report to the State  
24 Energy Conservation Office, on forms provided by that office,  
25 regarding the entity's [~~political subdivision's~~] efforts and  
26 progress under this section. The State Energy Conservation Office  
27 shall provide assistance and information to the entity [~~political~~

1 ~~subdivisions]~~ to help the entity [~~the political subdivisions~~] meet  
2 the goals set under this section.

3 (f) This section does not apply to a state agency or an  
4 institution of higher education that the State Energy Conservation  
5 Office determines that, before September 1, 2007, adopted a plan  
6 for conserving energy under which the agency or institution  
7 established a percentage goal for reducing the consumption of  
8 electricity. The exemption provided by this section applies only  
9 while the agency or institution has an energy conservation plan in  
10 effect and only if the agency or institution submits reports on the  
11 conservation plan each calendar quarter to the governor, the  
12 Legislative Budget Board, and the State Energy Conservation Office.

13 SECTION 13. Section 388.008, Health and Safety Code, is  
14 amended by amending Subsections (a) and (c) and adding Subsection  
15 (d) to read as follows:

16 (a) The laboratory shall develop a standardized report  
17 format to be used by providers of home energy ratings. The  
18 laboratory may develop different report formats for rating newly  
19 constructed residences from those for existing residences. The  
20 form must be designed to give potential buyers information on a  
21 structure's energy performance, including:

- 22 (1) insulation;  
23 (2) types of windows;  
24 (3) heating and cooling equipment;  
25 (4) water heating equipment;  
26 (5) additional energy conserving features, if any;  
27 (6) results of performance measurements of building

1 tightness and forced air distribution; and

2 (7) an overall rating of probable energy efficiency  
3 relative to the minimum requirements of the International Energy  
4 Conservation Code or the energy efficiency chapter of the  
5 International Residential Code, as appropriate.

6 (c) The laboratory may cooperate with an industry  
7 organization or trade association to:

8 (1) develop guidelines for home energy ratings;

9 (2) provide training for individuals performing home  
10 energy ratings and providers of home energy ratings; and

11 (3) provide a registry of completed ratings for newly  
12 constructed residences and residential improvement projects for  
13 the purpose of computing the energy savings and emissions  
14 reductions benefits of the [The] home energy ratings program [shall  
15 be implemented by September 1, 2002].

16 (d) The laboratory shall include information on the  
17 benefits attained from this program in an annual report to the  
18 commission.

19 SECTION 14. The heading to Section 74.3013, Property Code,  
20 is amended to read as follows:

21 Sec. 74.3013. DELIVERY OF MONEY FOR RURAL SCHOLARSHIP,  
22 [AND] ECONOMIC DEVELOPMENT, AND ENERGY EFFICIENCY ASSISTANCE.

23 SECTION 15. Sections 74.3013(a), (b), (e), (f), and (g),  
24 Property Code, are amended to read as follows:

25 (a) Notwithstanding and in addition to any other provision  
26 of this chapter or other law, a nonprofit cooperative corporation  
27 may deliver reported money to a scholarship fund for rural

1 students, ~~[or]~~ to stimulate rural economic development, or to  
2 provide energy efficiency assistance to members of electric  
3 cooperatives, instead of delivering the money to the comptroller as  
4 prescribed in Section 74.301.

5 (b) A nonprofit cooperative corporation may deliver the  
6 money under this section only:

7 (1) to a scholarship fund established by one or more  
8 nonprofit cooperative corporations in this state to enable students  
9 from rural areas to attend college, technical school, or other  
10 postsecondary educational institution; ~~[and]~~

11 (2) to an economic development fund for the  
12 stimulation and improvement of business and commercial activity for  
13 economic development in rural communities; and

14 (3) to an energy efficiency assistance fund to assist  
15 members of an electric cooperative in reducing their energy  
16 consumption and electricity bills.

17 (e) The comptroller shall prescribe forms and procedures  
18 governing this section, including forms and procedures relating to:

19 (1) notice of presumed abandoned property;

20 (2) delivery of reported money to a scholarship, ~~[or]~~  
21 economic development fund, or energy efficiency assistance fund;

22 (3) filing of a claim; and

23 (4) procedures to allow equitable opportunity for  
24 participation by each nonprofit cooperative corporation in the  
25 state.

26 (f) During a state fiscal year the total amount of money  
27 that may be transferred by all nonprofit cooperative corporations

1 under this section may not exceed \$2 [~~\$1~~] million. No more than 20  
2 percent of each nonprofit cooperative's funds eligible for delivery  
3 under this section shall be used for economic development. The  
4 comptroller shall adopt procedures to record the total amount of  
5 money transferred annually [~~to allow equitable opportunity for~~  
6 ~~participation with preference given to corporations already~~  
7 ~~providing similar scholarship opportunities in other states~~].

8 (g) Nonprofit cooperative corporations may combine  
9 [~~economic development~~] funds from other sources with any [~~economic~~  
10 ~~development~~] funds delivered under this section. In addition, such  
11 cooperatives may engage in other business and commercial  
12 activities, in their own behalf or through such subsidiaries and  
13 affiliates as deemed necessary, in order to provide and promote  
14 educational opportunities and to stimulate rural economic  
15 development.

16 SECTION 16. Subchapter H, Chapter 151, Tax Code, is amended  
17 by adding Section 151.333 to read as follows:

18 Sec. 151.333. ENERGY-EFFICIENT PRODUCTS. (a) In this  
19 section, "energy-efficient product" means a product that has been  
20 designated as an Energy Star qualified product under the Energy  
21 Star program jointly operated by the United States Environmental  
22 Protection Agency and the United States Department of Energy.

23 (b) This section applies only to the following  
24 energy-efficient products:

25 (1) an air conditioner the sales price of which does  
26 not exceed \$6,000;

27 (2) a clothes washer;

- 1           (3) a ceiling fan;
- 2           (4) a dehumidifier;
- 3           (5) a dishwasher;
- 4           (6) an incandescent or fluorescent lightbulb;
- 5           (7) a programmable thermostat; and
- 6           (8) a refrigerator the sales price of which does not  
7 exceed \$2,000.

8           (c) The sale of an energy-efficient product to which this  
9 section applies is exempted from the taxes imposed by this chapter  
10 if the sale takes place during a period beginning at 12:01 a.m. on  
11 the Saturday preceding the last Monday in May (Memorial Day) and  
12 ending at 11:59 p.m. on the last Monday in May.

13           SECTION 17. Subchapter A, Chapter 313, Tax Code, is amended  
14 by adding Section 313.008 to read as follows:

15           Sec. 313.008. REPORT ON COMPLIANCE WITH ENERGY-RELATED  
16 AGREEMENTS. (a) Before the beginning of each regular session of  
17 the legislature, the comptroller shall submit to the lieutenant  
18 governor, the speaker of the house of representatives, and each  
19 member of the legislature a report assessing the progress of each  
20 agreement entered into under this chapter utilizing data certified  
21 by agreement recipients, on each agreement entered into under this  
22 chapter involving energy-related projects, including wind  
23 generation, ethanol production, liquefied natural gas terminals,  
24 low sulfur diesel production, refinery cogeneration, and nuclear  
25 energy production. The report must state for each agreement:

- 26           (1) the number of qualifying jobs each recipient of a  
27 limitation on appraised value committed to create;

1           (2) the number of qualifying jobs each recipient  
2 created;

3           (3) the median wage of the new jobs each recipient  
4 created;

5           (4) the amount of the qualified investment each  
6 recipient committed to expend or allocate per project;

7           (5) the amount of the qualified investment each  
8 recipient expended or allocated per project;

9           (6) the market value of the qualified property of each  
10 recipient as established by the local appraiser;

11           (7) the limitation on appraised value for the  
12 qualified property of each recipient;

13           (8) the dollar amount of the ad valorem taxes that  
14 would have been imposed on the market value of the qualified  
15 property;

16           (9) the dollar amount of the ad valorem taxes imposed  
17 on the qualified property;

18           (10) the number of new jobs created by each recipient  
19 in each sector of the North American Industry Classification System  
20 (NAICS); and

21           (11) of the number of new jobs each recipient created,  
22 the number of positions created that provide health benefits for  
23 employees.

24           (b) The report may not include information that is made  
25 confidential by law.

26           (c) The comptroller may require a recipient to submit, on a  
27 form provided by the comptroller, information required to complete



1 the report.

2 SECTION 18. Section 31.004, Utilities Code, is amended by  
3 adding Subsection (c) to read as follows:

4 (c) The commission shall provide information to school  
5 districts regarding how a school district may finance the  
6 installation of solar electric generation panels for school  
7 district buildings.

8 SECTION 19. Section 39.002, Utilities Code, is amended to  
9 read as follows:

10 Sec. 39.002. APPLICABILITY. This chapter, other than  
11 Sections 39.155, 39.157(e), 39.203, 39.903, [~~and~~] 39.904, 39.9051,  
12 39.9052, and 39.914(e), does not apply to a municipally owned  
13 utility or an electric cooperative. Sections 39.157(e), 39.203, and  
14 39.904, however, apply only to a municipally owned utility or an  
15 electric cooperative that is offering customer choice. If there is  
16 a conflict between the specific provisions of this chapter and any  
17 other provisions of this title, except for Chapters 40 and 41, the  
18 provisions of this chapter control.

19 SECTION 20. Section 39.107, Utilities Code, is amended by  
20 adding Subsection (i) to read as follows:

21 (i) Subject to the restrictions in Subsection (h), it is the  
22 intent of the legislature that net metering and advanced meter  
23 information networks be deployed as rapidly as possible to allow  
24 customers to better manage energy use and control costs, and to  
25 facilitate demand response initiatives.

26 SECTION 21. Subchapter Z, Chapter 39, Utilities Code, is  
27 amended by adding Section 39.9025 to read as follows:

1       Sec. 39.9025. HOME ELECTRIC ENERGY REPORTS. The commission  
2 may encourage retail electric providers to deliver individualized  
3 home electric energy reports to educate consumers about electric  
4 energy use and energy efficiency to assist consumers to use energy  
5 more efficiently.

6       SECTION 22. Section 39.905, Utilities Code, is amended by  
7 amending Subsections (a), (b), (d), (e), and (f) and adding  
8 Subsections (b-1), (b-2), (b-3), (b-4), and (g) to read as follows:

9       (a) It is the goal of the legislature that:

10           (1) electric utilities will administer energy  
11 efficiency [~~savings~~] incentive programs in a market-neutral,  
12 nondiscriminatory manner but will not offer underlying competitive  
13 services;

14           (2) all customers, in all customer classes, will have  
15 a choice of and access to energy efficiency alternatives and other  
16 choices from the market that allow each customer to reduce energy  
17 consumption, peak demand, or energy costs; [~~and~~]

18           (3) each electric utility will provide, through  
19 market-based standard offer programs or limited, targeted,  
20 market-transformation programs, incentives sufficient for retail  
21 electric providers and competitive energy service providers to  
22 acquire additional cost-effective energy efficiency for  
23 residential and commercial customers equivalent to at least:

24                   (A) 10 percent of the electric utility's annual  
25 growth in demand of residential and commercial customers by  
26 December 31, 2007;

27                   (B) 15 percent of the electric utility's annual

1 growth in demand of residential and commercial customers by  
2 December 31, 2008, provided that the electric utility's program  
3 expenditures for 2008 funding may not be greater than 75 percent  
4 above the utility's program budget for 2007 for residential and  
5 commercial customers, as included in the April 1, 2006, filing; and

6 (C) 20 percent of the electric utility's annual  
7 growth in demand of residential and commercial customers by  
8 December 31, 2009, provided that the electric utility's program  
9 expenditures for 2009 funding may not be greater than 150 percent  
10 above the utility's program budget for 2007 for residential and  
11 commercial customers, as included in the April 1, 2006, filing;

12 (4) each electric utility in the ERCOT region shall  
13 use its best efforts to encourage and facilitate the involvement of  
14 the region's retail electric providers in the delivery of  
15 efficiency programs and demand response programs under this  
16 section;

17 (5) retail electric providers in the ERCOT region, and  
18 electric utilities outside of the ERCOT region, shall provide  
19 customers with energy efficiency educational materials; and

20 (6) notwithstanding Subsection (a)(3), electric  
21 utilities shall continue to make available, at 2007 funding and  
22 participation levels, any load management standard offer programs  
23 developed for industrial customers and implemented prior to May 1,  
24 2007.

25 (b) The commission shall provide oversight and adopt rules  
26 and procedures[~~, as necessary,~~] to ensure that the utilities can  
27 achieve the goal of this section, including:

1           (1) establishing an energy efficiency cost recovery  
2 factor for ensuring timely and reasonable cost recovery for utility  
3 expenditures made to satisfy the goal of this section;

4           (2) establishing an incentive under Section 36.204 to  
5 reward utilities administering programs under this section that  
6 exceed the minimum goals established by this section;

7           (3) providing a utility that is unable to establish an  
8 energy efficiency cost recovery factor in a timely manner due to a  
9 rate freeze with a mechanism to enable the utility to:

10           (A) defer the costs of complying with this  
11 section; and

12           (B) recover the deferred costs through an energy  
13 efficiency cost recovery factor on the expiration of the rate  
14 freeze period;

15           (4) ensuring that the costs associated with programs  
16 provided under this section are borne by the customer classes that  
17 receive the services under the programs; and

18           (5) ensuring the program rules encourage the value of  
19 the incentives to be passed on to the end-use customer.

20           (b-1) The energy efficiency cost recovery factor under  
21 Subsection (b)(1) may not result in an over-recovery of costs but  
22 may be adjusted each year to change rates to enable utilities to  
23 match revenues against energy efficiency costs and any incentives  
24 to which they are granted. The factor shall be adjusted to reflect  
25 any over-collection or under-collection of energy efficiency cost  
26 recovery revenues in previous years.

27           (b-2) The commission shall conduct a study, to be funded by

1 electric utilities, regarding cost-effective energy efficiency in  
2 this state. Not later than January 15, 2009, the commission shall  
3 submit to the legislature a report regarding the commission's  
4 findings that:

5 (1) considers the technical, economic, and achievable  
6 potential, and natural occurrence of energy efficiency in this  
7 state in terms of kilowatts and kilowatt hours for each element;

8 (2) determines the amount of savings that is  
9 achievable through utility programs in compliance with commission  
10 rules;

11 (3) recommends whether:

12 (A) utility funding of energy efficiency in areas  
13 of the state with competitive retail electric service should  
14 continue;

15 (B) energy efficiency in areas with competitive  
16 retail electric service is best provided by the competitive market;  
17 and

18 (C) utilities should fund education programs to  
19 be conducted by the commission regarding the provision of energy  
20 efficiency service from the competitive market;

21 (4) provides estimates of achievable savings specific  
22 to each utility service area and each customer class;

23 (5) quantifies the costs and rate impacts associated  
24 with meeting energy efficiency goals;

25 (6) determines whether an increase in the goal to 30  
26 percent of the growth in demand for each utility is achievable by  
27 December 31, 2010, and whether an increase in the goal to 50 percent

1 of the growth in demand for electricity is achievable by December  
2 31, 2015, by each utility in the service area served through the  
3 energy efficiency programs described by this section;

4 (7) recommends policies designed to promote energy  
5 efficiency in the areas of the state that are not served by the  
6 utilities which administer programs under this section; and

7 (8) identifies potential barriers to the increased  
8 participation by retail electric providers in the delivery of  
9 energy efficiency services to ERCOT customers, and to the increased  
10 potential for energy efficiency in ERCOT or in this state  
11 generally, including any recommended regulatory or statutory  
12 changes to eliminate such barriers or facilitate greater  
13 efficiency.

14 (b-3) Beginning not later than January 1, 2008, the  
15 commission, in consultation with the State Energy Conservation  
16 Office, annually for a period of five years shall compute and report  
17 to ERCOT the projected energy savings and demand impacts for each  
18 entity in the ERCOT region that administers standard offer  
19 programs, market transformation programs, combined heating and  
20 power technology, demand response programs, solar incentive  
21 programs, appliance efficiency standards, energy efficiency  
22 programs in public buildings, and any other relevant programs that  
23 are reasonably anticipated to reduce electricity energy or peak  
24 demand or that serve as substitutes for electric supply.

25 (b-4) The commission and ERCOT shall develop a method to  
26 account for the projected efficiency impacts under Subsection (b-3)  
27 in ERCOT's annual forecasts of future capacity, demand, and

1 reserves.

2 (d) The commission shall establish a procedure for  
3 reviewing and evaluating market-transformation program options  
4 described by this subsection and other options. In evaluating  
5 program options, the commission may consider the ability of a  
6 program option to reduce costs to customers through reduced demand,  
7 energy savings, and relief of congestion. Utilities [~~adopt the~~  
8 ~~following market-transformation program options that the~~  
9 ~~utilities]~~ may choose to implement any program option approved by  
10 the commission after its evaluation in order to satisfy the goal in  
11 Subsection (a), including [(a)(3)]:

12 (1) energy-smart schools;

13 (2) appliance retirement and recycling;

14 (3) air conditioning system tune-ups; [~~and]~~

15 (4) the use of trees or other landscaping for energy  
16 efficiency;

17 (5) customer energy management and demand response  
18 programs;

19 (6) high performance residential and commercial  
20 buildings that will achieve the levels of energy efficiency  
21 sufficient to qualify those buildings for federal tax incentives;

22 (7) programs for customers who rent or lease their  
23 residence or commercial space;

24 (8) programs providing energy monitoring equipment to  
25 customers that enable a customer to better understand the amount,  
26 price, and time of the customer's energy use;

27 (9) energy audit programs for owners and other

1 residents of single-family or multifamily residences and for small  
2 commercial customers;

3 (10) net-zero energy new home programs;

4 (11) solar thermal or solar electric programs; and

5 (12) programs for using windows and other glazing  
6 systems, glass doors, and skylights in residential and commercial  
7 buildings that reduce solar gain by at least 30 percent from the  
8 level established for the federal Energy Star windows program.

9 (e) An electric utility may use money approved by the  
10 commission for energy efficiency programs to perform necessary  
11 energy efficiency research and development to foster continuous  
12 improvement and innovation in the application of energy efficiency  
13 technology and energy efficiency program design and  
14 implementation. Money the utility uses under this subsection may  
15 not exceed 10 percent of the greater of:

16 (1) the amount the commission approved for energy  
17 efficiency programs in the utility's most recent full rate  
18 proceeding; or

19 (2) the commission-approved expenditures by the  
20 utility for energy efficiency in the previous year.

21 (f) Unless funding is provided under Section 39.903,  
22 [~~beginning January 1, 2006,~~] each unbundled transmission and  
23 distribution utility shall include in its energy efficiency plan a  
24 targeted low-income energy efficiency program as described by  
25 Section 39.903(f)(2), and the savings achieved by the program shall  
26 count toward the transmission and distribution utility's energy  
27 efficiency goal. The commission shall determine the appropriate



1 level of funding to be allocated to both targeted and standard offer  
2 low-income energy efficiency programs in each unbundled  
3 transmission and distribution utility service area. The total  
4 expenditures for both targeted and standard offer low-income energy  
5 efficiency programs will be based on the amount spent by the  
6 transmission and distribution utility on the commission's  
7 hard-to-reach program in calendar year 2003. This level of funding  
8 for low-income energy efficiency programs shall be provided from  
9 money approved by the commission for the transmission and  
10 distribution utility's energy efficiency programs. The state  
11 agency that administers the federal weatherization assistance  
12 program shall provide reports as required by the commission to  
13 provide the most current information available on energy and peak  
14 demand savings achieved in each transmission and distribution  
15 utility service area.

16 (g) The commission may provide for a good cause exemption to  
17 a utility's liability for an administrative penalty or other  
18 sanction if the utility fails to meet a goal for energy efficiency  
19 under this section and the utility's failure to meet the goal is  
20 caused by one or more factors outside of the utility's control,  
21 including:

22 (1) insufficient demand by retail electric providers  
23 and competitive energy service providers for program incentive  
24 funds made available by the utility through its programs;

25 (2) changes in building energy codes; and

26 (3) changes in government-imposed appliance or  
27 equipment efficiency standards.

1 SECTION 23. Subchapter Z, Chapter 39, Utilities Code, is  
2 amended by adding Sections 39.9051, 39.9052, 39.911, 39.912, and  
3 39.913 to read as follows:

4 Sec. 39.9051. ENERGY EFFICIENCY FOR MUNICIPALLY OWNED  
5 UTILITIES. (a) In this section, "municipally owned utility" has  
6 the meaning assigned by Section 11.003.

7 (b) This section applies only to a municipally owned utility  
8 that had retail sales of more than 500,000 megawatt hours in 2005.

9 (c) It is the goal of the legislature that:

10 (1) municipally owned utilities will administer  
11 energy savings incentive programs;

12 (2) customers of a municipally owned utility will have  
13 a choice of and access to energy efficiency alternatives that allow  
14 customers to reduce energy consumption, peak demand, or energy  
15 costs; and

16 (3) each municipally owned utility will provide  
17 incentives sufficient for municipally owned utilities to acquire  
18 additional cost-effective energy efficiency.

19 (d) The governing body of a municipally owned utility shall  
20 provide oversight and adopt rules and procedures, as necessary, to  
21 ensure that the utility can achieve the goal of this section.

22 (e) If a municipally owned utility adopts customer choice by  
23 decision of the governing body under Chapter 40, the commission  
24 shall provide oversight and adopt rules and procedures, as  
25 necessary, to ensure that the municipally owned utility can achieve  
26 the goal in this section in a market-neutral, nondiscriminatory  
27 manner. The commission shall, to the extent possible, include

1 existing energy efficiency programs already adopted by the  
2 municipally owned utility.

3 (f) Not later than September 1, 2009, a municipally owned  
4 utility must report to the State Energy Conservation Office, in a  
5 form and manner determined by the utility in consultation with the  
6 office, information regarding the combined effects of the energy  
7 efficiency activities of the utility.

8 Sec. 39.9052. ENERGY EFFICIENCY FOR ELECTRIC COOPERATIVES.

9 (a) An electric cooperative shall consider adopting and  
10 implementing energy efficiency programs that reduce the  
11 cooperative's annual growth in demand in a manner consistent with  
12 standards established in the state for other utilities.

13 (b) Not later than September 1, 2009, an electric  
14 cooperative that had retail sales of more than 500,000 megawatt  
15 hours in 2005 must report to the State Energy Conservation Office,  
16 in a form and manner determined by the electric cooperative in  
17 consultation with the office, information regarding the combined  
18 effects of the energy efficiency activities of the electric  
19 cooperative.

20 Sec. 39.911. ALTERNATIVE FUNDING FOR ENERGY EFFICIENCY AND  
21 RENEWABLE ENERGY SYSTEMS. The State Energy Conservation Office, in  
22 coordination with the governor, the Department of Agriculture, the  
23 Texas Commission on Environmental Quality, the Texas Education  
24 Agency, the commission, and other appropriate state agencies, shall  
25 solicit gifts, grants, and other financial resources available to  
26 fund energy efficiency improvements and renewable energy systems  
27 for public and private facilities in this state.

1       Sec. 39.912. REPORT ON COMBINED HEATING AND POWER  
2 TECHNOLOGY. The commission shall study the installation and use of  
3 combined heating and power technology in this state, and shall  
4 submit a report regarding the commission's findings to the 81st  
5 Legislature. The report shall include:

6           (1) an explanation describing combined heating and  
7 power technology and its use; and

8           (2) an explanation of how combined heating and power  
9 technology can be implemented in this state to meet energy  
10 efficiency goals.

11       Sec. 39.913. COMBINING CERTAIN REPORTS. The commission may  
12 combine the reports required under Sections 39.905(b-2) and 39.912.

13       SECTION 24. Subchapter Z, Chapter 39, Utilities Code, is  
14 amended by adding Section 39.914 to read as follows:

15       Sec. 39.914. CREDIT FOR SURPLUS SOLAR GENERATION BY PUBLIC  
16 SCHOOLS. (a) An electric utility or retail electric provider shall  
17 provide for net metering and contract with an independent school  
18 district so that:

19           (1) surplus electricity produced by a school  
20 building's solar electric generation panels is made available for  
21 sale to the electric transmission grid and distribution system; and

22           (2) the net value of that surplus electricity is  
23 credited to the district.

24       (b) For areas of this state in which customer choice has not  
25 been introduced, the commission by rule shall require that credits  
26 for electricity produced by a school building's solar electric  
27 generation panels reflect the value of the electricity that is made

1 available for sale to the electric utility in accordance with  
2 federal regulations.

3 (c) For independent school districts in areas in which  
4 customer choice has been introduced, the district must sell the  
5 school buildings' surplus electricity produced to the retail  
6 electric provider that serves the school district's load at a value  
7 agreed to between the district and the provider that serves the  
8 district's load. The agreed value may be based on the clearing  
9 price of energy at the time of day that the electricity is made  
10 available to the grid. The independent organization identified in  
11 Section 39.151 shall develop procedures so that the amount of  
12 electricity purchased from a district under this section is  
13 accounted for in settling the total load served by the provider that  
14 serves the district's load. A district requesting net metering  
15 services for purposes of this section must have metering devices  
16 capable of providing measurements consistent with the independent  
17 organization's settlement requirements.

18 (d) A transmission and distribution utility shall make  
19 available to an independent school district for purposes of this  
20 section metering required for services provided under this section,  
21 including separate meters that measure the load and generator  
22 output or a single meter capable of measuring separately in-flow  
23 and out-flow at the point of common coupling meter point. The  
24 district must pay the differential cost of the metering unless the  
25 meters are provided at no additional cost. Except as provided by  
26 this section, Section 39.107 applies to metering under this  
27 section.

1       (e) A municipally owned utility or electric cooperative  
2 shall consider and complete the determinations regarding net  
3 metering service as provided by the federal Public Utility  
4 Regulatory Policies Act of 1978 (16 U.S.C. Section 2601 et seq., as  
5 amended by the federal Energy Policy Act of 2005 (Pub. L. No.  
6 109-58)) after proceedings conducted in accordance with that law.  
7 A municipally owned utility or electric cooperative shall report  
8 the determinations made under this subsection to the State Energy  
9 Conservation Office and include in that report information  
10 regarding metering electricity generated by solar panels on public  
11 school building rooftops.

12       SECTION 25. Subchapter Z, Chapter 39, Utilities Code, is  
13 amended by adding Section 39.915 to read as follows:

14       Sec. 39.915. CONSIDERATION AND APPROVAL OF CERTAIN  
15 TRANSACTIONS. (a) To protect retail customers in this state, and  
16 to ensure the continuation of cost-effective energy efficiency  
17 measures and delivery systems, notwithstanding any other provision  
18 of this title, an electric utility or transmission and distribution  
19 utility must report to and obtain approval of the commission before  
20 closing any transaction in which:

21               (1) the electric utility or transmission and  
22 distribution utility will be merged or consolidated with another  
23 electric utility or transmission and distribution utility;

24               (2) at least 50 percent of the stock of the electric  
25 utility or transmission and distribution utility will be  
26 transferred or sold; or

27               (3) a controlling interest or operational control of

1 the electric utility or transmission and distribution utility will  
2 be transferred.

3 (b) The commission shall approve a transaction under  
4 Subsection (a) if the commission finds that the transaction is in  
5 the public interest. In making its determination, the commission  
6 shall consider whether the transaction will adversely affect the  
7 reliability of service, availability of service, or cost of service  
8 of the electric utility or transmission and distribution utility.  
9 The commission shall make the determination concerning a  
10 transaction under this subsection not later than the 180th day  
11 after the date the commission receives the relevant report. If the  
12 commission has not made a determination before the 181st day after  
13 that date, the transaction is considered approved.

14 (c) Subsections (a) and (b) do not apply to a transaction  
15 described by Subsection (a) for which a definitive agreement was  
16 executed before April 1, 2007, if an electric utility or  
17 transmission and distribution utility or a person seeking to  
18 acquire or merge with an electric utility or transmission and  
19 distribution utility made a filing for review of the transaction  
20 under Section 14.101 before May 1, 2007, and the resulting  
21 proceeding was not withdrawn.

22 (d) If an electric utility or transmission and distribution  
23 utility or a person seeking to acquire or merge with an electric  
24 utility or transmission and distribution utility files with the  
25 commission a stipulation, representation, or commitment in advance  
26 of or as part of a filing under this section or under Section  
27 14.101, the commission may enforce the stipulation,

1 representation, or commitment to the extent that the stipulation,  
2 representation, or commitment is consistent with the standards  
3 provided by this section and Section 14.101. The commission may  
4 reasonably interpret and enforce conditions adopted under this  
5 section.

6 SECTION 26. Subchapter Z, Chapter 39, Utilities Code, is  
7 amended by adding Section 39.916 to read as follows:

8 Sec. 39.916. INTERCONNECTION OF DISTRIBUTED RENEWABLE  
9 GENERATION. (a) In this section:

10 (1) "Distributed renewable generation" means electric  
11 generation with a capacity of not more than 2,000 kilowatts  
12 provided by a renewable energy technology, as defined by Section  
13 39.904, that is installed on a retail electric customer's side of  
14 the meter.

15 (2) "Distributed renewable generation owner" means  
16 the owner of distributed renewable generation.

17 (3) "Interconnection" means the right of a distributed  
18 renewable generation owner to physically connect distributed  
19 renewable generation to an electricity distribution system, and the  
20 technical requirements, rules, or processes for the connection.

21 (b) A transmission and distribution utility or electric  
22 utility shall allow interconnection if:

23 (1) the distributed renewable generation to be  
24 interconnected has a five-year warranty against breakdown or undue  
25 degradation; and

26 (2) the rated capacity of the distributed renewable  
27 generation does not exceed the transmission and distribution



1 utility or electric utility service capacity.

2 (c) A customer may request interconnection by filing an  
3 application for interconnection with the transmission and  
4 distribution utility or electric utility. Procedures of a  
5 transmission and distribution utility or electric utility for the  
6 submission and processing of a customer's application for  
7 interconnection shall be consistent with rules adopted by the  
8 commission regarding interconnection.

9 (d) The commission by rule shall establish safety,  
10 technical, and performance standards for distributed renewable  
11 generation that may be interconnected. In adopting the rules, the  
12 commission shall consider standards published by the Underwriters  
13 Laboratories, the National Electric Code, the National Electric  
14 Safety Code, and the Institute of Electrical and Electronics  
15 Engineers.

16 (e) A transmission and distribution utility, electric  
17 utility, or retail electric provider may not require a distributed  
18 renewable generation owner whose distributed renewable generation  
19 meets the standards established by rule under Subsection (d) to  
20 purchase an amount, type, or classification of liability insurance  
21 the distributed renewable generation owner would not have in the  
22 absence of the distributed renewable generation.

23 (f) A transmission and distribution utility or electric  
24 utility shall make available to a distributed renewable generation  
25 owner for purposes of this section metering required for services  
26 provided under this section, including separate meters that measure  
27 the load and generator output or a single meter capable of measuring

1 in-flow and out-flow at the point of common coupling meter point.  
2 The distributed renewable generation owner must pay the  
3 differential cost of the metering unless the meters are provided at  
4 no additional cost. Except as provided by this section, Section  
5 39.107 applies to metering under this section.

6 (g) A renewable energy credit that is earned by a  
7 distributed renewable generation owner through the interconnection  
8 of a renewable electric system is the sole property of the  
9 distributed renewable generation owner unless the distributed  
10 renewable generation owner engages in a transaction to sell or  
11 trade the credit under Section 39.904. For electric utilities, the  
12 commission shall address the ownership of renewable energy credits  
13 associated with power sold to the utility.

14 (h) An electric utility or retail electric provider may  
15 contract with a distributed renewable generation owner so that:

16 (1) surplus electricity produced by distributed  
17 renewable generation is made available for sale to the transmission  
18 grid and distribution system; and

19 (2) the net value of that surplus electricity is  
20 credited to the distributed renewable generation owner.

21 [(i) reserved]

22 (j) For distributed renewable generation owners in areas in  
23 which customer choice has been introduced, the distributed  
24 renewable generation owner must sell the owner's surplus  
25 electricity produced to the retail electric provider that serves  
26 the distributed renewable generation owner's load at a value agreed  
27 to between the distributed renewable generation owner and the

1 provider that serves the owner's load which may include, but is not  
2 limited to, an agreed value based on the clearing price of energy at  
3 the time of day that the electricity is made available to the grid  
4 or it may be a credit applied to an account during a billing period  
5 that may be carried over to subsequent billing periods until the  
6 credit has been redeemed. The independent organization identified  
7 in Section 39.151 shall develop procedures so that the amount of  
8 electricity purchased from a distributed renewable generation  
9 owner under this section is accounted for in settling the total load  
10 served by the provider that serves that owner's load by January 1,  
11 2009. A distributed renewable generation owner requesting net  
12 metering services for purposes of this section must have metering  
13 devices capable of providing measurements consistent with the  
14 independent organization's settlement requirements.

15 SECTION 27. Section 40.055(a), Utilities Code, is amended  
16 to read as follows:

17 (a) The municipal governing body or a body vested with the  
18 power to manage and operate a municipally owned utility has  
19 exclusive jurisdiction to:

20 (1) set all terms of access, conditions, and rates  
21 applicable to services provided by the municipally owned utility,  
22 subject to Sections 40.054 and 40.056, including nondiscriminatory  
23 and comparable rates for distribution but excluding wholesale  
24 transmission rates, terms of access, and conditions for wholesale  
25 transmission service set by the commission under this subtitle,  
26 provided that the rates for distribution access established by the  
27 municipal governing body shall be comparable to the distribution

1 access rates that apply to the municipally owned utility and the  
2 municipally owned utility's affiliates;

3 (2) determine whether to unbundle any energy-related  
4 activities and, if the municipally owned utility chooses to  
5 unbundle, whether to do so structurally or functionally;

6 (3) reasonably determine the amount of the municipally  
7 owned utility's stranded investment;

8 (4) establish nondiscriminatory transition charges  
9 reasonably designed to recover the stranded investment over an  
10 appropriate period of time, provided that recovery of retail  
11 stranded costs shall be from all existing or future retail  
12 customers, including the facilities, premises, and loads of those  
13 retail customers, within the utility's geographical certificated  
14 service area as it existed on May 1, 1999;

15 (5) determine the extent to which the municipally  
16 owned utility will provide various customer services at the  
17 distribution level, including other services that the municipally  
18 owned utility is legally authorized to provide, or will accept the  
19 services from other providers;

20 (6) manage and operate the municipality's electric  
21 utility systems, including exercise of control over resource  
22 acquisition and any related expansion programs;

23 (7) establish and enforce service quality and  
24 reliability standards and consumer safeguards designed to protect  
25 retail electric customers, including safeguards that will  
26 accomplish the objectives of Sections 39.101(a) and (b), consistent  
27 with this chapter;

1           (8) determine whether a base rate reduction is  
2 appropriate for the municipally owned utility;

3           (9) determine any other utility matters that the  
4 municipal governing body or body vested with power to manage and  
5 operate the municipally owned utility believes should be included;  
6 ~~[and]~~

7           (10) make any other decisions affecting the  
8 municipally owned utility's participation in customer choice that  
9 are not inconsistent with this chapter; and

10           (11) determine the extent to which the municipally  
11 owned utility offers energy efficiency programs and how the  
12 programs are administered by the utility, except as provided by  
13 Section 39.9051(e).

14           SECTION 28. Section 41.055, Utilities Code, is amended to  
15 read as follows:

16           Sec. 41.055. JURISDICTION OF BOARD OF DIRECTORS. A board of  
17 directors has exclusive jurisdiction to:

18           (1) set all terms of access, conditions, and rates  
19 applicable to services provided by the electric cooperative, except  
20 as provided by Sections 41.054 and 41.056, including  
21 nondiscriminatory and comparable rates for distribution but  
22 excluding wholesale transmission rates, terms of access, and  
23 conditions for wholesale transmission service set by the commission  
24 under Subchapter A, Chapter 35, provided that the rates for  
25 distribution established by the electric cooperative shall be  
26 comparable to the distribution rates that apply to the electric  
27 cooperative and its subsidiaries;

1           (2) determine whether to unbundle any energy-related  
2 activities and, if the board of directors chooses to unbundle,  
3 whether to do so structurally or functionally;

4           (3) reasonably determine the amount of the electric  
5 cooperative's stranded investment;

6           (4) establish nondiscriminatory transition charges  
7 reasonably designed to recover the stranded investment over an  
8 appropriate period of time;

9           (5) determine the extent to which the electric  
10 cooperative will provide various customer services, including  
11 nonelectric services, or accept the services from other providers;

12           (6) manage and operate the electric cooperative's  
13 utility systems, including exercise of control over resource  
14 acquisition and any related expansion programs;

15           (7) establish and enforce service quality standards,  
16 reliability standards, and consumer safeguards designed to protect  
17 retail electric customers;

18           (8) determine whether a base rate reduction is  
19 appropriate for the electric cooperative;

20           (9) determine any other utility matters that the board  
21 of directors believes should be included;

22           (10) sell electric energy and capacity at wholesale,  
23 regardless of whether the electric cooperative participates in  
24 customer choice;

25           (11) determine the extent to which the electric  
26 cooperative offers energy efficiency programs and how the programs  
27 are administered by the electric cooperative; and

1           (12) [~~(11)~~] make any other decisions affecting the  
2 electric cooperative's method of conducting business that are not  
3 inconsistent with the provisions of this chapter.

4           SECTION 29. The State Energy Conservation Office shall  
5 adopt rules implementing a procedure for stakeholder participation  
6 as required under Section 388.003(b-2), Health and Safety Code, as  
7 added by this Act, as soon as practicable after the effective date  
8 of this Act.

9           SECTION 30. (a) The energy conservation standards for  
10 equipment and appliances under Section 2158.301, Government Code,  
11 as added by this Act, apply to a purchase by a state agency on or  
12 after the effective date of this Act.

13           (b) The Texas Building and Procurement Commission shall  
14 develop a list of equipment and appliances under Section 2155.068,  
15 Government Code, as amended by this Act, as soon as practicable  
16 after the effective date of this Act.

17           SECTION 31. Section 2165.058(c), Government Code, as added  
18 by this Act, applies only to an entity that contracts with the Texas  
19 Building and Procurement Commission or another state agency to  
20 install or operate a vending machine on or after the effective date  
21 of this Act.

22           SECTION 32. The change in law made by this Act does not  
23 affect taxes imposed before the effective date of this Act, and the  
24 law in effect before the effective date of this Act is continued in  
25 effect for purposes of the liability for and collection of those  
26 taxes.

27           SECTION 33. This Act takes effect September 1, 2007.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3693 was passed by the House on May 10, 2007, by the following vote: Yeas 141, Nays 0, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3693 on May 25, 2007, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3693 on May 28, 2007, by the following vote: Yeas 140, Nays 2, 3 present, not voting.

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Chief Clerk of the House



H.B. No. 3693

I certify that H.B. No. 3693 was passed by the Senate, with amendments, on May 23, 2007, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3693 on May 26, 2007, by the following vote: Yeas 30, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor