



SIERRA CLUB

LONE STAR CHAPTER

To: Governor's Office, Speaker's Office, Lt Governor's Office and Legislative Budget Board

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Re: Comptroller of Public Accounts: Fiscal Programs, LAR 26-27

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 through their fiscal programs and their LAR for 2026 and 2027. We support the continued spending of federal and state funds that support programs run by the State Energy Conservation Office (SECO), including oil overcharge funds used for the unique LoanSTAR program that are contained within the LAR. The LoanSTAR project

Exceptional Items Requests

The Fiscal Programs for the Comptroller's office is requesting four exceptional items for the fiscal 2026–27 biennium, including \$1.7 billion in federal grants for the Texas Broadband Development Office, \$95.9 million in mixed beverage tax reimbursements, \$50.4 million for Local Government Relief for Disabled Veterans Exemptions program payments to local governments and an increase to the full-time equivalent (FTE) cap for Fiscal Programs by 18 FTEs to administer additional federal grant funding for the State Energy Conservation Office.

While we are not taking a position on the first three items, given the large influx of current and expected federal funding, SECO will absolutely need additional FTEs to administer or oversee the myriad of federal funding opportunities.

Need to Take Advantage of and Coordinate Federal Funding

In addition to supporting these programs, we want to point out the need for the Comptroller and the State Energy Conservation Office (SECO) to take full advantage of additional federal

funding opportunities –some of which are competitive - available through the Bipartisan Infrastructure Bill (also known as the IIJA) and the IRA.

Not only is the Sierra Club supportive of the Comptroller actively seeking these funds, but also reporting on their use. Given the large number of funding opportunities, and the small size of SECO, the Legislature should approve additional administrative and contract funds for the agency so that we can make sure the dollars can be used effectively. Most of this administrative cost can be covered by the federal government itself, although in some cases a 20 percent match is required.

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 2025 Legislative Session. Last session, we supported SB 2453, which passed the legislature but was vetoed by the Governor.

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. There are a number of federal opportunities that have already been allocated to SECO as the state energy office, and other pots of money that could be made available. 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.

As an example, under Section 40109 State Energy Plan, SECO is receiving between \$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, and the agency has already been granted its first allotment.

Second, under Section 40552. Energy Efficiency and Conservation Block Grant Program (Formula), \$150 million is being allocated to all states, and SECO is receiving 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).

Moreover, under 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. SECO has already applied for and estimates that approximately \$12 million

could be available for Texas. SECO plans to use these funds for upgrading community centers that provide services to those with disabilities, including children.

Other Federal Opportunities. SECO recently announced that it plans to apply for some \$690 million that would be available for Texas for the HOMES and HEARS programs, which are federal energy efficiency rebates for more efficient appliances and upgrades.

HOMES Rebate Program

The HOMES rebate program incentivizes whole-home retrofits in both single-family and multifamily dwelling units. Efficiency rebates are available to households of any income level, but rebate amounts are doubled for low- and moderate-income households. For the HOMES program, the rebate amounts will be determined based on energy savings using either a modeled or measured savings method. The modeled savings pathway will provide a rebate amount based on the estimated energy savings particular to a home at the time of the retrofit installation. The measured savings pathway will calculate rebates based on the actual energy savings after a certain period following the installation of the retrofit.

HEAR Rebate Program

The HEAR program is an appliance rebate program. The DOE has not determined which specific appliances will qualify but has indicated they will be ENERGY STAR® certified. Electrification rebates are available only to low- or moderate-income (LMI) households, as identified by Area Median Income (AMI). The rebate amounts are set by the IRA and are specifically targeted to LMI households.

Federal Energy Efficiency Monies Allocated to Texas

Texas	Home Performance-Based, Whole-House Allocations (HOMES)	Energy Rebate (HEARS)	High Appliance (HEAR)	Efficiency Rebate Allocations	Total Allocated to Texas
	\$346,022,980		\$344,006,590		\$690,029,570

Source: DOE, Press Release, November 22nd, 2022, Available here - <https://www.energy.gov/articles/biden-harris-administration-announces-state-and-tribe-allocations-home-energy-rebate>

SECO has already applied early for some early administrative funds to run the program. While the full application is not due until January of 2025, and SECO is developing an RFP to have a

third-party administrator administer the funds, SECO would still need to provide some oversight. We would note that the proposed rider in the LAR only references monies for administration of the program of \$1,000,000 from its early application, but does not include the much greater amount that would arrive if Texas' application is successful, nor additional administrative needs.

Suggestion. We would support an additional rider in the budget that requires more reporting from SECO on any federal funds it receives and also a direction to assure that we also report on energy saved, demand reduced and the pollution benefits, which can help with our air quality efforts on ozone and particulate matter. Currently, all SECO programs including action on building codes are assessed by the Energy Systems Laboratory to see the positive impacts on energy saved and pollution reduced. We think it would make sense to assure that we assess the benefits of any federal funds that are utilized such as the HOMES and HEARS program.

Finally, we would support additional staff and administrative dollars so that SECO can take full advantage of these opportunities. We fully support the 18 FTEs that SECO and the Comptroller is requesting.

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

Proposed Reporting Rider Language

Rider. The Energy Conservation Office will provide the LBB with a report on federal funding applied for and obtained each year. In addition, SECO will work with the Energy Systems Laboratory to assess the energy savings and air quality benefits resulting from federal funding. The reports on energy savings and air quality benefits should be provided to the TCEQ.