

By: Burnam

H.B. No. 3897

A BILL TO BE ENTITLED

AN ACT

1
2 relating to establishing a goal of reducing carbon dioxide
3 emissions from electric generation in this state to 1990 levels not
4 later than 2020.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter Z, Chapter 39, Utilities Code, is
7 amended by adding Section 39.911 to read as follows:

8 Sec. 39.911. STATEWIDE CARBON DIOXIDE EMISSIONS GOAL FOR
9 ELECTRIC GENERATION; ALLOWANCES TRADING. (a) The commission and
10 the Texas Commission on Environmental Quality jointly by rule
11 shall establish a program to encourage electric generation in this
12 state by means that produce lower carbon dioxide emissions levels.

13 (b) The commission and the Texas Commission on
14 Environmental Quality by rule separately or jointly may establish
15 incentives for persons:

16 (1) to generate electricity in this state to be made
17 available for consumers or for consumption by a type of generator
18 that will produce electric power by means that produce relatively
19 low carbon dioxide emissions, including by:

20 (A) solar power;

21 (B) wind power;

22 (C) biomass technologies;

23 (D) geothermal technologies; or

24 (E) combined heat and power; and

1 (2) to reduce the consumption of electric power
2 generated by means that produce relatively high carbon dioxide
3 emissions, including by energy efficiency projects or programs.

4 (c) The commission and the Texas Commission on
5 Environmental Quality jointly by rule shall establish an emissions
6 allowance program for electric generation facilities' emissions of
7 carbon dioxide in this state. The program must establish an annual
8 limit on the amount of statewide emissions of carbon dioxide from
9 electric generation, and the limit must be reduced incrementally so
10 that by January 1, 2020, the limit must be equal to or below the
11 amount of carbon dioxide emissions in this state from electric
12 generation in 1990, as estimated by the Texas Commission on
13 Environmental Quality.

14 (d) The program adopted under Subsection (c) must provide
15 for the issuance to electric generation facilities in this state of
16 an appropriate number of emissions allowances that authorize the
17 electric generation facilities each to emit a limited amount of
18 carbon dioxide in a year or in another compliance period specified
19 by rule. Emissions allowances under the program must be made
20 available and issued to various persons, companies, organizations,
21 or other entities through a sale by auction or by direct allocation.
22 The allowances made available in any specified compliance period
23 may not in the aggregate authorize emissions of carbon dioxide in an
24 amount greater than the adopted statewide limit for that compliance
25 period. The program must provide for persons to be eligible for
26 carbon dioxide emissions allowances for reducing demand for
27 electric generation by energy efficiency projects or programs.

1 (e) An electric generation facility subject to the
2 emissions allowance program shall:

3 (1) completely and accurately measure and report all
4 carbon dioxide emissions subject to the allowance; and

5 (2) acquire and submit the number of allowances
6 necessary to authorize the facility to emit the appropriate amount
7 of carbon dioxide at the end of the compliance period.

8 (f) The program must be designed to allow a holder of a
9 carbon dioxide emissions allowance to trade the allowance with
10 other persons, and the program may allow trading of carbon dioxide
11 emissions allowances available through similar allowance trading
12 programs in other states or countries.

13 SECTION 2. The Public Utility Commission of Texas and the
14 Texas Commission on Environmental Quality shall establish the
15 emissions allowance program required by Section 39.911, Utilities
16 Code, as added by this Act so that the initial carbon dioxide
17 emissions limit is enforced not later than January 1, 2009.

18 SECTION 3. This Act takes effect September 1, 2007.