

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 23, 2015**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB4097** by Hunter (Relating to seawater desalination projects.), **As Passed 2nd House**

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

The bill would require the Public Utilities Commission (PUC) to conduct studies with the Electric Reliability Council of Texas (ERCOT) related to seawater desalination projects. If PUC determines that statutory changes are needed to ensure that adequate infrastructure is developed for such projects, the PUC is required to include recommendations in a report required in Utilities Code, Section 31.003. PUC and the ERCOT independent system operator would also be required to study the potential opportunities and barriers for customer loads, including seawater desalination projects to participate in existing demand response opportunities in the ERCOT market.

The bill would authorize the Texas Commission on Environmental Quality (TCEQ) to issue a permit to divert state water from the Gulf of Mexico if the diversion meets certain conditions. The bill would also require TCEQ to adopt rules providing for an expedited procedure for such permits and provide for a contested case hearing opportunity relating to such applications. The bill would authorize TCEQ to issue permits for the discharge of water treatment residuals from the desalination of water into the Gulf of Mexico if the discharge meets certain conditions, including meeting requirements of the Texas Pollutant Discharge Elimination Program (NPDES) and would have to comply with Water Code, Chapter 5, Subchapter M requirements. Such permits could be issued as individual or general permits.

The bill would authorize TCEQ to issue an individual Class I injection well permit or general permit authorizing the disposal of brine produced by the desalination of seawater.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house. Otherwise, it would take effect September 1, 2015.

Any costs incurred by the TCEQ and PUC in implementing the provisions of the bill are expected to be absorbed using existing resources.

## **Local Government Impact**

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

**Source Agencies:** 473 Public Utility Commission of Texas, 582 Commission on Environmental Quality

**LBB Staff:** UP, SD, SZ, TL