

SUBJECT: Extending energy-efficiency program goals at state agencies

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 10 ayes — Cook, Frullo, Gallego, Geren, Harless, Hilderbran, Huberty, Oliveira, Solomons, Turner

0 nays

3 absent — Menendez, Craddick, Smithee

SENATE VOTE: On final passage, April 14 — 20-10 (Birdwell, Deuell, Estes, Fraser, Harris, Hegar, Nelson, Nichols, Patrick, Shapiro)

WITNESSES: For — Joshua Houston, Texas Impact; Michael Jewell, Businesses for an Energy Efficient Texas; Luke Metzger, Environment Texas; Cyrus Reed, Sierra Club, Lonestar Chapter; Tom “Smitty” Smith, Public Citizen

Against — None

BACKGROUND: In 2007, the 80th Legislature enacted HB 3693 by Straus, an omnibus electricity efficiency and conservation incentive program. The State Energy Conservation Office (SECO), based on recommendations from the Energy Systems Laboratory at the Texas Engineering Experiment Station of the Texas A&M University System, was authorized to upgrade building standards to reflect the newest residential construction and energy conservation standards.

Provisions relating to building energy performance standards and energy efficiency in HB 3693 required certain political subdivisions, school districts, higher education institutions, and state agencies to establish goals of reducing their annual electricity consumption by 5 percent for each of the six state fiscal years beginning September 1, 2007.

State agencies, school districts, and higher education institutions must purchase commercially available light bulbs, compatible with light fixtures, that use the fewest watts possible. Certain agencies also are required to purchase other equipment and appliances that meet or exceed

federal energy standards whenever purchases are cost effective. Government entities must report on the electricity, natural gas, or water that they consume and pay for and their aggregate utility services costs.

DIGEST: SB 898 would require political subdivisions, higher education institutions, and state agencies to establish a goal to reduce electric consumption by at least 5 percent each state fiscal year for 10 years beginning September 1, 2011.

The bill would require SECO to develop and make available a standardized form for the entities to report their efforts and progress in meeting the goals.

The bill would specify that an entity that did not attain the required goals would have to include in its report to SECO indication that it had reviewed its available options, determined that no additional measures were cost effective, and implemented all available cost-effective measures.

The bill would require SECO to report annually to the Energy Systems Laboratory, in addition to the Texas Commission on Environmental Quality (TCEQ), with an evaluation of the effectiveness of the energy-efficient programs. The laboratory would have to calculate, based on the evaluation and the form submitted to SECO, the amount of energy savings and estimated resulting reduction in pollution based on the programs' implementation. The laboratory would be required to share the information with TCEQ, the federal Environmental Protection Agency (EPA), and the Electric Reliability Council of Texas to help with long-term forecasting and estimating pollution reduction.

The bill would take effect September 1, 2011.

SUPPORTERS SAY: SB 898 is needed because the requirement for certain state agencies and political subdivisions to report energy-efficiency goals is about to expire.

For years, state law has required certain state agencies and higher education institutions to seek to reduce their electric consumption. Energy efficiency has greatly benefited Texas and its economic growth. Continuing to require that energy-efficient purchases be made whenever cost-effective would ensure that the costs could not exceed the savings. This would continue to benefit the state.

Extending the requirement for agencies to set at least an annual 5-percent energy reduction goal would extend the focus of energy efficiency in the state. Increased energy efficiency lowers the need for electricity generation, which in turn lowers emissions from power plants.

The bill would streamline current reporting requirements through the use of a standard form, as well as enhance the ability to quantify the energy saved and pollution reduced as a result of these efforts.

Additionally, SECO would be required to share the program's effectiveness evaluation with the Energy Systems Laboratory. In turn, the laboratory would be required to use that evaluation and program data to calculate energy savings and pollution reduction estimates.

The laboratory's calculations would be shared with the Electric Reliability Council of Texas, the EPA, and TCEQ to facilitate long-term forecasting and air quality measurements. A quantifiable evaluation would allow the EPA to take into account these efforts as part of the state's efforts in reducing pollution.

**OPPONENTS
SAY:**

Claims that Texans benefit from state-mandated energy efficiency programs are overstated because they do not account for the total cost of these programs. The claimed returns from government-mandated programs are highly speculative and the cost savings overstated. The returns are possibly even negative, because the full costs of the programs are ignored while the benefits are overvalued.

These programs result in unfunded mandates that require entities to set and achieve certain goals. Some energy-efficient products require a large upfront expenditure, even if their savings are debatable. If the goals are not met, then the entities must report their efforts and explanations for not meeting the goals. This amounts to too much reporting and government interference.