

## **BILL ANALYSIS**

S.B. 2000  
By: Eltife  
Environmental Regulation  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

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 (TCEQ) 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.

The 77th Legislature 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.

Senate Bill 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.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 2 of this bill.

### **ANALYSIS**

Senate Bill 2000 amends the Health and Safety Code to define "rich-burn compressor engine". The bill requires the TCEQ, by rule, to develop a grant 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 TCEQ-approved control systems (program). The bill sets forth the eligibility requirements for receiving a grant under program.

The bills authorizes money in the emissions reductions incentives account in section 382.051866, Health & Safety Code, to be appropriated only to pay for rich-burn compressor engine grants, rather than to pay for the reimbursement program for certain emissions reductions from reciprocating internal combustion engines associated with pipelines. The bill prohibits a person or an affiliate of a person who contributes money to the emissions reductions incentives account from receiving money from the rich-burn compressor engine grants program program.

The bill requires the grant program to provide for a partial reimbursement of the capital costs of installing a system for reducing nitrogen oxides emissions, and sets forth the rates of reimbursement. If the Act takes immediate effect, the bill sets forth a different schedule for reimbursement.

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The bill allows the TCEQ to adopt emergency rules, with abbreviated notice necessary to carry out any rulemaking necessary to implement the program. The bill authorizes the TCEQ to authorize the executive director to enter into contracts with a public agency, private person, or other entity to implement the program. The bill specifies that the provisions of the program do not affect the responsibility or liability of an owner or operator of a stationary gas-fired, rich-burn compressor engine to reduce emissions under the Clean Air Act or a rule, permit, or order adopted under the Clean Air Act. The bill requires the TCEQ to verify the reductions associated with the program before the TCEQ distributes a grant.

The bill provides that a grant under the program is contingent on the availability of funds and requires the TCEQ to award grants in the order in which applications are received along with any necessary verifications. The bill prohibits the TCEQ from paying or providing a grant after August 31, 2008, when the program expires.

#### **EFFECTIVE DATE**

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