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Commissioner

**Brian H. Lloyd**  
Executive Director



**Rick Perry**  
Governor

## *Public Utility Commission of Texas*

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TO: The Honorable John Carona  
Chair, Senate Committee on Business & Commerce

FROM: Brian Lloyd  
Executive Director, Public Utility Commission

DATE: October 5, 2012

RE: Public Utility Commission Quarterly Update

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The PUC respectfully submits the following update to commission rules enacted by key legislation from the 82<sup>nd</sup> Legislature. As always, please contact me with any questions.

### **Status of the implementation of last session's key legislation:**

- **Project #: 39674, SB 1125 & SB 1434 (Carona), SB 1910 (Rodriquez)**  
**"Energy Efficiency Rule"**

*The proposed amendments include the addition of an evaluation, measurement, and verification (EM&V) framework and accompanying definitions which will result in the commission hiring an outside consultant(s) 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 make several revisions to the energy efficiency cost recovery factor (EECRF) proceedings, including revising the procedural schedule and scope of the EECRFs and replacing the three-year reconciliation proceeding with an expanded annual EECRF proceeding.*

*Other amendments include updating the avoided cost calculations to account for the transition to a nodal market in the Electric Reliability Council of Texas (ERCOT); increasing the demand reduction goals to 30% of annual growth in demand beginning in 2013; 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 set-aside for targeted low-income programs to 10% of the utility's budget; formalizing the energy efficiency implementation project (EEIP) process; and revising the customer protection standards and applicable definitions to allow behavioral programs.*

*Status: Rule adopted at Sept. 27, 2012 Open Meeting*

- **Project #: 40073, HB 2133 (Solomons, Sp: Fraser) “Disgorgement”**

*The proposed rule would establish procedures to return excess revenues to affected wholesale electricity market participants when the commission has ordered disgorgement of those excess revenues in an enforcement proceeding.*

*Status: Rule scheduled for adoption at October 12, 2012 Open Meeting*

- **Project #: 40269, SB 937 (Lucio) “Priority Service Restoration”**

*The proposed rule would require an electric utility to give nursing facilities, assisted living facilities, and hospice facilities the same priority that it gives to a hospital in the utility's emergency operations plan for restoring power after an extended outage.*

*Status: Rule scheduled for adoption at October 12, 2012 Open Meeting*

- **Project #: 39646, SB 1133 (Hegar) “Weatherization Report”**

*The project was opened to develop a report to evaluate emergency operations plans for electric utilities, power generation companies, municipally owned utilities, and electric cooperatives that operate generation facilities in Texas that are currently on file with the commission and ERCOT. This project was also required to analyze the ability of the electric grid to with to withstand extreme weather events and provide recommendations on improving emergency operation plans and procedures. The report also developed a list of best practices for extreme weather preparedness and protecting facilities against contamination during periods of extreme drought.*

*Status: The report was completed and approved by the Commission and submitted to the legislature on October 1, 2012.*

In accordance with Sections 31.003 and 52.006, Utilities Code, PUC staff is currently drafting the Scope of Competition Reports for the electricity and telecommunications markets. Both reports will be delivered to the legislature in January of 2013.

*Cc: The Honorable Members of the Committee*