

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 1, 2009

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

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

IN RE: HB695 by Anchia (Relating to the establishment of a loan incentive program to promote energy efficiency in apartment buildings.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB695, As Introduced: a negative impact of (\$488,518) through the biennium ending August 31, 2011.

This 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	(\$244,259)
2011	(\$244,259)
2012	(\$244,259)
2013	(\$244,259)
2014	(\$244,259)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$244,259)	3.0
2011	(\$244,259)	3.0
2012	(\$244,259)	3.0
2013	(\$244,259)	3.0
2014	(\$244,259)	3.0

Fiscal Analysis

The bill would establish an energy efficiency improvement loan program for apartment buildings to be administered by electric utilities. The bill would require the Public Utility Commission to adopt rules and procedures for the loan programs, including establishing the manner in which loans are repaid, establishing an energy efficiency cost recover factor, and providing a mechanism for a utility that is unable to establish an energy efficiency cost recovery factor in a timely manner because of a rate freeze to defer the costs and recover the costs at the expiration of the rate freeze. The bill would require the Public Utility Commission to adopt rules ensuring that the costs of the loans are borne by the customer classes that receive the benefits, and that the value of the incentives are passed on to the end-use customer.

The bill would establish eligibility standards for the loan. The bill would authorize the Public Utility Commission to determine the period in which a loan should repaid, the formula for determining the repayment costs, and the rate used to compute a loan repayment surcharge.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house. If the bill does not receive the vote necessary for immediate effect, the bill would take effect September 1, 2009. The bill would require the Public Utility Commission to establish the energy efficiency improvement loan program no later than December 1, 2009. The bill would require the Public Utility Commission to begin accepting applications for loans no later than January 1, 2010.

Methodology

The Public Utility Commission estimates potential eligible recipients of the energy efficiency improvement loan program to be 10,400 apartment complexes. The Public Utility Commission anticipates needing 3.0 additional FTEs, including 1.0 attorney, 1.0 utility specialist, and 1.0 customer service representative, in order to process applications, respond to inquiries from potential loan applicants, and to research the financing options for utilities. The Commission anticipates several rulemakings would be necessary to implement the provisions of the bill.

Local Government Impact

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

Source Agencies: 473 Public Utility Commission of Texas

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