

- SUBJECT:** Funding for low-income weatherization programs
- COMMITTEE:** Energy Resources — favorable, without amendment
- VOTE:** 6 ayes — Keffer, Crownover, Carter, J. Davis, Lozano, Sheffield
0 nays
3 absent — Craddick, C. Howard, Strama
- SENATE VOTE:** On final passage, April 20 — 30-1 (Birdwell)
- WITNESSES:** For — Joshua Houston, Texas Impact; (*Registered, but did not testify:* Luke Metzger, Environment Texas; Chris Miller, Association of Electric Companies of Texas; TJ Patterson, City of Fort Worth; Tom “Smitty” Smith, Public Citizen)

Against — None
- BACKGROUND:** Utilities Code, sec. 39.903, requires the Public Utility Commission (PUC) to adopt rules regarding programs to assist low-income electric customers, including targeted energy efficiency programs to be administered by the Texas Department of Housing and Community Affairs (TDHCA) in coordination with existing weatherization programs.

Each unbundled transmission and distribution utility is required to include in its energy efficiency plan a targeted low-income energy efficiency program, unless funding is provided under sec. 39.903. The PUC determines the appropriate level of funding to be allocated to both targeted and standard low-income energy efficiency programs in each service area. Total expenditures are based on the amount spent by the utility on the PUC’s hard-to-reach program in 2003. The level of funding must be provided from money approved by the PUC for the utility’s energy efficiency programs.
- DIGEST:** SB 1434 would amend Utilities Code, sec. 39.905 to require the PUC to ensure that annual expenditures for the targeted low-income energy efficiency programs of each utility were not less than 10 percent of the

utility's energy efficiency budget for the year. A targeted low-income energy efficiency program would be required to comply with the same audit requirements that applied to federal weatherization subrecipients.

The PUC would have to make findings of fact regarding whether the utility met funding requirements in an energy efficiency cost recovery factor proceeding. TDHCA would be required to participate in energy efficiency cost recovery factor proceedings to ensure that targeted low-income weatherization programs were consistent with federal weatherization programs and adequately funded.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.

**SUPPORTERS
SAY:**

SB 1434 would update the funding mechanism for targeted low-income energy efficiency programs to more accurately reflect current needs and allow the programs to continue to operate. While the overall budget of energy efficiency programs managed by electric utilities continues to increase, the percentage of money spent on targeted low-income energy efficiency programs continues to decrease. This is because the funding mechanism is based on 2003 levels, making it outdated and obsolete.

Targeted low-income energy efficiency programs follow federal guidelines. The work of the weatherization contractor is inspected and energy bills are reviewed to verify that savings are achieved.

**OPPONENTS
SAY:**

The claimed returns from Texas' energy efficiency program are highly speculative. It is not clear that the full costs of the programs, meaning the subsidy provided to consumers, the remaining cost paid by consumers, and the cost to the economy, are taken into account. Energy efficiency programs also have been known to spend so much on weatherization that the investment never pays off over the life of the building. Returns from efficiency programs should be properly evaluated before funding is increased.