

BILL ANALYSIS

C.S.S.B. 1666
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Agriculture & Livestock
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas, a state with a vast agricultural and forest industry, has the potential to become a major biofuel feedstock producer. Biofuels, particularly cellulosic ethanol and biodiesel, hold substantial promise for supplying a significant portion of the nation's future vehicle fuel needs. Texas possesses key components needed to be such a producer, including a large agricultural industry, a broad, multi-sectored energy industry, and major research universities actively researching critically needed cellulosic energy breakthroughs. Thoughtful planning of Texas' role as a biofuel leader will require a consortium of political leadership, university representation and research collaboration, energy industry and agricultural expertise, and efforts to maximize federal funding.

Texas is already a leader in wind power, agriculture, and natural gas production. By evolving as a leader in alternative feedstock development, Texas could position itself as the leader in renewable energy for years to come. Bioenergy has huge implications for economic development and energy independence.

C.S.S.B. 1666 establishes the Texas Bioenergy Policy Council and the Texas Bioenergy Research Committee and contains provisions regarding their membership and duties.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.S.B. 1666 amends the Agriculture Code to create the Texas Bioenergy Policy Council and the Texas Bioenergy Research Committee. The bill provides that their purpose is to promote the goal of making biofuels a significant part of the energy industry in Texas not later than January 1, 2019. The bill requires the Department of Agriculture (TDA) to provide administrative support, including staff, to the policy council and authorizes TDA to allocate appropriate administrative support to the research committee.

C.S.S.B. 1666 establishes the composition of the policy council and of the research committee, each having 18 members. The bill provides in each case for eight members appointed by the governor to represent industries or groups involved in research and development of feedstock and feedstock production, retail distribution of energy, transportation of biomass feedstock, agricultural production for bioenergy production or agricultural waste used for production of bioenergy, production of biodiesel from nonfood feedstocks, production of ethanol from nonfood feedstocks, bio-based electricity generation, and chemical manufacturing. The bill designates the commissioner of agriculture as a member and chair of the policy council and the commissioner or a designee of the commissioner as a member and chair of the research committee. The bill includes, on both the policy council and research committee, one member each representing the Railroad Commission of Texas, the Texas Commission on Environmental

Quality, the Public Utility Commission of Texas, and the Texas Water Development Board. The bill includes on the policy council the chancellor or a designee of the chancellor of The Texas A&M University System, the Texas Tech University System, and The University of Texas System and includes on the research committee one researcher or specialist in the bioenergy field from each of those systems, appointed by the chancellor. The bill includes on the policy council one member of the senate appointed by the lieutenant governor and one member of the house appointed by the speaker. The bill includes on the research committee one representative of the Texas Agricultural Finance Authority appointed by the agriculture commissioner, and one representative of the Texas emerging technology fund appointed by the governor, to serve in each case as a nonvoting member.

C.S.S.B. 1666 provides that appointees of the governor serve at the governor's pleasure and have two-year staggered terms. The bill includes provisions relating to nondiscrimination in appointments, the filling of vacancies in the case of members appointed by the governor, and the removal of members. The bill requires appointments to be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees. The bill prohibits a member from receiving compensation for service on the council or committee. The bill authorizes a member to receive reimbursement for actual and necessary expenses incurred while conducting policy council or research committee business, as applicable, subject to availability of funds. The bill establishes that the policy council and the research committee are subject to provisions regarding open meetings and to the Administrative Procedure Act.

C.S.S.B. 1666 requires the policy council to:

- provide a vision for unifying Texas' agricultural, energy, and research strengths in a successful launch of a cellulosic biofuel and bioenergy industry;
- foster development of cellulosic-based and bio-based fuels and build on the Texas emerging technology fund's investments in leading-edge energy research and efforts to commercialize the production of bioenergy;
- pursue the creation of a next-generation biofuels energy research program at a Texas university;
- work to procure federal and other funding to aid the state in becoming a bioenergy leader;
- study the feasibility and economic development effect of a blending requirement for biodiesel or cellulosic fuels;
- pursue the development and use of thermochemical process technologies to produce alternative chemical feedstocks;
- study the feasibility and economic development of the requirements for pipeline-quality, renewable natural gas; and
- perform other advisory duties as requested by the commissioner regarding the responsible development of bioenergy resources in Texas.

C.S.S.B. 1666 establishes that the research committee is a research consortium among academic and technical research leadership, with active involvement by all sectors of the economy interested in bioenergy development. The bill requires the research committee to:

- identify and research appropriate and desirable biomass feedstock for each geographic region of Texas;
- investigate logistical challenges to the planting, harvesting, and transporting of large volumes of biomass and provide recommendations to the policy council that will aid in overcoming barriers to the transportation, distribution, and marketing of bioenergy;
- identify strategies for and obstacles to the potential transition of the agriculture industry in western regions of Texas to dryland bioenergy crops that are not dependent on

groundwater resources;

- explore regions of Texas, including coastal areas, that may contain available marginal land for use in growing bioenergy feedstocks;
- study the potential for producing oil from algae;
- study the potential for the advancement of thermochemical process technologies to produce alternative chemical feedstocks;
- study the potential for producing pipeline-quality natural gas from renewable sources; and
- perform other research duties as requested by the commissioner relating to the responsible development of bioenergy resources in Texas.

C.S.S.B. 1666 requires the policy council and the research committee to meet at the call of the commissioner.

C.S.S.B. 1666 requires the appropriate persons to appoint the members of the policy council and the research committee as soon as practicable after the effective date of the bill. The bill requires the commissioner to call the first meeting of the policy council not later than the 30th day after the date the final member is appointed to the policy council. The bill establishes that its provisions do not make an appropriation and that a provision of the bill that creates a new governmental program, creates a new entitlement, or imposes a new duty on a governmental entity is not mandatory during a fiscal period for which the legislature has not made a specific appropriation to implement the provision.

C.S.S.B. 1666 defines "alternative chemical feedstock," "policy council," and "research committee."

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.S.B. 1666 adds a definition not in the original for the term "alternative chemical feedstock."

C.S.S.B. 1666 differs from the original by establishing that the policy council and the research committee each have 18 members, rather than 16 members as in the original, and adding the two additional members to the governor's appointments. The substitute differs from the original by including as members to be appointed by the governor persons representing industries or groups involved in production of biodiesel from nonfood feedstocks and production of ethanol from nonfood feedstocks, whereas the original includes a person representing industries or groups involved in the production of biodiesel or ethanol from nonfood foodstocks, and the substitute adds a person representing industries or groups involved in chemical manufacturing. The substitute differs from the original by providing that the terms of either three or four members appointed by the governor expire on January 1 of each year, whereas the original provides that the terms of three of those members expire on January 1 of each even-numbered year and the terms of three of those members expire on January 1 of each odd-numbered year.

C.S.S.B. 1666 differs from the original by including as duties of the policy council to provide a vision for unifying Texas' agricultural, energy, and research strengths in a successful launch of a bioenergy industry; foster development of bio-based fuels; pursue the development and use of thermochemical process technologies to produce alternative chemical feedstocks; and study the feasibility and economic development of the requirements for pipeline-quality, renewable natural gas.

C.S.S.B. 1666 differs from the original by including as duties of the research committee to study the potential for the advancement of thermochemical process technologies to produce alternative chemical feedstocks and to study the potential for producing pipeline-quality natural gas from renewable sources.