SUBJECT: Evaluation standards for energy security at critical governmental facilities

COMMITTEE: Homeland Security and Public Safety — favorable, without amendment

VOTE: 8 ayes — S. Miller, Fletcher, Beck, Burnam, Driver, Flynn, Mallory Caraway, Walle

0 nays

1 absent — Peña

WITNESSES: For — Rich Herweck, Texas Combined Heat & Power Initiative; *(Registered, but did not testify*: Paul Cauduro, Texas Combined Heat & Power Initiative)

Against — None

On — *(Registered, but did not testify*: Dub Taylor, State Energy Conservation Office)

BACKGROUND: In 2007, the 80th Legislature enacted HB 3693 by Straus, an omnibus electricity efficiency and conservation incentive program. It required the Public Utility Commission (PUC), in conjunction with the State Energy Conservation Office (SECO), to study and report to the 81st Legislature on the installation and use of combined heating and power technology.

In 2009, the 81st Legislature enacted HB 1831 by Corte and HB 4409 by Taylor, revising state emergency management planning and initial disaster response after Hurricane Ike. The bills added Government Code, ch. 2311, which defines critical government facilities as those that serve a critical public health or safety function during a natural disaster or other emergency event that may result in a widespread power outage.

Sec. 2311.002 requires an entity building or extensively renovating a critical governmental facility or replacing major heating, ventilation, or air conditioning to determine whether installing a combined heating and power system would save more in energy costs than the initial cost of the construction, renovation, or installation of the system.

DIGEST:

HB 2623 would amend Government Code, sec. 2311.002 to require SECO to establish guidelines for evaluating whether projected energy savings from equipping a critical governmental facility with a combined heating and power system would be more than the cost of installing the system.

The bill also would amend Government Code, sec. 2311.001 (d), to add state colleges and universities to the list of critical governmental facilities required to consider combined heating and power technology.

The bill would take effect on September 1, 2011.

SUPPORTERS SAY:

HB 2623 would help provide guidance on how to comply with existing requirements that combined heating and power technology be considered when building or making major renovations to critical governmental facilities. Evaluations currently can range from a cursory review of a brochure on combined heating and power technology systems to extensive and expensive engineering reviews. The bill would allow SECO to develop a more structured way to conduct evaluations to ensure that crucial steps were not skipped and wasteful and unnecessary efforts were avoided.

SECO would be the most appropriate agency to oversee the process because it already develops guidelines and administers energy efficiency grants. PUC lacks the statutory authority to regulate combined heating and power systems because these technologies operate on-site and behind the customer's electric meter. SECO is not a regulatory agency like the PUC, and its evaluation criteria should be should be seen as factors to be considered rather than rigid rules.

Natural gas-fueled combined heating and power systems could promote ongoing energy efficiencies and serve as a response to power outages caused by natural disasters and other disruptions to the power grid. The systems offer an integrated approach that provides electricity and thermal energy on a continuous basis. Combined heating and power systems are more reliable than a conventional generator that may not start in a crisis despite routine maintenance and testing.

Colleges and universities should be required to consider installing combined heating and power systems to ensure operation during emergencies and to realize the potential energy savings. Even without the requirement, both the University of Texas and Texas A&M have taken

advantage of the benefits of combined heating and power systems.

Allowing SECO to develop guidelines and review their effectiveness during the interim would provide a baseline for evaluating whether future legislatures should consider requiring all government buildings to install combined heating and power systems. Changes in energy efficiency and conservation policies have been handled on an incremental basis during the past few sessions, and that pace should continue.

OPPONENTS SAY:

HB 2623 should require that critical government facilities install combined heating and power systems and not be given the option of more traditional standby generators and other systems. The combined heating and power technology is well developed with an established track record of energy savings and reliability.