

SUBJECT: Appropriation formula for energy costs at higher education institutions

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 16 ayes — Junell, Delisi, Carona, R. Cuellar, Davis, Glaze, Gray, Greenberg, Harris, Heflin, Johnson, Kubiak, McDonald, Mowery, Ogden, Park

0 nays

11 absent — Clemons, Coleman, Cook, Conley, H. Cuellar, Gallego, Haggerty, Hernandez, Raymond, Swinford, S. Turner

SENATE VOTE: On final passage, April 19 — voice vote

WITNESSES: None

BACKGROUND: Higher education institutions are authorized by law to enter into energy conservation contracts to reduce energy consumption and lower facility operating costs.

DIGEST: CSSB 726 would require the Legislature to base a higher education institution's appropriation for a fiscal year for energy costs on the sum of the institution's estimated energy costs for that year and any net savings from an energy conservation contract.

The bill would also require higher education institutions to submit energy conservation proposals to the energy management center for review and comments prior to awarding a conservation contract. The energy management center could charge a fee for a cost-benefit analysis of the proposal and an analysis of guaranteed savings projected by the offerors.

The Texas Higher Education Coordinating Board (THECB), in consultation with the energy management center, would be required to establish guidelines and an approval process for energy conservation measures.

The bill would take effect September 1, 1995, and would not apply to an appropriation enacted prior to the effective date.

**SUPPORTERS
SAY:**

Higher education institutions participating in energy conservation contracts have reduced energy usage considerably. The contracts have allowed institutions to fund facilities improvements without additional state appropriations or funds from state-funded loan programs. The institutions should not be penalized for these savings and should be allowed to keep them.

Higher education institutions should have an incentive to continue to enter into energy performance contracts. Allowing institutions keep the estimated net savings from these contracts will ensure that facility improvements can be continued and funded.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute added the requirement that higher education institutions submit proposals to the energy management center for review and allow the center to charge a fee for cost-benefit analysis. It would also require the THECB, consulting with the center, to establish guidelines and an approval process for conservation measures.