

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 18, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: SB1800 by Watson (Relating to air contaminant emissions permits for coal-fired or lignite-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 consider the cumulative effects on the public's health and property from emissions from a proposed coal-fired or lignite-fired electric generating facility that is or was subject to an order to expedite the permit hearings process that is applicable to applications for more than one such facility by the same applicant together with the emissions from other proposed facilities subject to the order. In addition, the TCEQ would be required the commission to consider the effects of these facilities on the state's other natural resources besides air quality (e.g., game, fish, forests, water, land); water availability, and the use of Texas natural gas.

The bill would allow the TCEQ to consider representations (e.g., emission reductions, improvements in air quality) as permit conditions for issuance of the permit. The bill would also require the TCEQ to assess emissions attributable to the transportation of fuel for a proposed facility. The bill would require the TCEQ to prohibit the owner or operator of a facility from earning or trading credits earned for the emissions reductions or impose reasonable conditions regarding the earning and trading of such credits, including a condition that ensures that related emissions reductions occur inside Texas if the emissions reductions may be eligible for an emissions credits trading program. The bill would provide reporting and monitoring requirements regarding permit conditions; establish enforcement consequences for failures to achieve represented reductions; and give the TCEQ authority to account for emission reductions represented to occur from applicant-owned sources in Texas other than a proposed facility via a permit condition in a proposed facility's permit.

It is expected that existing TCEQ and staff could handle the additional responsibilities associated with implementing the proposed legislation. Although other agencies could be required to participate in the implementation of the bill, such as the Department of Parks and Wildlife, the Public Utilities Commission, and Railroad Commission, this estimate assumes that any associated costs to those agencies would not be significant.

Local Government Impact

Local governmental entities planning to construct or support the construction of a new coal- or lignite-fired power plant could also incur costs related to conducting the required environmental study. These costs are not expected to be significant, given the overall cost of constructing and operating such a facility.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WK, TL