LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 29, 2015

TO: Honorable Drew Darby, Chair, House Committee on Energy Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2392** by Anchia (relating to the establishment of a residential energy efficiency loan program.), **Committee Report 1st House, Substituted**

Creation of the loan program could result in an indeterminate negative fiscal impact to General Revenue Funds. As the overall demand for the program is unknown, the fiscal implications of the bill cannot be determined at this time.

The bill would amend the Health and Safety Code, regarding Texas building energy performance standards, to direct the Comptroller and the State Energy Conservation Office (SECO) to establish and administer a self-sustaining program that issues loans for improvements that increase the energy efficiency of existing residences. SECO would submit to the Texas Commission on Environmental Quality (TCEQ) and the Energy Systems Laboratory (ESL) an annual report evaluating the effectiveness of the new program and quantifying energy savings and emissions reductions as a result of the new program for consideration in the state implementation plan for emissions reduction credit.

SECO anticipates that additional funds would be required to fund the loan program. According to the agency, the use of Oil Overcharge or Federal funding must be authorized by the U.S. Department of Energy through the state's energy plan and, if authorized, would reduce loan availability annually to governmental entities. SECO does not currently have DOE authority to use funds in this manner. Therefore, this analysis assumes the program would be paid for through General Revenue Funds. As the overall demand for the program is unknown, the fiscal implications of the bill cannot be determined at this time.

ESL anticipates an impact to its Local Funds as a result of the legislation. According to ESL, The US Environmental Protection Agency (EPA) only accepts quantification of energy savings and emissions reductions from a qualified Quality Assurance Program Plan (QAPP) that has been preapproved through TCEQ by EPA. Currently, the only entity with EPA approved QAPP for reporting emissions reductions from Energy Efficiency and Renewable Energy programs is ESL. The bill would require that a new analysis be developed and applied across numerous households participating in the program. This would require expanding ESL's current software platform that focuses on energy codes compliance of new buildings, to cover energy codes improvements in existing construction. TCEQ does not anticipate any significant fiscal impact as a result of the bill.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 712 Texas A&M Engineering Experiment Station

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