



# SIERRA CLUB

## LONE STAR CHAPTER

**To: Chairman Brooks Landgraf**

**Members, House Committee on Environmental Regulation**

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### **The Sierra Club Supports HB 2502 Relating to the creation of an energy efficiency loan guarantee program by Reynolds**

Providing low or zero-interest loans to private and public entities could help customers save money on their electric, water and gas bills, reduce pollution and help make our electric grid more reliable. HB 2502 by Reynolds would create such a program at the State Energy Conservation Office initially using federal funding from the Bipartisan Infrastructure Law of 2021 for the program. If the state chooses, it could add money to the program, but that is not required under the bill. Passing this bill at least gets us started on another tool in our toolbox to make our grid more reliable.

While some Texans can take advantage of other federal, utility and state funding for making their buildings more energy efficient, this program would help both public and private buildings get access to low-interest loans to help make our grid and their buildings more reliable. Many Texans so not qualify for energy efficiency rebates so this program would create yet another way to help Texans save energy and money.

HB 2502 would authorize the State Energy Conservation Office, a unit of the Comptroller of Public Accounts, to begin a revolving loan guarantee program for energy audits and energy efficiency upgrades for residential and commercial existing buildings, which could include public or private buildings. Currently, SECO already runs a successful revolving loan program known as LoanSTAR, which uses oil overcharge monies collected to loan out

money for public buildings energy efficiency retrofits. Under the program, lower utility bills and savings help pay back the loan to the state creating an evergreen fund.

HB 2502 would expand on this successful program by using available federal funds from the Bipartisan Infrastructure Law (also known as the IIJA) approved in a bipartisan congressional action in 2021 to begin a new program at SECO. The Energy Efficiency Revolving Loan Fund Capitalization Grant Program is a program established at the DOE designed to provide capitalization grants to States to establish a revolving loan fund. Currently, SECO is in the process of applying for these funds administered by the Department of Energy and an estimated \$10 to \$15 million could be made available to the State of Texas in 2023. Under the bill, the federal funds could be augmented as needed by state funds and private capital to increase the availability of the funds, but even if no additional funds were made available the program could begin with the federal funds.

In addition, the bill instructs SECO to work with the Energy Systems Laboratory at Texas A & M to assess the effectiveness of the program and quantify any energy savings and emissions reductions that result from the program. With four areas - including Houston-Brazoria-Galveston, Dallas, San Antonio and El Paso - currently not meeting clean air standards, any reductions in pollution from energy efficiency is of benefit to Texas. Those emission reductions can be used as part of the weight of evidence in the state's implementation plan to meet federal clean air act ozone standards.