

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 27, 2015

**TO:** Honorable Geanie Morrison, Chair, House Committee on Environmental Regulation

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

**IN RE:** **HB3069** by Rodriguez, Eddie (Relating to the authority and obligations of the Texas Commission on Environmental Quality and the Public Utility Commission of Texas to comply with and implement a Clean Power Plan.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3069, As Introduced: a negative impact of (\$500,000) 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	(\$500,000)
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Clean Air Account</i> 151	Change in Number of State Employees from FY 2015
2016	(\$500,000)	(\$162,052)	2.0
2017	\$0	(\$153,652)	2.0
2018	\$0	(\$153,652)	2.0
2019	\$0	(\$153,652)	2.0
2020	\$0	(\$153,652)	2.0

**Fiscal Analysis**

The bill would designate the Texas Commission on Environmental Quality (TCEQ) as the primary authority responsible for ensuring the state complies with and implements the final Clean Power Plan (PCC) rulemaking under the Federal Clean Air Act.

The bill would assign authority to both TCEQ and the Public Utility Commission (PUC) to comply with and implement the CPP, and it would direct both agencies to take measures to comply with or implement a CPP. The bill would authorize TCEQ and PUC to collaborate with the Railroad Commission, the State Energy Conservation Office (SECO), and other state agencies to develop and implement the plan. TCEQ and PUC would also be required to develop and adopt a memorandum of understanding as necessary to clarify or provide for each agency's respective duties, responsibilities, or functions on any matter related to the CPP that is not expressly assigned to either TCEQ or PUC.

The bill would provide the Governor the authority to execute a compact with another state to comply with and implement a CPP.

The bill would take effect on September 15, 2015.

**Methodology**

The TCEQ would require additional resources to prepare annual reports tracking the state's progress in meeting state-wide goals established in the CPP, which would be submitted to the U.S. Environmental Protection Agency (EPA). This estimate also assumes that implementation of the CPP would require the creation of an emissions banking and trading program, which would also require additional staff resources. The table above includes 2.0 FTEs that would be needed at an estimated cost of \$162,052 in fiscal year 2016 and \$153,052 in future years. This estimate assumes that those costs would be paid out of the General Revenue-Dedicated Clean Air Account No. 151.

Because the bill would require PUC to consult with TCEQ in adopting and implementing a CPP, it is expected that the PUC would require additional resources. The PUC anticipates a need to conduct detailed electric power systems modeling to ensure that emissions reductions that would result from the CPP do not cause violations of state or federal electric power reliability standards. Because PUC does not have the proper resources in-house to be able to conduct these analyses, this estimate assumes PUC would hire a consultant to aid PUC Staff in these activities and estimates that the cost would be \$500,000 in Professional Fees and Services from the General Revenue Fund in fiscal year 2016 only. This amount is also included in the table above.

**Local Government Impact**

According to the Public Utility Commission, the bill would impact municipally owned utilities own generation facilities subject to the Clean Power Plan provisions for emissions reductions. Costs to comply with the plan would depend on the specific requirements that would be included in the plan.

**Source Agencies:** 455 Railroad Commission, 473 Public Utility Commission of Texas, 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 551 Department of Agriculture

**LBB Staff:** UP, SZ, MW, TL, FR, TB, KVe, JLi