

Texas 82nd Legislature Outlook



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U.S. DEPARTMENT OF ENERGY
Gulf Coast Clean Energy Application Center

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U.S. Dept. of Energy Gulf Coast Clean Energy Application Center

- Develop regional strategies to support CHP, WHR, and DE in TX, LA, and OK
- **Education and Outreach**
 - Website, workshops, webinars
- **Project Specific Support**
 - Audits, feasibility studies, assistance
- **Policy Development Initiatives**
 - Legislative and regulatory issues



DOE: 240 GW of CHP by 2030



Webinar Agenda

I. Introduction

II. Jay Brown, The Graydon Group

- 82nd Legislature early assessment

II. Paul Cauduro, Texas CHP Initiative

- Legislative agenda

III. Q&A



82nd Texas Legislature Outlook

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TXCHPI and the 82nd Texas Legislature

Goals and Objectives for the CHP Industry

Paul Cauduro, Executive Director
Texas CHP Initiative

TXCHPI and the 82nd Texas Legislature

Legislative Goals:

- Establish State Energy Conservation Office (SECO) as the promulgator of rules for the CHP Energy Security law.
- Craft exemption for certain CHP infrastructure from rigorous air permitting rules.
- Educate Legislators about CHP and its benefits as identified by the Texas Facilities Commission in relation to the Capitol Complex Master Plan process.
- Ensure CHP and related technologies are included in the State Energy Plan.
- Insert CHP into energy efficiency legislation.

TXCHPI and the 82nd Texas Legislature

- **GOAL:** Establish State Energy Conservation Office (SECO) as the promulgator of rules for the CHP Energy Security law.
- **OBJECTIVE:** Insert language into Chapter 2311 of the Government Code that authorizes SECO to issue “guidelines”

For example:

Sec. 2311.002. COMBINED HEATING AND POWER SYSTEMS. When constructing or extensively renovating a critical governmental facility or replacing major heating, ventilation, and air-conditioning equipment for a critical governmental facility, the entity with charge and control of the facility shall, evaluate whether equipping the facility with a combined heating and power system would result in expected energy savings that would exceed the expected costs of purchasing, operating, and maintaining the system over a 20-year period. The evaluation shall be performed and submitted in accordance with guidelines established by the State Energy Conservation Office.

TXCHPI and the 82nd Texas Legislature

- **GOAL: Establish State Energy Conservation Office (SECO) as the promulgator of rules for the CHP Energy Security law (cont.)**
- There is a risk associated with “opening” the rule:
 - Lawmakers can scrutinize the rule and question the need.
 - Others can insert language thereby complicating the simple fix.
- Reward seems to outweigh the risk:
 - Compliance is low so nothing to lose.
 - SECO supports issuing guidelines and is the most appropriate agency for the task.
 - Not an “unfunded mandate” or overreach of government. It is simply good public policy because it adds clarity to the law.

TXCHPI and the 82nd Texas Legislature

- **GOAL: Craft exemption for certain CHP infrastructure from rigorous air permitting rules.**
- **OBJECTIVE:** Add exemption language to TCEQ rules for engines or turbines used for CHP projects provided that the total thermal efficiency exceeds 60% and the rated electrical output is less than 20MW.
- This fix is a rifle shot
 - Adding a new exemption to a short list of current exemptions that includes engines or turbines used at concrete batch plants, related to asphalt or pavement or used to irrigate crops.

TXCHPI and the 82nd Texas Legislature

- **GOAL: Craft exemption for certain CHP infrastructure from rigorous air permitting rules (cont.).**
- This fix may get complicated
 - Seeking legislative relief for an agency rule.
 - TCEQ cannot lobby, but may raise objections in the committee hearings.
 - CHP industry will need plenty of experts and easy-to-understand examples why this is needed at the committee hearing.
 - Will also have to explain why legislation is needed rather than petition for a rule change.

TXCHPI and the 82nd Texas Legislature

- **GOAL: Educate Legislators about CHP and its benefits as identified by the Texas Facilities Commission in relation to the Capitol Complex Master Plan process.**
- **OBJECTIVE: Visit each legislator to explain CHP and its benefits.**
- **This task made a bit easier this Session**
 - The Texas Facilities Commission has distributed a letter to each legislator regarding the budget impact of Austin Energy's anticipated electric rate increases.
 - The letter expressed a desire to install CHP infrastructure for the Capitol Complex.
 - The anticipated rate increase and Capitol Complex plans have received full news coverage in the Austin-American Statesman.

TXCHPI and the 82nd Texas Legislature

- **GOAL: Ensure CHP and related technologies are included in the State Energy Plan.**
- **OBJECTIVE: Work with Lt. Gov. Dewhurst and Sen. Fraser in order to include nods to CHP in the plan.**
- This is a moving target
 - TXCHPI participated in the Senate's Alternative Energy Stakeholders' group meeting in early January. No meetings held since then.
 - As report by the Statesman on Sunday, Jan. 30, the Lt. Gov. and his staff have been "short on details" regarding the plan.
 - The Senate's Business & Commerce Committee, Chaired by Sen. Carona, wants to play a role in energy legislation.

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- **GOAL: Insert CHP into energy efficiency legislation.**
- **OBJECTIVE: Scour each energy and energy efficiency related bill proposed to find opportunity for inserts.**
- Another moving target
 - Several energy and energy efficiency bills filed.
 - CHP inserts may not be welcome for fear of upsetting the apple cart.
 - Any inserts achieved will require continuous support and legislative contact actions by CHP industry.

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Bills to watch:

HB 51 (Lucio) – Relating to energy efficiency standards for certain buildings and to high-performance design, construction, and renovation standards for certain government buildings and facilities.

SB 330 (Watson) – Relating to renewable energy capacity, jobs, and trading credits.

HB 225 (Strama) – Relating to distributed generation of electric power.

HB 340 (Gallego) – Relating to net metering for retail electric service customers and compensation for excess electricity generated by a retail electric customer's on-site generator.

HB 776 (Anchia) – Relating to the rights of distributed renewable generation owners and certain parties who provide distributed renewable generation to retail electric customers.

HB 773 (Anchia) – Relating to creating an energy efficiency council to coordinate administration of energy efficiency programs.

SB 365 (Ogden) – Relating to distributed generation of electric power.

Thank you for participating

For more information about the Texas Combined Heat & Power Initiative go to www.texaschpi.org

For membership information call (512) 705-9996 or email executivedirector@texaschpi.org

You are welcome to attend the TXCHPI Networking Luncheon in Houston on **Thursday, February 10**. The lunch program is titled **“Financing CHP and Clean Energy Projects”**.

Visit the TXCHPI website for more information and to RSVP or call (512) 705-9996

Questions?

