

Senate Bill 7 and Public Utility Commission of Texas (PUCT) Substantive Rules Overview

In 1999, the Texas Senate passed Senate Bill 7 requiring investor-owned electric transmission and distribution utilities in the State of Texas to offer energy efficiency incentive programs to their customers, with the goal of reducing peak electrical consumption. The Public Utility Commission of Texas (PUCT) was tasked with the management and oversight of this process, and they setup further rules to outline this requirement for the investor-owned electric utilities.

Public Utility Commission of Texas (PUCT) Substantive Rules 25.181 and 25.183 (EE Rule), implement Public Utility Regulatory Act (PURA) § 39.905. As mandated by this section of PURA, the EE Rule requires that each investor owned electric transmission and distribution utility (TDU) achieve the following demand reduction goals through market-based standard offer programs (SOPs) and limited, targeted, market transformation **programs** (MTPs):

- at least 20% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2009;
- at least 20% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2010.

The EE Rule includes specific requirements related to the implementation of SOPs and MTPs that control the manner in which TDUs must administer their portfolio of energy efficiency programs in order to achieve their mandated annual demand reduction goals.