



The Honorable Greg Abbott

Re. Special Session

October 2nd, 2023

Dear Governor Abbott,

Recently, as you requested, the Legislature met in special session and passed an historic property tax reduction bill - and constitutional amendment - which will save Texas taxpayers approximately \$18 billion if voters approve the measure in November. It is widely reported that you plan to call the legislature back to town on October 9th for another special session. As four diverse organizations that do not always agree on every issue, we are collectively asking that you put one additional issue on the call - passage of legislation to assure that Texas remains a leader on energy efficient building codes that also allows for amendments to the those codes to address standards that don't make sense in Texas, and more specifically, passage of legislation similar to SB 2453, approved by the legislature during the 88th Legislative session.

This summer, ERCOT set dozens of new all-time demand records, surpassing 85,000 MWs, while this month in September we also set new records in overall demand. Most of this demand is not being driven by our industry's needs, but by older buildings and small commercial growth fueled by energy waste and inefficient building stock. While SB 2453 by itself will not solve this issue, it is one tool to help potentially lower future demand by setting up a process at the State Energy Conservation Office to adopt the latest building energy codes for new residential and commercial customers. SB 2453,

related to energy efficient building codes, passed both the Senate and House, but was vetoed by you not based on the merits of the bill, but only on the lack of action by the legislature on property tax relief. As stated, the Legislature has now taken that action thanks in part to your leadership.

Under Chapter 388 of the Health and Safety Code, the State Energy Conservation Office has full authority to adopt energy, water and high performance building code standards for state-funded buildings, and the ability to adopt the latest energy codes of the International Code Council. Currently, SECO has adopted the 2015 International Energy Conservation Code and the Energy Chapter of the 2015 International Residential Code as a result of both this authority and a bill approved by the Legislature in 2015. Similarly, under Chapter 447 of the Government Code, and Chapter 55 of the Education Code, SECO and Universities have the authority to adopt high performance standards and specific water and energy conservation standards for state-funded buildings. Unfortunately, a bill passed in 2019 had the unintended consequence of creating a conflict between this authority and other statutes. As part of SB 2453, SECO's authority would be clarified to allow it to consider future statewide energy codes, but **they would be required to conduct a cost-benefit analysis for any future code adoption and allow for amendments to the code itself. This will assure that any changes in the state's energy code will be cost-effective and beneficial to consumers. Any eventual adoption would be required to go through a robust rulemaking process, assuring stakeholder input.**

Multiple organizations supported passage of SB 2453 as a fix to assure that SECO can move forward on rulemaking both for code adoption for state-funded, residential and commercial energy and related codes. The 2021 IECC - and 2021 IRC Energy Chapter have been shown through an analysis by Energy Systems Laboratory, part of the Texas Engineering Experiment Station, a state agency, to be 5-10 percent more energy efficient than the current state code for both residential and commercial buildings. Allowing SECO to move forward will assure that new construction will be more efficient, save consumers money and strain the grid less.

The bill simply adds exceptions to the list of exceptions already contained in statute. Last session as an example, the Legislature added dark sky provisions. This proposed bill adds three exceptions:

(15) an energy code as adopted by the State Energy Conservation Office under Section 388.003(a) or (b), Health and Safety Code;

(16) an energy and water conservation design standard established by the State Energy Conservation Office under Section 447.004; and

(17) a high-performance building standard approved by a board of regents under Section 55.115, Education Code.

In addition to the benefits for the state of allowing SECO to move forward on potential code adoption, the bill should also help the state qualify for additional DOE competitive grants for advanced energy code adoption, as well as funding from FEMA known as BRIC. States that have or are in the process of adopting the 2021 code can have an advantage of obtaining these funds. Indeed some pots of money are only available to states that are in the process or have adopted the 2021 IECC.

Governor Abbott, we thank you for your leadership on property tax relief and ask that you add legislation similar to SB 2453 to the call to help assure that Texas remains a leader on modern, energy-efficient building stock. It will be good for consumers, for business, and for the environment.

Sincerely,

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<p>Hector Rivero <a href="mailto:rivero@texaschemistry.org">rivero@texaschemistry.org</a>  <i>President &amp; CEO</i> Texas Chemical Council  1402 Nueces Street Austin, TX 78701-1586 (512) 646-6401</p>	<p>Noah Oaks, <a href="mailto:noaks@eepartnership.org">noaks@eepartnership.org</a> State and Local Policy Manager  SPEER (South Central Partnership for Energy Efficiency as a Resource)</p>

CC. The Honorable Dan Patrick, Lt. Governor  
The Honorable Dade Phelan, Speaker of the House

The Honorable José Menendez, Senator (Senate Author of SB 2453)

The Honorable Ana Hernandez, Representative (House Sponsor of SB 2453)