

A BILL TO BE ENTITLED

AN ACT

relating to state energy policy and the planning of energy development and utilization.

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

ARTICLE 1

SECTION 1.01. This article may be cited as the Energy Policy Act.

SECTION 1.02. The Utilities Code is amended by adding Title 6 to read as follows:

TITLE 6. ENERGY POLICY ACT

CHAPTER 300. STRATEGIC ENERGY PLANNING

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 300.001. PURPOSE AND FINDINGS. (a) This title is enacted to promote, in accordance with the public interest, the strategic planning of energy development, production, delivery, commercialization, and utilization in this state.

(b) The purpose of this title is to establish a statewide energy policy planning entity and process that recognizes:

(1) public health and general welfare as a critical concern in the development of energy policies;

(2) energy as a valuable and vital commodity in the state's economy;

(3) protection of the environment as a major consideration in the production of energy and utilization of

1 natural resources;

2 (4) cost-effective, market-based solutions as a
3 preferred policy for energy planning;

4 (5) utilization of Texas-based resources to provide
5 energy security, stability, and reliability; and

6 (6) the importance of portfolio diversity in promoting
7 energy system flexibility, affordability, and efficiency.

8 Sec. 300.002. DEFINITIONS. In this title:

9 (1) "Council" means the Texas Energy Policy Council.

10 (2) "Office" means the State Energy Conservation
11 Office.

12 (3) "Plan" means the statewide energy policy plan.

13 Sec. 300.003. TEXAS ENERGY POLICY COUNCIL. (a) The Texas
14 Energy Policy Council is created to develop and present a statewide
15 energy policy plan to the legislature. The plan must include a
16 20-year planning horizon and be updated to reflect changing
17 conditions and should be considered a living document.

18 (b) The council is composed of 11 members as follows:

19 (1) the chairman of the Public Utility Commission of
20 Texas;

21 (2) the chairman of the Railroad Commission of Texas;

22 (3) the chairman of the Texas Commission on
23 Environmental Quality;

24 (4) the president and chief executive officer of the
25 Electric Reliability Council of Texas;

26 (5) two members of the senate appointed by the
27 lieutenant governor;

1 (6) two members of the house of representatives
2 appointed by the speaker of the house of representatives;

3 (7) one member of the academic community with
4 expertise in energy appointed by the governor;

5 (8) one member of the academic community with
6 expertise in environmental issues related to energy appointed by
7 the governor; and

8 (9) the director of the office.

9 (c) The governor shall designate the presiding officer from
10 among the members of the council.

11 (d) An appointed member of the council serves for a full
12 planning cycle and may be reappointed at the pleasure of the
13 appointing official.

14 (e) The council shall meet at least quarterly in
15 even-numbered years while developing a plan for submission to the
16 legislature. The council may meet annually in odd-numbered years
17 after submitting plans to the legislature.

18 (f) The council shall develop and implement policies and
19 procedures that provide the public with reasonable opportunity to
20 appear before the council and to speak on issues under the
21 jurisdiction of the council.

22 (g) The office is designated as the state agency responsible
23 for administering the council. Staff from the office shall be
24 tasked, as necessary, with assisting the council in carrying out
25 its duties.

26 Sec. 300.004. POWERS, DUTIES, AND RESPONSIBILITIES OF
27 COUNCIL. (a) In developing the plan, the council shall:

1 (1) encourage cooperation and coordination between
2 public and private entities regarding energy usage, planning,
3 research and development, and commercialization;

4 (2) seek policies that promote a diverse portfolio of
5 clean, reliable, and competitively priced energy sources;

6 (3) promote research, pilot projects, and
7 market-based incentives to explore and expand long-term energy
8 options;

9 (4) develop policies to prevent supply interruptions
10 and infrastructure failure;

11 (5) examine the impact on the environment of energy
12 exploration, production, and use; and

13 (6) make recommendations for increasing public
14 knowledge of energy use issues and public awareness of the
15 importance of more efficient consumption of energy.

16 (b) The council shall submit to the legislature the initial
17 plan by December 1, 2012. Thereafter, the council shall report to
18 the legislature by December 1 of each even-numbered year the status
19 of the plan's implementation and make any recommendations for
20 legislative action as necessary to implement or revise the plan.
21 The council may update the plan as necessary to reflect evolving
22 conditions.

23 Sec. 300.005. FUELS AND TECHNOLOGIES. (a) The council
24 shall consider the following fuel sources, types of generation, and
25 innovative technologies associated with these fuels and types of
26 generation when creating the plan. These fuels, types of
27 generation, and technologies include:

- 1 (1) oil and natural gas;
- 2 (2) coal and lignite;
- 3 (3) nuclear;
- 4 (4) renewable energy technologies;
- 5 (5) geothermal;
- 6 (6) methane;
- 7 (7) distributed generation;
- 8 (8) fuel cells and storage; and
- 9 (9) any other fuels and technologies as defined in
10 Section 39.904(d).

11 (b) The council shall develop policies that ensure fuel
12 resources available to the state are utilized in a balanced and
13 efficient manner. The council shall consider the economic
14 viability and environmental impact of types of fuel and technology
15 when making its recommendations.

16 Sec. 300.006. ENERGY EFFICIENT TECHNOLOGY. (a) In order
17 to reduce the energy demand of customers in this state, the council
18 shall consider energy-efficient technologies when formulating the
19 plan and include them in its recommendations. Energy-efficient
20 technologies shall be considered for the following:

21 (1) residential, commercial, industrial, and state
22 and local energy users; and

23 (2) any other user group or application the council
24 deems appropriate.

25 (b) The council shall consider the economic viability and
26 competitiveness of new technologies when making its
27 recommendations.

1 (c) The council shall consider the ability of
2 energy-efficient technologies to reduce the demand for energy and
3 the need for additional transmission capacity in the state and
4 shall consider opportunities for reducing transmission constraints
5 by using these technologies.

6 Sec. 300.007. TRANSMISSION. (a) The council shall
7 consider and recommend strategies to ensure that customers in this
8 state have access to reliable energy.

9 (b) The council shall consider transmission constraints,
10 and make recommendations in the plan to alleviate or prevent those
11 constraints, for the following sources of energy:

12 (1) oil and natural gas;

13 (2) coal and lignite;

14 (3) wind and solar; and

15 (4) electricity.

16 Sec. 300.008. ALTERNATIVE FUEL VEHICLES. (a) The council
17 shall consider and make recommendations on strategies that involve
18 the use of alternative fuel vehicles such as natural gas vehicles
19 and plug-in electric vehicles.

20 (b) The council shall consider the economic feasibility of
21 alternative fuel vehicles and infrastructure constraints and may
22 make recommendations on how to incorporate and promote these
23 vehicles as a component of the plan.

24 Sec. 300.009. ENVIRONMENT. (a) The council, when creating
25 the plan or in formulating recommendations, shall consider the
26 effects of energy exploration, production, and consumption on the
27 environment.

1 (b) The council shall recommend strategies that protect and
2 preserve the environment of the state and allow for access to and
3 the production of safe, economically viable, and reliable sources
4 of energy. The council shall consider:

- 5 (1) air quality;
6 (2) water quality; and
7 (3) waste disposal.

8 SECTION 2.01. Chapter 36, Utilities Code, is amended by
9 adding Subchapter J to read as follows:

10 SUBCHAPTER J. REPORT ON RESERVES AND EMISSIONS REDUCTIONS PLAN

11 Sec. 36.501. REPORT ON RESERVES. (a) Not later than
12 December 1, 2011, the Railroad Commission of Texas shall prepare
13 and submit to the commission a report on coal and gas reserves in
14 this state that includes information relating to:

- 15 (1) natural gas reserves in this state proven and
16 probable on November 1, 2011;
17 (2) estimates of the proven and probable natural gas
18 reserves in this state for each of the next 15 years;
19 (3) estimates of natural gas prices for each of the
20 next 15 years;
21 (4) coal reserves in this state proven and probable on
22 November 1, 2011;
23 (5) estimates of the proven and probable coal reserves
24 in this state for each of the next 15 years; and
25 (6) estimates of coal prices for each of the next 15
26 years.

27 (b) The Railroad Commission of Texas may request financial

1 information and forecasts from the comptroller to assist the
2 Railroad Commission of Texas in carrying out its duties under this
3 section. The comptroller shall provide that information and those
4 forecasts to the Railroad Commission of Texas as quickly as
5 possible.

6 Sec. 36.502. REPORT AND PLAN. (a) The commission shall
7 prepare a report on electric energy generation in this state. The
8 report must include an air pollution reduction plan.

9 (b) In preparing the report, the commission shall:

10 (1) analyze information from the reports submitted
11 under this subchapter by electric generating facilities and the
12 Railroad Commission of Texas; and

13 (2) consult with the Railroad Commission of Texas, the
14 Texas Commission on Environmental Quality, the Electric
15 Reliability Council of Texas, the Southwest Power Pool, the
16 Southeastern Electric Reliability Council, and the Western
17 Electricity Coordinating Council.

18 (c) The air pollution reduction plan must be designed to:

19 (1) maintain electric grid reliability;

20 (2) ensure the availability of electric energy at
21 reasonable rates;

22 (3) reduce air pollution, as defined by Section
23 382.003, Health and Safety Code;

24 (4) increase the state's ability to comply with state
25 and federal clean air standards in nonattainment and
26 near-nonattainment areas;

27 (5) reduce the use of water for electricity generation

1 in this state; and

2 (6) increase the use of existing natural gas combined
3 cycle electric generating facilities in this state.

4 (d) The plan must identify the electric generating
5 facilities in this state that produced the greatest amounts of air
6 pollution during the preceding five years and recommend retirement
7 of at least 4,000 megawatts of generation capacity from those
8 facilities.

9 (e) Not later than June 1, 2012, the commission shall make a
10 draft of the report available for public review and comment for a
11 period of not less than 30 days.

12 (f) Not later than August 1, 2012, the commission shall
13 finalize and publish the report.

14 SECTION 2.02. Section 39.904, Utilities Code, is amended by
15 adding Subsection (p) to read as follows:

16 (p) This section is intended to increase the amount of
17 renewable generating capacity as provided by Subsection (a) and is
18 not intended, unless specifically stated otherwise in this section,
19 to provide operational or competitive advantages to renewable
20 energy generators to the detriment of other generation resources.

21 SECTION 3.01. As soon as practicable after the effective
22 date of this Act, the designated appointing officials shall appoint
23 the members to the Texas Energy Policy Council established under
24 Chapter 300, Utilities Code, as added by this Act.

25 SECTION 3.02. This Act takes effect September 1, 2011.