

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 18, 2011

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

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

IN RE: SB552 by Carona (Relating to the creation of the Energy Efficiency Coordination Council and to statewide energy efficiency; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB552, As Introduced: a negative impact of (\$1,364,000) through the biennium ending August 31, 2013.

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
2012	(\$932,000)
2013	(\$432,000)
2014	(\$432,000)
2015	(\$432,000)
2016	(\$432,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	(\$932,000)	2.0
2013	(\$432,000)	2.0
2014	(\$432,000)	2.0
2015	(\$432,000)	2.0
2016	(\$432,000)	2.0

Fiscal Analysis

The bill would amend the Government Code to establish an energy efficiency coordination council (council). The council would be composed of 15 members, including 11 ex officio members and 4 public members. The director of the State Energy Conservation Office (SECO) would serve as presiding officer of the council. The council would be required to meet at least quarterly.

The bill would require the council to implement a policy requiring the council to use appropriate technological solutions to improve the council's ability to perform its functions, including a policy to ensure that the public is able to interact with the council on the Internet. The bill would specify that a representative at SECO appointed by the director of SECO to serve as director for the council. SECO would provide administrative support to the council. The bill would authorize the council to establish advisory and ad hoc committees to review policy matters. The bill would establish a standing advisory

committee composed of 15 members representing various interests.

The bill would authorize the council to accept gifts and grants from the federal government, state government and private entities. The bill would create an energy efficiency account as a dedicated account in the general revenue fund. The account would consist of legislative appropriations to the council; gifts, grants and donations received; and interest earned on investment of money in the account.

The bill would require the council director to prepare a proposed state energy efficiency plan every six years and revise and update the plan biennially; the council would approve the plan. The plan would include strategies to improve energy efficiency programs throughout the state. The council would promote the implementation of the plan.

The council would coordinate with agencies, utility providers, energy efficiency service providers and other organizations to develop and administer energy efficiency programs. The council would be required to set statewide savings targets for electricity, natural gas, and electric consumption that results from the diversion, transportation, delivery, treatment, or purification of water, wastewater, and storm water and biennially evaluate progress toward achieving the savings target. The council would be required to evaluate, review and make recommendations for improvements to energy efficiency programs and proposed energy efficiency programs in annual and biennial reports. The council would recommend best practices related to coordination, comprehensiveness and cost reduction in the delivery of energy efficiency products and services to customers. The bill would require the council to collect information regarding energy savings and demand reduction and submit information to SECO, the Energy Systems Laboratory at the Texas Engineering Station of the Texas A&M University System, and the Electric Reliability Council of Texas. The bill would require the council to study and create standardized energy contracts and a standard disclosure form for energy service efficiency providers to provide to consumers to assist consumers in making informed decisions on energy efficiency investments and purchases.

The bill would require a utility provider or energy efficiency service provider to submit data requested by the council and provides a civil penalty of not more than \$500 for each day the entity fails to submit the requested data following the 30th day after receipt of notice by the council director.

The bill would require the council to create and maintain a public Internet website that meets minimum accessibility standards and includes a searchable database for consumers to search energy efficiency programs in the consumers' service area. The bill would require the council to post reports produced by the council and a list of energy efficiency programs reviewed by the council.

The bill would provide annual and biennial reporting requirements.

The bill would require the council to study various methods for evaluating, measuring and verifying the cost-effectiveness of energy efficiency programs. The bill would authorize the council to adopt cost-effectiveness standards based on results of the study.

Methodology

The cost of the bill is anticipated to be \$1,364,000 during the 2012-13 biennium. SECO estimated annual costs of \$432,000 to reflect salaries and benefits for 2.0 full-time equivalent positions, including director of the council, to provide administrative support for the council and professional fees and services to assist in accomplishing tasks of data collection, data assessments and writing the various reports required by the bill.

One-time technology costs of \$500,000 are anticipated to implement a council website and a public database for consumers to search energy efficiency programs in their service areas. This analysis assumes that the council's website would be incorporated into SECO's existing website. It is anticipated that any additional costs associated with implementation of the legislation could be absorbed within existing resources.

The amount of gifts and grants received by the council and deposited to the energy efficiency account

cannot be estimated. In addition, the number of penalties that would be assessed cannot be estimated.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

This analysis assumes a one-time technology cost of approximately \$500,000 in fiscal year 2012 for modification of SECO's website to host the council's website and development of a consumer database to search energy efficiency programs by location or service area.

Local Government Impact

Local governments would be required to prepare and submit annual reports on energy efficiency programs to the council. No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 582 Commission on Environmental Quality, 710 Texas A&M University System Administrative and General Offices

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