LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2392, As Introduced: an impact of $0 through the biennium ending August 31, 2017.

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
2016	$0
2017	$0
2018	$0
2019	$0
2020	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *Texas Emissions Reduction Plan* 5071
2016	($3,000,000)
2017	($3,000,000)
2018	($3,000,000)
2019	($3,000,000)
2020	($3,000,000)

Fiscal Analysis

This bill would amend the Health and Safety Code, regarding the use of money in General Revenue Account 5071-Emissions Reduction Plan (TERP), to require that not less than $3 million be used for an energy efficiency loan guarantee program. The bill would direct the Comptroller of Public Accounts (CPA) and the State Energy Conservation Office (SECO) to establish and administer an energy efficiency loan guarantee program that issues or guarantees loans to be used for improvements that increase the energy efficiency of residences that are not newly constructed. SECO would annually submit to the Texas Commission on Environmental Quality (TCEQ) and the Energy Systems Laboratory (ESL) at Texas A&M a report that evaluates the effectiveness of the new program and quantifies energy savings and emissions reductions as a result of the new program for consideration in the state implementation plan for emissions reduction credit.

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.

Methodology

This analysis assumes that current TERP expenditures for the various programs receiving TERP allocations would not change, and that the legislature would appropriate an additional $6.0 million in the 2016-17 biennium out of TERP Account No. 5071 for CPA and SECO to use in the newly-established energy efficiency loan program. If no additional funds would be appropriated, then it is assumed that TCEQ would allocate $6.0 million in existing TERP funding for the new program, and that TCEQ would therefor reduce by $6.0 million the amount available for off-road heavy duty diesel truck and equipment grants through the Emissions Reduction Incentive Grants Program (ERIG), over the same period of 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 pre-approved 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.

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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