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To: Legislative Budget Board

From: Cyrus Reed, Legislative and Conservation Director, Sierra Club Lone Star Chapter, cyrus.reed@sierraclub.org , 512-740-4086

September 9, 2026

Re: **Sierra Club's Comments on Comptroller-Fiscal Programs LAR for 28-29**

The Sierra Club is pleased to offer these brief comments on the proposed LAR for the Comptroller's Fiscal Programs for 28-29. Our comments are limited to funding related to energy efficiency and other energy programs overseen by SECO - the State Energy Conservation Office. Sierra Club supports the base budget for the Comptroller's Fiscal Programs related to SECO but we wanted to highlight their importance and the important function of SECO.

Last session, the Sierra Club supported two pieces of legislation that will be important to SECO's function going forward. First, SB 783 by Menendez directs SECO to look at a process to update statewide building codes - such as the 2024 IECC - and high performance standards for state-funded buildings. Our understanding is that rulemaking could begin on these important updates which should help save money and energy in early 2027, following a required analysis by the Texas Energy Laboratory of costs and benefits.

Second, HB 5323 created the Texas Energy Waste Advisory Committee, led by the PUCT, which the Comptroller - and their designee -SECO - is a member. This committee is expected to share information about efforts to reduce energy waste, make our grid more reliable and promote demand response. We expect the committee to make some recommendations to the Legislature in December, as required by the law.

We are confident that SECO will implement these two laws but want to assure these laws are implemented using existing staff.

SECO is a key part of the Comptroller's office that runs a number of important programs designed to reduce energy waste and promote the efficient use of energy. In addition to gathering required reports submitted by political subdivisions, public utilities and school

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districts, SECO runs the LOAN STAR program using settlements money from overcharged oil funds that help public entities reduce utility bills and then pay back the loans through those savings. The program has been a huge success and helped Texas taxpayers save money, while helping our grid.

One of the new programs that should be implemented by SECO in FY 28 and FY 29 that is part of the proposed budget is money issued by Congress as part of the IRA in 2022 known as the HOME and HEEHRS programs. (Note the names of these programs have been changed multiple times but the authorizations are found under IRA 50121 and IRA 50122). Texas has been allotted almost $700 million over the next five years to run the program and the Comptroller is asking that roughly $230 million be allocated over the next two years to begin the programs, which offer rebates and grants to homeowners or apartment owners for making energy efficiency investments in their homes. Sierra Club is a member of the advisory committee set up by SECO and the third-party administrator and believes this program could help thousands of Texans save money at a time that electric bills are increasing.

Table 1. Federal Energy Efficiency Monies Requested by Comptroller

Category	FY 28	FY 29
HOME Energy Rebate Program IRA 50121	$57,137,452 (plus UB)	$57,137,452 (plus UB)
High-Efficiency Electric Home Rebate IRA 50122	$56,917,765 (plus UB)	$56,917,765 (plus UB)
Total of Federal EE Funds	$114,055,217	$114,055,217

We support the budget request found in Rider 9, but hope the Legislature will provide SECO and the Comptroller with flexibility to move additional monies into the program if demand is higher than expected and to, as the agency has requested, have UB authority to move funds between fiscal years.

We would support a rider on reporting on how these monies are used, how many Texans are helped, and how much energy is saved.

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We are hopeful the programs will be a huge success and help many primarily low and moderate income families upgrade their homes and apartments and save energy. Still, Sierra Club would support a simple reporting requirement to the Legislature that will assure the money is being used wisely. Some language is suggested below.

Required reporting on use of federal monies. Out of its existing budget, the State Energy Conservation Office will work with any third party administrators to report on the outcome of the use of the monies authorized under IRA Section 50121 and IRA Section 50122. On or before December 1, 2028, the Comptroller will publish on its website and send a physical copy to members of the Legislative Budget Board a report detailing the amount of money spent in each program, the number of homes or units that participated and were improved as a result of the program, the number of persons that benefited, the percentage of participants that were considered low-or-moderate income, and an estimate of the total amount of overall energy use saved, and the amount of peak demand reduced as a result of the programs.

The Sierra Club is supportive of the base LAR for the Comptroller-Fiscal Programs. We want to make sure that SECO does implement two new laws passed by the legislature in 2025 (HB 5323 and SB 783) out of existing funds and staff, and we support incorporating federal IRA funds into the requested budget. We would support a required reporting on the use of the funds to the public and LBB.