



SIERRA CLUB

LONE STAR CHAPTER

From: Cyrus Reed, Conservation Director, Lone Star Chapter, Sierra Club,
cyrus.reed@sierraclub.org, 512-888-9411

Comments of the Lone Star Sierra Club on Comptroller LAR 24-25: Fiscal Programs

The Lone Star Chapter of the Sierra Club is pleased to offer these very brief comments on funding of certain programs housed at the Comptroller of Public Accounts. Our comments are limited to issues related to the State Energy Conservation Office, and the opportunity - and need - to take advantage of funding opportunities from the federal government through the IIJA and potentially through the IRA.

SECO has been a key small, but important unit of state government, providing technical assistance on energy use and energy efficiency, running the very successful LOANSTAR revolving loan program for public buildings- which was increased during ARPA – to include more types of projects and measures, running and administering the State Energy Program, and importantly overseeing state building code implementation related to the energy code, and separate building codes related to state-funded buildings. We would note that we have been disappointed at the slow pace of SECO implementing these building code updates, but understand that there are potential statutory impediments that may need to be addressed during the 2023 Legislative Session.

Given Texas' struggles with our electric grid, and our growing population, SECO serves a unique and important function and is worthy of robust funding to achieve its missions.

Funding Opportunities contained within IIJA should be fully incorporated into the 24-25 LAR

There are a number of funds that under the IIJA are or will be allocated to SECO as the state energy office, and other pots of money that could be made available. Some of these funds are allotted automatically to SECO if it meets basic requirements, whether others would require more of a competitive process. The Sierra Club wants to make sure that SECO and the Comptroller's budget authority is sufficient to both receive allotted funds - and the necessary staff or contracts to manage these funds - and compete for competitive grants.

First, under Section 40109. State Energy Plan (Formula), SECO should receive an estimated \$6 - \$7 million/year over 5 years. These funds include support to electric transmission and distribution projects and local government projects related to energy security. SECO has already turned in its security plan and initial applications, but the agency should be granted full funding for what it is allotted.

Second, Section 40552. Energy Efficiency and Conservation Block Grant Program (Formula), \$150 million is being allocated to all states, and SECO estimates it could receive approximately \$3 million/year for 5 years). These block grants can be used to develop, promote, implement, and manage energy efficiency and conservation projects (can include renewable energy, etc)

Furthermore, Section 40503. Energy Auditor Training is a competitive grant for up to \$2 million, that utilizes predefined certification training to expand the use of energy auditing in the state and help lower energy use and costs.

Moreover, under Section 40511. Cost-Effective Codes for Efficiency and Resilience (Competitive), SECO could partner with local government and non-profits and receive up to \$2 million/year for 5 years for public education, and implementation of modern codes, as well as installation of solar, wind, fuel cell, biomass on gov buildings.

Finally, a program that Sierra Club has long advocated for - a revolving loan program for small commercial and residential buildings - could be implemented using federal funds. Section 40502. Energy Efficiency Revolving Loan Fund Capitalization Program (Formula) of the IIJA provides \$100 million to all states + \$150 million to 15 states with highest per capita emissions. The maximum Max allowed per state is \$15 million, and SECO estimates that \$10 million to \$12 million could be available for Texas. The program would create a revolving loan fund for commercial, residential and energy audits. Up to 15% of the money can be used for grants, and the state is expected to also leverage private capital for the program.

IRA

It is still early to predict the potential for IRA funding to be made available to SECO as programs and guidelines are still being developed, but the law clearly has programs that SECO could be the logical state agency to house. However, there are millions of dollars available for programs including:

- Home Energy Performance-Based Whole House Rebates;
- Assistance for Latest and Zero Building Energy Code Adoption.

While there may be others, we believe concentrating on these two programs which are intended for State Energy Offices should be a priority. Because the guidance has yet to be written for these programs, the timing and amounts will be determined in the coming months, but we would support a robust application from SECO to take advantage of these federal funds which will create an important program in the coming years to help individuals make retrofits to their homes, and also implement modern codes, creating jobs and helping reduce stress on our electric grid, while improving air quality.

The Sierra Club appreciates the opportunity to make these brief comments.