

Amend CSSB 1952 (House Committee Printing) in PART 8 of the bill by adding the following appropriately numbered ARTICLE to PART 8 and renumbering subsequent ARTICLES in PART 8 accordingly:

ARTICLE \_\_. REGULATORY FLEXIBILITY AND REGULATORY STRUCTURE

SECTION \_\_. Subchapter D, Chapter 5, Water Code, is amended by adding Sections 5.135 and 5.136 to read as follows:

Sec. 5.135. REGULATORY FLEXIBILITY. (a) The commission by order may exempt an applicant from a requirement of a statute or commission rule regarding the control or abatement of pollution if the applicant proposes to control or abate pollution by an alternative method or by applying an alternative standard that is:

(1) as protective of the environment and the public health as the method or standard prescribed by the statute or commission rule that would otherwise apply; and

(2) not inconsistent with federal law.

(b) The commission may not exempt an applicant under this section unless the applicant can demonstrate to the commission that the applicant's proposed project will result in a level of protection of environmental quality that is equal to or greater than the level of protection afforded by existing standards.

(c) The commission by rule shall specify the procedure for obtaining an exemption under this section.

(d) The commission's order must describe the alternative method or standard and must condition the exemption on compliance with the method or standard as the order prescribes.

(e) The commission by rule may establish a reasonable fee for applying for an exemption under this section.

(f) The violation of an order issued under this section is punishable as if it were a violation of the statute or rule from which the order grants an exemption.

(g) The commission may not exempt an applicant from a requirement of a statute or regulation regarding the storing, handling, processing, or disposing of low-level radioactive materials.

(h) In implementing the program of regulatory flexibility authorized by this section, the commission shall:

(1) endorse alternative methods that will comply with

legal requirements and impose the least onerous restrictions on business, including economic benefit; and

(2) work to achieve consistent and predictable results for the regulated community and shorter waits for permit issuance.

Sec. 5.136. STRATEGICALLY DIRECTED REGULATORY STRUCTURE.

(a) The commission may develop a strategically directed regulatory structure that is designed to use innovative programs to provide enhanced environmental benefit and reward compliance performance.

(b) The strategically directed regulatory structure may offer incentives based on a person's compliance performance and any voluntary measures undertaken by the person to improve environmental quality.

(c) An innovative program offered as part of a strategically directed regulatory structure must:

(1) provide incentives to a person in return for benefits to the environment that exceed benefits that would result from compliance with applicable legal requirements under the commission's jurisdiction; and

(2) be consistent with other law and any requirement necessary to maintain federal program authorization.