

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 16, 2011

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

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

IN RE: HB3268 by Lyne (Relating to permits for air contaminant emissions of stationary natural gas engines used in combined heating and power systems.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to issue a standard permit or permit by rule for stationary “natural gas engines.” The permit by rule or standard permit would be permitted to consider geographic location including proximity to nonattainment areas, total annual hours of operation, technology used, type of fuel, and other emission control policies of the state. The TCEQ would be prohibited from distinguishing between the end-use functions powered by the stationary natural gas engine and the emission limits must be in terms of air contaminant emission per unit of total energy output. Primary and secondary functions would be considered when determining the engine’s emissions per unit of energy output.

Passage of the bill would result in the TCEQ being required to promulgate rules to issue a new standard permit or update the existing permit by rule for engines and turbines to remove the current restriction that “natural gas engines” cannot be used for electric generating units powered by engines or turbines. In addition, the agency would be required to submit statutory and rule changes as revisions to the State Implementation Plan for approval by the Environmental Protection Agency. This estimate assumes that any costs to the agency in implementing the requirements of the bill could be absorbed using existing agency resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality

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