

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 30, 2009

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB280 by Anchia (Relating to energy efficiency goals and programs and demand reduction targets; creating an office of energy efficiency deployment in the state energy conservation office.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB280, Committee Report 1st House, Substituted: a negative impact of (\$140,660) through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$70,330)
2011	(\$70,330)
2012	(\$70,330)
2013	(\$70,330)
2014	(\$70,330)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$70,330)	1.0
2011	(\$70,330)	1.0
2012	(\$70,330)	1.0
2013	(\$70,330)	1.0
2014	(\$70,330)	1.0

Fiscal Analysis

The bill would require electric utilities to assist in building an infrastructure of trained and qualified energy service providers to ensure that all customers will have a choice of and access to energy efficiency alternatives, including demand-side renewable energy systems. The bill would amend energy efficiency goals and require electric utilities to create specific programs to facilitate the widespread delivery of energy efficiency and demand-side renewable energy programs.

The bill would require the Public Utility Commission (PUC) to increase its oversight regarding energy efficiency programs, including a requirement to measure the impact of energy efficiency programs. The PUC would be required to establish separate demand-side reduction goals. The bill would require

the PUC, in coordination with the Electric Reliability Council of Texas (ERCOT) to design new demand-response and load management programs to enhance grid reliability and to achieve cost savings for customers without creating risks for elderly, low-income or critical-care customers. The bill would require the PUC to ensure that the program incentives are passed on to end-use customer and that all programs operate at a scale sufficient to ensure that all eligible customers have access to the program. The bill would require the PUC to develop different standards for program offerings in remote regions of the state.

The bill would amend Chapter 447 of the Government Code to create an Office of Energy Efficiency Deployment within the State Energy Conservation Office (SECO), housed at the Comptroller of Public Accounts. The bill would require the Office of Energy Efficiency Deployment to design and implement a statewide campaign to educate consumers, utilities and public entities about energy efficiency and demand response programs. The bill would authorize the Office of Energy Efficiency Deployment and SECO to enter into professional service contracts for the statewide campaign.

The bill would require the PUC to conduct two studies, funded by electric utilities: (1) a study regarding the feasibility of mechanisms to decouple electric utility revenue and earnings from the amount of electricity consumed by customers; and (2) a study regarding the effectiveness of energy-efficiency and demand-response programs, including the feasibility of increasing efficiency efforts, cost impact, results of on peak demand, and the level of free-ridership. The bill would require the PUC to complete the first study by January 31, 2011, and to submit the second study to the Lieutenant Governor, the Speaker of the House of Representatives, and each committee of the 82nd Legislature that has jurisdiction over electric utilities by December 15, 2012.

The bill would take effect September 1, 2009.

Methodology

Based on the analysis of the PUC, the bill would have a significant impact on the agency. The bill would increase the complexity of the energy-efficiency program and increase PUC oversight. The PUC would need to conduct a major rulemaking, estimated to require 2,500 staff hours, to change the energy-efficiency rules and the demand-response programs operated by ERCOT. The agency also anticipates increased oversight activities to assess whether the energy-efficiency goals are met, to design new demand-response and load management programs if the goals are not met, to evaluate and design energy-efficiency and demand-response programs, and to oversee program implementation by Retail Electric Providers and energy service companies. The oversight activity could potentially result in taking action against companies that do not meet standards.

Based on the analysis of the PUC, it is assumed an additional 1.0 Program Specialist III would be required to assist in the rule-making and program design. In addition, the agency anticipates reallocating existing staff equivalent to 0.3 Program Specialist III, 0.3 Attorney II, 0.3 Accountant IV and 0.3 Utility Specialist I to implement the provisions of the bill.

The Comptroller of Public Accounts anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

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