

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 16, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3214** by Strama (Relating to the creation of an incentive program for solar and wind-powered distributed electric generation for public school property.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend the Utilities Code to direct the Public Utility Commission (PUC) to develop and implement a state-wide solar schools incentive program to increase the amount of distributed solar generation on property owned by school districts.

The bill would create a solar schools incentive fund as a special trust fund held by the comptroller outside the state treasury. Money in the fund would be generated through nonbypassables fees on electric utilities and transmission and distribution utilities established by the bill, gifts or grants awarded for the purposes of the program, and interest and other income from investment of money deposited to the credit of the fund. Money in the fund could only be used for expenses related to the solar schools incentive program and to cover administrative costs incurred by the PUC. The bill would discontinue fee collection by electric utilities after the fifth anniversary of the establishment of the program.

The bill would require the PUC by rule to provide incentives to school districts to defray the cost of installing distributed solar generation by administering quarterly reverse auctions. The bill also provides for related alternative disbursement options that the PUC may take if there are funds remaining after the completion of a reverse auction.

The bill would also require the PUC by rule to make incentives available under the solar schools incentive program available to projects to install wind turbine distributed renewable technology on school district property.

The bill would require certain municipally owned utilities and electric cooperatives to administer incentive programs that increase the amount of distributed solar generation installed on school district property and report those efforts annually to the State Energy Conservation Office. The bill would authorize an electric cooperative or municipally owned utility to recover the costs for the incentive programs through a nonbypassable fee consistent with the fee authorized for the solar schools incentive fund.

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 with 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.

Based on information provided by the PUC, implementing the program established by the bill would require the engagement of a third party contractor to administer the program at a cost of \$250,000 per year for the duration of the program. This cost is based on the PUC's experience with contracting for program administration activities and on the agency's assessment of the amount and complexity of the work being required. However, this analysis assumes the costs associated with the administration of the program would be paid through funds from the solar schools incentive fund created by the bill.

The bill has no direct fiscal implications for the Foundation School Program (FSP) or the operations of the Texas Education Agency (TEA).

### **Local Government Impact**

The provisions of the bill could have revenue and cost implications on municipalities that own electric utilities. This analysis assumes that any costs would be offset by revenues generated under the provisions of the bill.

School districts may choose to have solar or wind-powered electricity generation installed on their property and could receive credit for any surplus electricity generation provided. An incentive program could help defray the cost of installation of the generation capacity. School districts spent a total of \$1.3 billion on utilities, including electricity costs, in FY 2012.

**Source Agencies:** 473 Public Utility Commission of Texas, 701 Central Education Agency

**LBB Staff:** UP, SZ, MW, ED, JBi