

BILL ANALYSIS

C.S.H.B. 4031
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Agriculture & Livestock
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The federal government has prioritized energy independence and climate change initiatives that will drive significant financial and operational challenges within the power generation industry. The U.S. Congress is developing a national Renewables Portfolio Standard of 25 percent by 2025 and a CO₂ emissions cap and trade system that will drive a 25 percent reduction in CO₂ emissions by 2025 and 80 percent by 2050.

As the largest emitter of CO₂ in the U.S., Texas faces the largest financial and operational impact of federal mandates. Renewable energy from wind, solar, and biomass provide options to offset CO₂ emissions. All options are necessary and viable and all options have known limitations. Co-firing bio-coal, however, provides an option to preserve the coal-fired power generation assets, reduce the financial impact of a cap and trade system, and assist in meeting increased renewable energy production targets. The 80th Legislature, Regular Session, 2007, enacted a bill that provided a solid foundation to promote the advancement of renewable energy in Texas. The definition of qualified biomass was expanded to encompass a full spectrum of available biomass feedstock produced in Texas.

C.S.H.B. 4031 expands the types of biomass, and the types of recipients, to which and to whom the grant program applies. The bill adds co-firing biomass, and new types of crop residues and wood waste. The bill adds a renewable biomass aggregator and bio-coal fuel producer as a qualified grant recipient.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of agriculture in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 4031 amends the Agriculture Code with respect to provisions relating to the agricultural biomass and landfill diversion incentive program, to define "co-firing biomass" to mean a solid fuel that contains qualified agricultural biomass, is produced by a renewable biomass aggregator and bio-coal fuel producer, and is used to supplement coal combustion for the generation of electricity. The bill makes co-firing biomass eligible for certain renewable fuel incentive grant programs.

C.S.H.B. 4031 expands the definition of "diverter" under the agricultural biomass and landfill diversion incentive program to include a renewable biomass aggregator and bio-coal fuel producer that operates an integrated harvesting, transportation, and solid biofuel conversion facility for agricultural biomass.

C.S.H.B. 4031 expands the definition of "qualified agricultural biomass" to include cotton gin trash, corn stover, grain sorghum (milo), harvest residues, sugarcane bagasse, and switchgrass as well as state designated forest management cuttings and brush management cuttings from private lands.

C.S.H.B. 4031 defines "renewable biomass aggregator and bio-coal fuel producer" to mean an operator of an integrated harvesting, transportation, and fuel conversion facility that aggregates qualified agricultural or forest biomass and produces renewable fuel suitable for replacing coal or co-firing with coal.

C.S.H.B. 4031 includes such an aggregator and a producer among those who are eligible to receive grants from the Texas Department of Agriculture (TDA) under the agricultural biomass and landfill diversion incentive program, for providing specified fuels to facilities that use biomass to generate electricity. The bill adds co-firing biomass to the list of eligible fuels. The bill makes conforming changes.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 4031 differs from the original by adding an amendment to the definition of "diverter" as it relates to the agricultural biomass and landfill diversion incentive program. The substitute removes a provision from the original authorizing TDA to contract with and provide for the compensation of private consultants, contractors, and other persons to assist TDA in administering the program.