

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 14, 2009

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

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

IN RE: SB546 by Fraser (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 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB546, Committee Report 2nd 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 for the Electric Reliability Council of Texas (ERCOT) to measure the impact of energy efficiency programs. The bill would require the PUC to determine

whether additional programs or measures are appropriate to facilitate demand response, and if so, the PUC would be required to ensure that demand response programs have the opportunity to compete with generation in providing services.

The bill would require the PUC adopt rules regarding additional energy efficiency program goals and to provide oversight.

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 three 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; (2) a study regarding the effectiveness of energy-efficiency and demand-response programs; and (3) a study regarding the potential for demand response and load management programs and assessing whether load management programs would achieve a five percent reduction in electric utility peak demand. The bill would require the PUC to submit the studies to the Lieutenant Governor, the Speaker of the House of Representatives, and each committee of the 82nd Legislature that has jurisdiction over electric utilities.

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 to change the energy-efficiency rules and the demand-response programs. 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. Based on the analysis of the PUC, it is assumed that the agency would need an additional 1.0 FTE to assist in the oversight activities and completion of the studies required by 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: 473 Public Utility Commission of Texas, 304 Comptroller of Public Accounts

LBB Staff: JOB, ES, SZ, MW