

BILL ANALYSIS

S.B. 1672
By: Averitt
Environmental Regulation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law requires Texas to participate in the EPA-administered interstate cap and trade program through the incorporation by reference of the federal Clean Air Interstate Rule (CAIR) model trading rule.

Current law also provides specific direction for the methodology to be used in allocating the NOx trading budget provided to Texas, identifies an amount of CAIR NOx allowances to be set aside for new sources, and specifies that reductions associated with CAIR would only be required from new and existing electric generating units (EGUs) and not from other sources of SO2 and NOx emissions.

The final CAIR deadline for submittal of the CAIR NOx allowance allocations for the 2016 control period and for each control period thereafter, would allow for a minimum lead time of no more than 18 months between recordation of the allocation by EPA and the start of the applicable control period, as specified under current law. This lead time would be in conflict with the required minimum lead time of three years provided under the federal rule for states, such as Texas, that decline the adoption of the allocation provisions under the federal rule.

The state statute also requires that beginning with the 2016 control period, and for each control period beginning every five years thereafter, the baseline heat input for all affected CAIR NOx units must be updated to reflect the average of the three highest amounts of the unit's adjusted control period heat input during control periods one through five of the previous seven control periods. The federal three-year minimum lead time requirement would not allow for the completion of the baseline period mandated under state statute.

SB 1672 puts state law in sync with federal rules.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SB 1672 amends the Health and Safety Code to remove the issue dates for the federal Clean Air Implementation Rule (CAIR) and Clean Air Mercury Rule (CAMR),

The bill changes the start of the control period specified to 2018 instead of 2016 for adjusting the baseline for all affected units, and to increase the number of control periods considered from the preceding seven to the preceding nine control periods.

The bill requires TCEQ to incorporate into appropriate rules any modifications to the federal CAIR and CAMR resulting from final rulemaking action of the United States Environmental Protection Agency.

The bill makes conforming changes.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

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