

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 28, 2023

TO: Honorable Todd Hunter, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4834 by Hunter (Relating to the use of the Texas energy reliability fund to finance construction of electric generating facilities in the ERCOT power region; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4834, As Introduced : a negative impact of (\$1,438,582) through the biennium ending August 31, 2025.

There would be a positive, but indeterminate, state revenue increase due to interest generated on loan repayment; however, as any interest rates are unknown, the fiscal impact to the state for this portion's of the bill's provisions cannot be estimated.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$719,291)
2025	(\$719,291)
2026	(\$719,291)
2027	(\$719,291)
2028	(\$719,291)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from <i>General Revenue Fund</i> 1	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$719,291)	7.0
2025	(\$719,291)	7.0
2026	(\$719,291)	7.0
2027	(\$719,291)	7.0
2028	(\$719,291)	7.0

Fiscal Analysis

The bill establishes the Texas Energy Reliability Fund and related funding mechanisms to support the construction of electric generating facilities in Texas. The Texas Energy Reliability Fund would be a special fund outside the General Revenue fund to be used to provide loans to finance the construction of electric generating facilities in the ERCOT power region. The bill would provide that the fund and its accounts are kept and held by the Texas Treasury Safekeeping Trust Company on behalf of the PUC.

The bill provides that the Public Utility Commission (PUC) may provide a loan that bears interest at a rate or rates determined by PUC, including a rate or rates below prevailing market rates. The bill includes specific provisions regarding the PUC's determination of providing loans for facilities which are necessary for the service, accommodation, convenience or safety of the public.

The bill would create the Texas Energy Reliability Fund Advisory Committee to oversee the fund and subjects the Advisory Committee to the Sunset Act and abolishment on September 1, 2035 unless continued as provided by Chapter 325, Government Code.

This bill takes effect on the date on which the constitutional amendment (HRJ180) proposed by the 88th Legislature, Regular Session, 2023, providing for the creation of the Texas energy insurance fund and the authorization of other funding mechanisms to support the construction and operation of electric generating facilities takes effect. If that amendment is not approved by the voters, this bill has no effect.

Methodology

PUC anticipates, and this estimate assumes, that the Commission will require 7.0 additional full time equivalent (FTE) positions to implement the provisions of the bill. An Attorney III (\$90,000 per year with estimated benefits of \$27,297) would be needed to manage the required rulemakings and contracts for loan agreements. Two Financial Examiners V (\$75,000 per year with estimated benefits of \$22,748) would be needed to determine the credit worthiness of applicants, current interest rates for loans, and will monitor the ongoing credit worthiness of contractors.. Two Engineers III (\$75,000 per year with estimated benefits of \$22,748) would be needed to review applications, work with and review that the contractor has met the loan agreement buildout milestones, and managing the day to day interaction with the contractor. An Accountant IV (\$55,000 per year with estimated benefits of \$16,682) would be needed to administer the loan payback and reconciling with the fund in the Comptroller's office, work with contractors on their loans, and conduct cash flow forecasting.. Lastly, a Project Manager V (\$90,000 per year with estimated benefits of \$27,297) would be needed to manage the entire project and coordinate among the 5-6 different divisions required to implement this bill.

Based on analysis by the Comptroller of Public Accounts there would be a positive, but indeterminate, revenue increase due to the interest generated on the loan repayment; however, as any interest rates amount are unknown, the fiscal impact to the state cannot be estimated.

Note: This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a revenue source. The Legislature consolidated funds into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has enacted a funds consolidation bill. The dedication included in this bill, unless created by a constitutional amendment, would be subject to funds consolidation review by the current Legislature.

Technology

The Public Utility Commission of Texas anticipates a technology impact of \$14,000 per year.

Local Government Impact

The fiscal implications of the bill cannot be determined.

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

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