

BILL ANALYSIS

C.S.H.B. 2392
By: Anchia
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties report that the state has approximately 10 million residential households, which account for approximately 40 percent of the state's electricity use. The parties further report that older homes that lack energy efficiency upgrades can lose up to 30 percent of their energy use due to inefficient air conditioning systems, ducts, insulation, and windows. Residential energy use has a direct effect on the state's ability to meet federal air quality standards and, the parties contend, residential energy efficiency upgrades such as added insulation, double pane windows, and higher efficiency air conditioning systems can help reduce home energy consumption, homeowners' utility bills, and energy demand on the grid. C.S.H.B. 2392 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts and the State Energy Conservation Office in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 2392 amends the Health and Safety Code to require the comptroller of public accounts and the State Energy Conservation Office (SECO) by rule to establish and administer a self-sustaining energy efficiency loan program that issues loans to be used for improvements that increase the energy efficiency of residences that are not newly constructed. The bill requires the rules to establish eligibility requirements for receiving such a loan, including emissions reduction cost-effectiveness criteria.

C.S.H.B. 2392 requires SECO to annually submit to the Texas Commission on Environmental Quality (TCEQ) and the Energy Systems Laboratory at the Texas Engineering Experiment Station of The Texas A&M University System a report that evaluates the effectiveness of the program and quantifies energy savings and emissions reductions as a result of the program for consideration in the state implementation plan for emissions reduction credit. The bill adds this report to the reports from which TCEQ is required to use information to take all appropriate and necessary actions so that emissions reductions achieved by means of activities under the Texas emissions reduction plan and the Texas building energy performance standards are credited by the U.S. Environmental Protection Agency to the appropriate emissions reduction objectives in the state implementation plan.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2392 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 386.252(a), Health and Safety Code, is amended to read as follows:

(a) Money in the fund may be used only to implement and administer programs established under the plan. Money appropriated to the commission to be used for the programs under Section 386.051(b) shall be allocated as follows:

(1) not more than four percent may be used for the clean school bus program under Chapter 390;

(2) not more than three percent may be used for the new technology implementation grant program under Chapter 391, from which at least \$1 million will be set aside for electricity storage projects related to renewable energy;

(3) five percent shall be used for the clean fleet program under Chapter 392;

(4) not more than \$3 million may be used by the commission to fund a regional air monitoring program in commission Regions 3 and 4 to be implemented under the commission's oversight, including direction regarding the type, number, location, and operation of, and data validation practices for, monitors funded by the program through a regional nonprofit entity located in North Texas having representation from counties, municipalities, higher education institutions, and private sector interests across the area;

(5) not less than 16 percent shall be used for the Texas natural gas vehicle grant program under Chapter 394;

(6) not more than five percent may be used to provide grants for natural gas fueling stations under the clean transportation triangle program under Section 394.010;

(7) not more than five percent may be used for the Texas alternative fueling facilities program under Chapter 393;

(8) a specified amount may be used each year to support research related to air quality as provided by Chapter 387;

(9) not more than \$200,000 may be used for a health effects study;

(10) \$500,000 is to be deposited in the state

HOUSE COMMITTEE SUBSTITUTE

No equivalent provision.

treasury to the credit of the clean air account created under Section 382.0622 to supplement funding for air quality planning activities in affected counties;

(11) at least \$4 million and up to four percent to a maximum of \$7 million, whichever is greater, is allocated to the commission for administrative costs;

(12) at least two percent and up to five percent of the fund is to be used by the commission for the drayage truck incentive program established under Subchapter D-1;

(13) not more than five percent may be used for the light-duty motor vehicle purchase or lease incentive program established under Subchapter D;

(14) not more than \$216,000 is allocated to the commission to contract with the Energy Systems Laboratory at the Texas Engineering Experiment Station annually for the development and annual computation of creditable statewide emissions reductions obtained through wind and other renewable energy resources for the state implementation plan;

(15) 1.5 percent of the money in the fund is allocated for administrative costs incurred by the laboratory; ~~and~~

(15-a) not less than \$3 million shall be used for the energy efficiency loan guarantee program under Section 388.013; and

(16) the balance is to be used by the commission for the diesel emissions reduction incentive program under Subchapter C as determined by the commission.

SECTION 2. Chapter 388, Health and Safety Code, is amended by adding Section 388.013 to read as follows:

Sec. 388.013. ENERGY EFFICIENCY LOAN GUARANTEE PROGRAM. (a) The comptroller and the State Energy Conservation Office by rule shall establish and administer a program that issues or guarantees loans to be used for improvements that increase the energy efficiency of residences that are not newly constructed.

(b) Rules adopted under this section must establish eligibility requirements for receipt of a loan issued or guaranteed under this section, including emissions reduction cost-effectiveness criteria.

(c) The State Energy Conservation Office shall annually submit to the commission and the laboratory a report that:

SECTION 1. Chapter 388, Health and Safety Code, is amended by adding Section 388.013 to read as follows:

Sec. 388.013. ENERGY EFFICIENCY LOAN PROGRAM. (a) The comptroller and the State Energy Conservation Office by rule shall establish and administer a self-sustaining program that issues loans to be used for improvements that increase the energy efficiency of residences that are not newly constructed.

(b) Rules adopted under this section must establish eligibility requirements for receipt of a loan issued under this section, including emissions reduction cost-effectiveness criteria.

(c) The State Energy Conservation Office shall annually submit to the commission and the laboratory a report that:

(1) evaluates the effectiveness of the program established under this section; and
(2) quantifies energy savings and emissions reductions as a result of this program for consideration in the state implementation plan for emissions reduction credit.

SECTION 3. Section 389.002, Health and Safety Code, is amended.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

(1) evaluates the effectiveness of the program established under this section; and
(2) quantifies energy savings and emissions reductions as a result of this program for consideration in the state implementation plan for emissions reduction credit.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.