

BILL ANALYSIS

C.S.H.B. 2468
By: Thompson, Ed
Environmental Regulation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Multiple areas of Texas are designated as nonattainment areas under federal national ambient air quality standards. It has been suggested that increased air monitoring and research capabilities will help create a more extensive and robust air monitoring network and bring these areas closer to attainment status. Additional funding will also help the Texas Commission on Environmental Quality (TCEQ) to put mechanisms in place to prevent air quality monitors from going offline during major weather events and allow for TCEQ to use alternate air monitoring capabilities during times when stationary air monitors do go offline. C.S.H.B. 2468 seeks to address these issues by providing for funding under the Texas emissions reduction plan for certain programs and providing for a program for fee-based contracts for the purchase of reductions in emissions of nitrogen oxides.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 2468 amends the Health and Safety Code to require the Texas Commission on Environmental Quality (TCEQ) by rule to establish a program authorizing TCEQ to enter into fee-based contracts for the purchase of reductions in emissions of nitrogen oxides. The program must do the following:

- specify the types of projects that are eligible for fee-based contracts under the program, such as marine emission capture systems;
- measure nitrogen oxides emissions input and output on a continuous basis;
- require nitrogen oxides emissions reduced under the contract to be verified and certified by TCEQ;
- assign a dollar per ton fee based solely on the dollar per ton cost of the reduction in emissions of nitrogen oxides;
- require payments under the contract to be made only for actual reductions in nitrogen oxides emissions that are verified by TCEQ; and
- authorize TCEQ to enter into multiyear contracts under the program.

C.S.H.B. 2468 authorizes TCEQ to enter into a fee-based contract under the program for a project involving a new emissions reduction measure that would otherwise generate marketable credits under a state or federal emissions reduction credit averaging, banking, or trading program if, during the term of the contract, the project is not used for credit under any such state or federal

program. The bill authorizes a project that was subject to a fee-based contract under the program established by the bill to be used for credit under such a state or federal program under the following conditions:

- the contract has expired or otherwise terminated and the project is not subject to any other fee-based contract entered into under the bill's program; and
- the project otherwise meets the requirements of the applicable state or federal program.

C.S.H.B. 2468 provides for the funding under the Texas emissions reduction plan of the following:

- fee-based contracts entered into under the program established under the bill's provisions, with an initial allocation for use by TCEQ and shared with the diesel emissions reduction incentive program of the balance of the applicable funding after the initial allocations for other programs; and
- the purchase, maintenance, upgrade, and operation of air monitoring equipment to be used in nonattainment areas and affected counties, with an initial allocation of funding capped at \$10 million for use by TCEQ for such purposes.

C.S.H.B. 2468 increases from \$750,000 to \$1 million the cap on the initial allocation of funding under the plan that may be used each year to support research related to air quality under the air quality research support program. The bill increases from \$2.5 million to \$5 million the cap on the amount of money from the Texas emissions reduction plan fund and the Texas emissions reduction plan account that may be used by TCEQ to conduct research and other activities associated with making any necessary demonstrations to the U.S. Environmental Protection Agency to account for the impact of foreign emissions or an exceptional event.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2468 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the substitute includes provisions relating to a TCEQ program that provides for fee-based contracts for the purchase of reductions in emissions of nitrogen oxides, the original did not include any provisions relating to such a program or contracts.