SIERRA CLUB
LONE STAR CHAPTER

PO Box 4998
Austin, TX 78765
512.477.1729
lonestar.chapter@sierraclub.org

sierraclub.org/texas

To: Legislative Budget Board
Robert E. Johnson Building
1501 N. Congress Avenue
Austin, TX 78701

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

September 25, 2026

TEES has an important function in providing research, education and workforce development for the engineering sciences that serves an important function in our state. The Sierra Club has long supported several of these functions, including important research into renewable energy, nuclear energy, building sciences and advanced manufacturing. Sierra Club does generally support the base budget and the *Exceptional Item Request to restore the 3% GR fund cut which as we understand it would impact many important divisions within TEES*.

INCREASE FUNDING FOR ENERGY SYSTEM LABORATORY, A UNIT OF TEES, BY $160,000 TO MATCH STATUTORY GUIDANCE AND EXPANDED TASKS

Sierra Club's main point of contact and interest within TEES is the Energy Systems Laboratory, which is a small unit within the Texas A&M Engineering Experiment Station (TEES) at Texas A & M that has several important functions, in addition to providing real world benefits to Texas A & M students in the building sciences trades.

ESL under the Health and Safety Code plays a key function in assessing new building codes, such as the 2024 International Residential Code and the 2024 International Energy Conservation Code. They are required under state statute to assess the new code when it is published to see if it makes economic sense for the state of Texas to adopt the latest codes through a regulatory process at the State Energy Conservation Office. Last legislative session, Sierra Club worked with Senator Jose Menendez, and Rep Ana Hernandez to pass SB 783 - which was signed by the Governor – which not only directed the ESL to work with the State Energy Conservation Office to

assess the latest published codes, but to implement a cost-benefit analysis of the codes, and look at potential amendments to the codes. This is important work to see if the benefits of adopting new construction codes outweigh the added costs before rulemaking begins at SECO. While ESL has always had a responsibility to assess new building energy codes, SB 783 put additional requirements on the agency.

In addition, under a provision of the Health and Safety Code related to the Texas Emissions Reduction Plan, ESL is required to assess the energy and air quality benefits of private utility, and public utility (municipal and electric cooperative) energy efficiency programs, as well as the air quality benefits of renewable energy. While the proposed LAR for 28-29 for TEES includes a small amount of money (approximately $421,000 dollars per year) for one of these TERP reports, through the years the amount of money has been slashed, making ESL struggle to meet these statutory requirements. ESL receives roughly half the amount of money they did several sessions ago.

In 2023, as part of HB 4885 (Landgraf/Birdwell), which made certain changes to the TERP program, the amount of money that can be granted to ESL through a contract with TCEQ through the TERP Fund (5071) was increased to $500,000 per year as part of the contract with TCEQ to assess the air quality benefits of efficiency programs, building codes and renewable energy, as part of our State Implementation Plan.

Specifically, under Section 386.252 (a) (12), the Health and Safety Code states:

(12) not more than $500,000 may be used by the commission to contract with the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station annually for the development and annual computation of creditable statewide emissions reductions for the state implementation plan that are obtained through:
(A) wind and other renewable energy resources;
(B) energy efficiency programs administered by the Public Utility Commission of Texas or the State Energy Conservation Office; or
(C) the implementation of advanced building energy codes

Federal Funding Opportunities

Texas is in line to receive through SECO more than $700 million intended for energy efficiency programs through the HOMES and HEARS programs. Texas has the opportunity to assess and report on energy savings that also lead to air quality benefit to the extent these funds are utilized. We suggest that ESL and/or SECO be directed to report on these federal funds, but also assess the air pollution benefits in reduced NOx and VOCs that will help on Texas's ozone air pollution problems.

Recommendation

The Lone Star Chapter believes that funding for ESL and their important work on building codes, and assessing the energy savings and air pollution benefits of renewables, energy efficiency and building code implementation that are part of the weight of evidence means that funding should be increased for this small unit of TEES at Texas A & M. We suggest that ESL be given an additional $80,000 per year for the specific task of assessing not only its existing statutory obligations but assisting in the reporting of the benefits of any federal monies from the Department of Energy allocated or granted to the PUCT, SECO or other state agencies that leads to energy savings and air pollution reduction.

We believe that a small amount of money from TERP could be utilized to provide this funding, since administrative funding of ESL is already eligible within the Health and Safety Code. In the proposed LAR, a total of $408,742 with the 3% cut, or $421,383 without the 3% cut is being allocated per year from TERP to ESL. It should be increased to $500,000 to match the statutory change as a result of HB 4885, especially since this amount is statutorily allowed.

We would suggest a rider such as.
Rider. Energy Systems Laboratory will be allocated a total of $500,000 per year from the Texas Emissions Reduction Plan to assess the energy savings and air quality benefits that can lead to less ground-level ozone formation of private and public utility energy efficiency programs, renewable energy development, advanced building code implementation, and additional energy efficiency programs resulting from federal funding at Texas state agencies. The reports should be submitted annually as part of the TERP reports submitted to the TCEQ.

We appreciate the opportunity to make these brief comments. We support restoration of the 3% cut to TEES. In addition, we support increasing the allocation to ESL from TERP from approximately $420,000 per year to $1,000,000 per year as allowed by statute. We have suggested a rider to assure that ESL conducts the appropriate study.