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Date: April 13, 2023
To: Chairman Landgraf and the Members of the House Committee on Environmental Regulation
CC: Rep. R. D. "Bobby" Guerra, Rep. Keith Bell, Rep. Jay Dean, Rep. John Kuempel, Rep. Janie Lopez, Rep. Thresa "Terry" Meza, Rep. Penny Morales Shaw, Rep. Ron Reynolds
Via hand delivery and by email.

From: Adrian Shelley, Public Citizen, ashelley@citizen.org, 512-477-1155

Re: HB 2502 - Public Citizen testimony in support

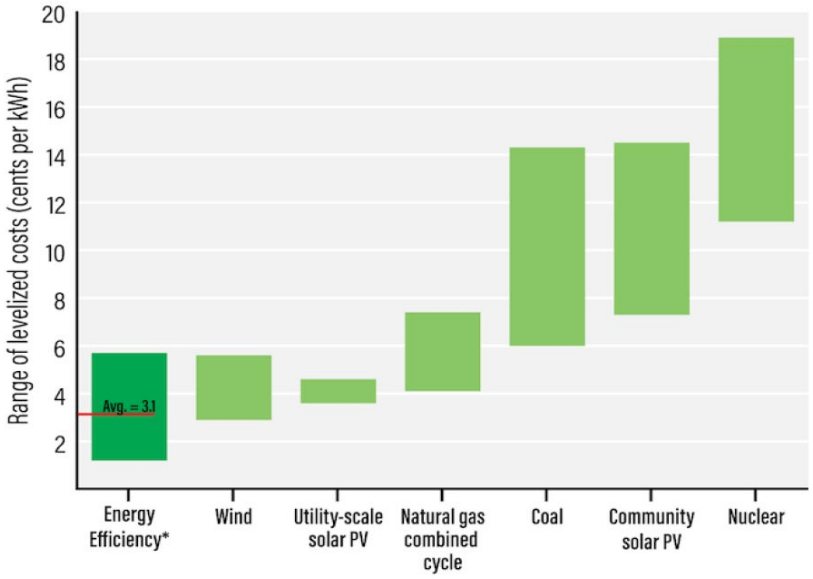
Dear Chairman Landgraf and Members of the Committee:

Public Citizen appreciates the opportunity to testify in support of HB 2502 by Representative Ron Reynolds, relating to the creation of an energy efficiency loan guarantee program. We support energy efficiency as the cheapest form of energy available and the most obvious was to stabilize our electricity grid.

This program will leverage federal funds to invest in energy efficiency.

HB 2502 authorizes the comptroller and the State Energy Conservation Office (SECO) to establish a loan guarantee program for existing homes and businesses for energy audits, upgrades, and retrofits. The program will use funds from the Bipartisan Infrastructure Law and we understand there is a version of the bill being worked out to reduce the fiscal note.

Energy efficiency is the cheapest form of energy, as this 2019 analysis by the South-central Partnership for Energy Efficiency as a Resource illustrates: [1]



[1] *See* Hebert, Christine, "SPEER Review of the Texas IOU Energy Efficiency Programs" (Feb. 2019) at p. 5.

A 2021 analysis by the American Council for an Energy-Efficient Economy estimates the cost of residential energy efficiency programs to be just 5.6 cents/kWh. [2] This is based on an investment of $4.9 billion over five years in Texas that would achieve:

- 11,400 MW of winter peak load reduction,
- 7,650 MW of summer peak load reduction, and
- 9 million households worth of energy efficiency and demand response upgrades.

This illustrates that energy efficiency is the cheapest way to stabilize Texas' energy grid. "Stabilizing the grid" can be thought of as balancing an equation, with demand on one side equaling supply on the other. Our current focus on supply leads to conversations about how much it will cost to build new sources of generation. Putting the focus on demand, in contrast, will save money through cost-effective investments that reduce energy bills.

Energy efficiency can reduce air pollution and take the focus for pollution reductions off industrial facilities.

The bill also directs SECO to produce a report on the effectiveness of the program and to quantity air pollution emissions reductions for possible inclusion in our state implementation plan (SIP). The SIP is Texas' plan to reach attainment of federal Clean Air Act Standards. Achieving air pollution emissions reductions through energy efficiency relieves the burden on industrial polluters, known as "stationary sources" under the Clean Air Act.

This is similar to the way the Texas Emissions Reduction Plan works, focusing on voluntary, incentive-based programs rather than proscriptive programs to reduce air pollution. This will improve public health and help us to achieve attainment of federal air pollution standards. Nonattainment designations last for many years and have consequences for industry and regulators that cost billions of dollars.

We ask you to support HB 2502 because it will create an energy efficiency loan guarantee program that will save customers money and help stabilize our grid.

[2] "Energy Efficiency and Demand Response: Tools to Address Texas's Reliability Challenges" American Council for an Energy-Efficient Economy (Oct. 2021) *available at* *https://www.aceee.org/sites/default/files/pdfs/energy_efficiency_and_demand_response_for_texas_10-13-21_final_0.pdf*.