# LEGISLATIVE BUDGET BOARD
## Austin, Texas

## FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

**April 2, 2007**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB3896** by Burnam (Relating to a program to reduce mercury emissions from coal-fired electric generating facilities.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would require the Texas Commission on Environmental Quality (TCEQ) to establish a program to reduce mercury emission from coal-fired electric generating facilities (EGFs). The reduction in mercury emissions would be implemented in two stages: an 85 percent reduction of mercury emissions by December 31, 2009 and a 95 percent reduction of mercury emissions by December 31, 2013. The program would be required to provide flexibility to reduce the cost to meet its requirements. The bill also would prevent the purchase or trade of mercury emissions from a facility in another state.

Although the decreases in mercury emissions required by the bill could result in a loss of revenue to the TCEQ because the number of tons of emissions assessed for air emissions fees would decrease, this estimate assumes that such reductions would generally occur without the bill's passage. Therefore, any revenue loss to the state associated with the bill's passage is not expected to be significant.

### Local Government Impact

By prohibiting the trading of mercury emission credits, the bill could result in a revenue loss to local governments because such entities could otherwise sell excess mercury allowances to other states. The potential loss would depend on the size of an entity's allowance and the current level of mercury emissions.

Local governments owning or operating coal-fired EGFs could incur increased costs as a result of changes to the timelines specified in the bill for the reduction of mercury emissions because it would require earlier monitoring and the installation of more controls than required under the current Clean Air Mercury Rule (CAMR) plan. According to the TCEQ, for a coal-fired unit to install a mercury continuous emissions monitoring system, the US Environmental Protection Agency (EPA) estimates capital costs for the CAMR range from $95,000 to $135,000 per electric-generating unit (EGU), with annual operating and maintenance costs of $45,000 to $65,000. For sorbent trap monitors, another monitoring option, the EPA estimates the capital cost to be $18,000 per EGU, with annual operating, maintenance, and laboratory costs of $65,000 to $125,000. Based on these estimates, the TCEQ estimates that the total monitoring costs in Texas could range from about $650,000 to $4.9 million for installation, depending on the type of monitor selected, with corresponding annual operation and maintenance costs of $1.6 to $4.5 million.

**Source Agencies:** 582 Commission on Environmental Quality

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