

## **BILL ANALYSIS**

Senate Research Center

S.B. 2000  
By: Eltife  
Natural Resources  
7/2/2007  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The United States Environmental Protection Agency (EPA) announced new national air quality standards in 1997 for ground-level ozone. On November 1, 2002, Northeast Texas Air Care, a voluntary cooperative association consisting of mayors, judges, city managers, and representatives from companies in the Northeast Texas region, voted to develop an early action compact agreement with the EPA and the Texas Commission on Environmental Quality which allowed the Northeast Texas region to avoid non-attainment under the new eight-hour ozone standard. In an effort to help this region avoid non-attainment, the Northeast Texas Air Care received an EPA grant in 2004 for a pilot program to demonstrate retrofit technologies to abate nitrogen oxide emissions from natural gas compressor engines. These engines are usually located at individual natural gas wells and/or at extraction junctions serving more than one well. Most of these engines are uncontrolled, natural gas fueled, rich-burn engines with a horsepower of less than 500. These relatively small engines emit 32 tons of nitrogen oxide per day. These engines are a large contributor of emissions which may cause areas to be designated as non-attainment under the eight-hour ozone standard.

Furthermore, the 77th Legislature, Regular Session, 2001, created the emissions reductions incentives account within the general revenue dedicated clean air account 151. A reimbursement program for certain emissions reductions from reciprocating internal combustion engines associated with pipelines was also created. This program expired on March 1, 2007, but funds remain available in the emissions reductions incentives account.

S.B. 2000 creates an incentive program for nitrogen oxide emissions reductions from rich-burn compressor engines throughout this state to help all areas control such emissions by installing nonselective catalytic reduction systems. This bill also provides for partial reimbursement of the capital costs of installing such systems, with descending amounts of reimbursements of 75 percent and 50 percent depending on the dates on which applicants install the technology.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Natural Resource Conservation Commission [Texas Commission on Environmental Quality] in SECTION 2 (Section 382.051867, Health and Safety Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

[While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

SECTION 1. Amends Section 382.051866(d), Health and Safety Code, to authorize money in the emissions reductions incentives account to be appropriated only to pay for emissions reduction project incentives developed under Section 382.051867, rather than Section 382.051865 (Reimbursement Program For Certain Emissions Reductions From Reciprocating Internal Combustion Engines Associated with Pipelines), and administrative expenses associated with providing the incentives or the incentive program established under that section.

SECTION 2. Amends Subchapter C, Chapter 382, Health and Safety Code, by adding Section 382.051867, as follows:

Sec. 382.051867. RICH-BURN COMPRESSOR ENGINE GRANTS. (a) Defines "rich-burn compressor engine."

(b) Requires the Texas Natural Resource Conservation Commission (TNRCC) by rule to develop a grant program (program) to assist facilities in reducing emissions of nitrogen oxides from stationary gas-fired, rich-burn compressor engines by installing nonselective catalytic reduction systems or other TNRCC-approved control systems.

(c) Requires a person, to be eligible for a grant under the program, to install at a facility a system that limits a rich-burn compressor engine's discharge of nitrogen oxide and have verified that the system limits those emissions to certain amounts by the dates provided by Subsection (d) or (e), as applicable.

(d) Requires the program, except as provided by Subsection (e), to provide for a partial reimbursement of the capital costs of installing a system for reducing nitrogen oxides emissions at certain rates.

(e) Provides that this subsection applies only if the Act enacting this section takes immediate effect. Provides that if the Act enacting this section takes immediate effect, Subsection (d) has no effect. Requires the program to provide for a partial reimbursement of the capital costs of installing a system for reducing nitrogen oxides emissions at certain rates.

(f) Authorizes TNRCC to adopt emergency rules under Section 2001.034 (Emergency Rulemaking), Government Code, with abbreviated notice, to carry out any rulemaking necessary to implement this section.

(g) Authorizes TNRCC to authorize the executive director of TNRCC to enter into contracts with a public agency, private person, or other entity for the purpose of implementing the program developed under this section.

(h) Provides that this section does not affect the responsibility or liability of an owner or operator of a stationary gas-fired, rich-burn compressor engine to reduce emissions under this chapter (Clean Air Act) or a rule, permit, or order adopted under this chapter.

(i) Requires TNRCC to require verification of the reductions associated with the program before TNRCC distributes a grant.

(j) Provides that a grant under this section is contingent on the availability of funds. Requires TNRCC to award grants in the order in which applications with any required verification of reductions are received. Prohibits TNRCC from paying or otherwise providing a grant after August 31, 2008.

(k) Provides that this section expires August 31, 2008.

SECTION 3. Repealer: Section 382.051866(e) (regarding ineligible persons to the reimbursement program for certain emissions reductions from reciprocating internal combustion engines associated with pipelines), Health and Safety Code.

SECTION 4. Effective date: upon passage or September 1, 2007.