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## STATE CAPITOL REPORT

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### **Most Major Clean Energy Bills Fall Short of the Goal Line Legislative Support for Efficiency & Renewables Gained Momentum**

Senate and House members from both political parties showed unprecedented support for developing more renewable energy and energy efficiency in Texas by filing a large number of clean energy, green jobs bills in the 81<sup>st</sup> Texas State Legislature. A number of major bills passed either the House or the Senate or, in some cases, both houses (but not in the identical versions required for final passage). Ultimately, however, political disagreements over other issues and over the size and extent of proposed programs delayed and killed most of these excellent legislative initiatives.

As the legislative session concluded, environmental groups – including Sierra Club, SEED Coalition, Public Citizen, Environmental Defense Fund, and Environment Texas applauded the passage of some clean energy, green jobs legislation and viewed the Legislature as having laid groundwork for the future.

**“The fact that both the House and the Senate passed major legislation on energy efficiency and renewable power**

**with bipartisan agreement shows that Texas leaders are willing and able to develop clean power and green jobs for our state,”** noted Cyrus Reed, Conservation Director of the Lone Star Chapter of the Sierra Club. **“Nevertheless, leaders were distracted by undue influence from industry interests and by the voter ID debate which hampered passage of clean energy bills and other more vital areas of legislation.”**

#### **Successful Clean Energy, Green Jobs Bills**

Clean energy bills that did pass both bodies and have gone to the Governor include:

- Green fleets legislation to promote low emissions and plug-in hybrid vehicles for fleets of major state agencies (**HB 432**);
- Legislation authorizing cities to create financial districts to loan money for renewable power and energy efficiency (**HB 1937**);
- Legislation setting a “no regrets” strategy for greenhouse gas reduction in the state – including a study of the state’s energy

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use funds to find ways to reduce emissions and save money at the same time (**SB 184**);

- A coordinated green jobs strategy – including funds allocated for child care programs, vocational training initiatives, energy efficiency measures, the Weatherization Assistance Program (WAP), and/or any other federal economic stimulus recovery funds (passed as a Rider to Article 12 of the **appropriations bill**).

**Groundwork Laid for Next Session**

The major Clean Power, Green Jobs bills that passed the House or Senate but did not ultimately make it to the Governor's desk included:

- Raising the state's minimum residential and commercial building codes from 2001 to 2009 standards (passed the Senate as **SB 16** and passed the House as part of **HB 2783**);

- Raising the utility efficiency goal (**SB 546** passed both houses, but no agreement was reached between Senate and House bill sponsors Senator Troy Fraser and Rep. Rafael Anchia on the goals);

- Adopting appliance efficiency standards for a variety of products, including pool pumps (passed the Senate as part of **SB 16**);

- Creating a 1,500 MW Emerging Technology Renewable Standard (**SB 541** passed the Senate but was not reached on the House calendar before the deadline);

- Creating a \$500 million solar incentive program (**SB 545** passed the Senate but was not

reached on the House calendar);

- Creating a policy requiring utilities and retail electric providers to pay consumers fair buyback rates for excess electricity generation from renewable energy equipment installed by the consumers – such as solar panels (**HB 1243** – passed both the House and Senate, but the conference committee report that had ironed out differences between the two versions was killed in the House as a result of parliamentary skirmishing at literally the midnight hour deadline for adoption of conference reports);

- High performance energy efficient building standards for state buildings, including universities and public schools (**HB 431** – conference committee report was not adopted by the Senate on the last day of the session due to tension between the Senate and House leadership over other matters).

Factors which prevented bills with bipartisan support from making it across the finish line included:

- The issue of voter ID and the resultant “chubbing” of noncontroversial bills, which put many major efficiency and renewable energy bills too far down the calendar for floor consideration in the House;

- A disagreement over the germaneness and the possible costs to low-income residents of adding the solar incentive bill (**SB 545**) to the surplus electricity bill (**HB 1243**, which led Representative Sylvester Turner to ultimately kill consideration of the bill on the House floor);

## Let's Invest in Texas!

# Stimulus Funds Present Huge Potential for Clean Energy

While a combination of factors may have doomed the passage of legislation related to renewable energy and energy efficiency in the recently concluded state legislative session, the implementation of **the federal American Recovery & Reinvestment Act (ARRA)** should result in hundreds of millions of dollars being spent on public and private energy efficiency and renewable energy projects in Texas. Sierra Club leaders and volunteers at the national, state and local levels are already urging local city and county leaders to take advantage of this unique opportunity. Deadlines for applying for the use of some of these funds occur later this month.

By far the two largest energy-efficiency pots of money involve “weatherization” (energy efficiency) activities through the **Texas Department of Housing and Community Affairs (TDHCA)** and a variety of energy-related programs coordinated through the **State Energy Conservation Office (SECO)** in Austin and the U. S. Department of Energy (DOE).

### Weatherization on Steroids: TDHCA's Plan

**While the Lone Star Chapter of the Sierra Club has for years advocated that a portion of the state's System Benefit Fund be earmarked through the TDHCA to help Texans weatherize homes and permanently**

**lower electricity bills, the passage of the ARRA has suddenly forced the state agency to put its relatively modest Weatherization Assistance Plan on steroids.**

While approximately \$13 million was available through federal funds to 33 recipient service providers to help Texans with limited incomes weatherize their homes in 2008, the ARRA provided Texas with an unprecedented **\$326.9 million** in weatherization funds beginning this year. In May, TDHCA completed its application – based in part on three public hearings – to DOE to access these funds. The state agency also released its own state plan for its “Weatherization Assistance Program for Low-Income Persons” as well as a “Notice of Funding Availability” for existing service providers, local governments, and non-profits to apply to use these new funds to actually weatherize approximately 35,000 homes and residences throughout Texas.

### Funds Available

Texas funding is available to four different types of eligible applicants, including:

- existing subrecipients which currently serve all 254 counties
- certain medium-sized cities that have more than 75,000 residents but do not have

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enough low-income Texans to qualify for larger grants

- large cities with more than 75,000 residents, and

- all other local governments and non-profit organizations which must compete for approximately 10 to 15 grants between \$500,000 and \$1,000,000 (see Table 1).

**Table 1. Program Distribution of Texas Department of Energy Weatherization Assistance Program Funds**

<b>Program Recipient</b>	<b>Description</b>	<b>Amount</b>
Existing Subrecipient Network	34 Council of Governments and Service Providers	\$180,000,000
Directly Funded Awards from the Criteria Based Awards Utilizing Subrecipient Network	12 cities with populations over 75,000 but with relatively small eligible populations based on <u>income criteria</u>	\$7,823,640
Criteria-Based Awards for entities with populations exceeding 75,000	20 largest cities in Texas	\$94,049,883
Competitive Pool for entities with populations under 75,000	All other local governments and associated non-profits	\$7,500,000
Administration and Training and Technical Assistance (Shared by the Department and subrecipients)		\$37,602,209
<b>Total Texas DOE ARRA Allocation</b>		<b>\$326,975,732</b>

Source: Texas Department of Housing and Community Affairs, Texas Weatherization Assistance Program Notice of Funding Availability, May 2009.

While the Texas State Plan for the WAP allocates millions of dollars for individual cities – including \$23 million for Houston, \$13 million for Dallas and \$12 million for San Antonio – those entities must still apply directly to the TDHCA, as must any smaller cities without direct allocations that wish to compete for such funds.

**Find information about how to apply for these funds at the Texas Department of Housing and Community Affairs Weatherization Assistance Program website (<http://www.tdhca.state.tx.us/recovery/detail-wap.htm>).**

Deadlines for all applications submitted for the Existing Subrecipient Network Pool and

the Criteria Based Awards under this NOFA must be received on or before 5:00 p.m. on **Tuesday June 23, 2009, regardless of method of delivery.** All applications submitted for the Competitive Pool under this NOFA must be received on or before 5:00 p.m. on **Friday June 26, 2009, regardless of method of delivery.**

## Other Energy Programs

**In addition to the weatherization monies, the ARRA also created a variety of other energy efficiency – and renewable energy – programs that cities, counties and others can access (see Table 2).** First of all, the 10 most populated counties in Texas, as well as the 77 largest cities are considered “entitlement” cities and can directly access over \$163,000,000 in Energy Efficiency and Conservation Block Grants (EECBG Grants) from DOE.

These grants are to assist state, local, territorial and Tribal governments in implementing strategies to reduce fossil fuel emissions and total energy use, and improve energy efficiency in all sectors, including renewable energy technologies that reduce energy use. To access this money, the eligible counties and cities must apply directly to DOE by June 25, 2009 at 8:00 P.M. Eastern Time. Information about how to apply is available at the Department of Energy Efficiency and Conservation Block Grants website: <http://www.eecbg.energy.gov/>.

In addition the EECBG entitlement grants,

another \$45.6 million will flow to the Texas State Energy Conservation Office (SECO) for “non-entitlement” cities with a population under 35,000 and counties with populations less than 200,000. The deadlines for applying to SECO for these grants have yet to be established, however.

Finally, Texas is also receiving two other pots of money from DOE which can be used for energy efficiency and renewable energy. First, Texas is eligible to receive \$20.4 million for an energy efficient appliance rebate program for appliances like refrigerators, air conditioning systems or dishwashers that are classified as “Energy Star” appliances. The rules and eligibility for this program – which could be run through cities, utilities or another unit of government – have yet to be developed.

Secondly, Texas has applied for and will receive \$218.7 million for SECO’s State Energy Program, which will include loans and grant programs for public buildings and public sector projects involving more efficient energy use, renewable power and transportation efficiency. Again, the details on these programs and the timelines for applying for these grants and loans will be developed over the coming months.

Still, taken together, between the direct grants to cities and counties, and the programs coordinated by TDHCA and SECO, more than \$750 million in funding could be invested in energy efficiency and renewable technology,

**Energy Goals**, *continued from page 2*

- The election of a new Speaker and the naming of new standing committee chairmen, which understandably led to some delays in getting the committees up and running early in the session to begin considering bills;

- Disagreement between the House and the Senate on the size and scope of goals set by solar and energy efficiency bills (SB 545 & 546);

- Disagreement over the potential costs and benefits of the Renewable Portfolio Standard (SB 541);

- Opposition from the Texas Manufacturers Association, the Governor, and many utilities to the “non-wind” Renewable Portfolio Standard.

This session definitely demonstrated the old adage that it is easier to kill a bill (or watch it die) than pass a bill. But there is hope for the future of clean energy legislation in Texas. **“Environmentalists can view this legislative session with some hopefulness**

– the Legislature is definitely involved and interested in clean energy and green jobs and did move these issues forward. But there is also some sadness – an opportunity to move significantly forward on clean energy was lost,” Cyrus Reed added. **“Jobs that could have been created, and new sources of clean energy that could have been advanced in Texas were delayed this session.”**

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**Stimulus**, *continued from page 5*

while creating jobs and new industries in Texas. But it is up to the public sector to apply for these funds. Use it or lose it.

**Table 2. State Energy Conservation Office and Energy Efficiency and Conservation Block Grant American Recovery and Reinvestment Act Funding Available in Texas**

<b>Program</b>	<b>Description</b>	<b>Amount</b>
Energy Efficiency and Conservation Block Grants	Direct Allocation to "Entitlement" Cities and Counties	\$163,121,800
	State Energy Conservation Office for Cities under 35,000 and counties under 200,000	\$45,638,100
Energy Efficient Appliance Rebate Program	SECO administered program for Energy Star appliances	\$20,400,000
State Energy Program	5 Program Areas	\$218,782,000
	Revolving low-interest loan program for efficiency and renewables for public buildings (up to \$10,000,000 per project)	\$150,000,000 (approximate)
	Transportation Efficiency Program (alternative fuel vehicles, electrification and replacement of transportation lighting for public fleets, systems)	\$20,000,000 (approximate)
	Distributed Renewable Energy Technology Program (grants for public buildings)	\$30,000,000 (approximate)
	Energy Sector Training Program (green job training and curriculum development and infrastructure)	\$5,000,000 (approximate)
	Public Education and Outreach	\$6,000,000 (approximate)
<b>Total ARRA Energy Efficiency Funding</b>		<b>\$447,941,900</b>

Source: Information from State Energy Conservation Office, June 2008



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