87R16682 JRR-F

By:  Thompson of Brazoria, Zwiener, Ramos H.B. No. 2468

A BILL TO BE ENTITLED

AN ACT

relating to programs established and funded under the Texas emissions reduction plan.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 386.051(b), Health and Safety Code, is amended to read as follows:

(b)  Under the plan, the commission and the comptroller shall provide grants or other funding for:

(1)  the diesel emissions reduction incentive program established under Subchapter C, including for infrastructure projects established under that subchapter;

(2)  the motor vehicle purchase or lease incentive program established under Subchapter D;

(3)  the air quality research support program established under Chapter 387;

(4)  the clean school bus program established under Chapter 390;

(5)  the new technology implementation grant program established under Chapter 391;

(6)  the regional air monitoring program established under Section 386.252(a);

(7)  a health effects study as provided by Section 386.252(a);

(8)  air quality planning activities as provided by Section 386.252(d);

(9)  a contract with the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station for computation of creditable statewide emissions reductions as provided by Section 386.252(a);

(10)  the Texas clean fleet program established under Chapter 392;

(11)  the Texas alternative fueling facilities program established under Chapter 393;

(12)  the Texas natural gas vehicle grant program established under Chapter 394;

(13)  other programs the commission may develop that lead to reduced emissions of nitrogen oxides, particulate matter, or volatile organic compounds in a nonattainment area or affected county;

(14)  other programs the commission may develop that support congestion mitigation to reduce mobile source ozone precursor emissions;

(15)  the seaport and rail yard areas emissions reduction program established under Subchapter D-1;

(16)  conducting research and other activities associated with making any necessary demonstrations to the United States Environmental Protection Agency to account for the impact of foreign emissions or an exceptional event;

(17)  studies of or pilot programs for incentives for port authorities located in nonattainment areas or affected counties as provided by Section 386.252(a); [~~and~~]

(18)  the governmental alternative fuel fleet grant program established under Chapter 395;

(19)  the purchase, maintenance, upgrade, and operation of air monitoring equipment as provided by Section 386.252(a); and

(20)  fee-based contracts entered into under the program established under Section 386.058.

SECTION 2.  Subchapter B, Chapter 386, Health and Safety Code, is amended by adding Section 386.058 to read as follows:

Sec. 386.058.  FEE-BASED CONTRACTS FOR PURCHASE OF REDUCTIONS IN EMISSIONS OF NITROGEN OXIDES. (a) The commission by rule shall establish a program authorizing the commission to enter into fee-based contracts for the purchase of reductions in emissions of nitrogen oxides.

(b)  The program established under this section must:

(1)  specify the types of projects that are eligible for fee-based contracts under the program, such as marine emission capture systems;

(2)  measure nitrogen oxides emissions input and output on a continuous basis;

(3)  require nitrogen oxides emissions reduced under the contract to be verified and certified by the commission;

(4)  assign a dollar per ton fee based solely on the dollar per ton cost of the reduction in emissions of nitrogen oxides;

(5)  require payments under the contract to be made only for actual reductions in nitrogen oxides emissions that are verified by the commission; and

(6)  authorize the commission to enter into multiyear contracts under the program.

(c)  Notwithstanding Section 386.055:

(1)  the commission may enter into a fee-based contract under the program established under this section 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 state or federal emissions reduction credit averaging, banking, or trading program; and

(2)  a project that was subject to a fee-based contract under the program established under this section may be used for credit under a state or federal emissions reduction credit averaging, banking, or trading program if:

(A)  the contract has expired or otherwise terminated and the project is not subject to any other fee-based contract entered into under the program established under this section; and

(B)  the project otherwise meets the requirements of the applicable state or federal emissions reduction credit averaging, banking, or trading program.

SECTION 3.  Sections 386.252(a) and (f), Health and Safety Code, as effective September 1, 2021, are amended to read as follows:

(a)  Money in the fund and account may be used only to implement and administer programs established under the plan. Subject to the reallocation of funds by the commission under Subsection (h), money from the fund and account to be used for the programs under Section 386.051(b) shall initially be allocated as follows:

(1)  four percent may be used for the clean school bus program under Chapter 390;

(2)  three percent may be used for the new technology implementation grant program under Chapter 391, from which at least $1 million will be set aside for electricity storage projects related to renewable energy;

(3)  five percent may be used for the Texas clean fleet program under Chapter 392;

(4)  not more than $3 million may be used by the commission to fund a regional air monitoring program in commission Regions 3 and 4 to be implemented under the commission's oversight, including direction regarding the type, number, location, and operation of, and data validation practices for, monitors funded by the program through a regional nonprofit entity located in North Texas having representation from counties, municipalities, higher education institutions, and private sector interests across the area;

(5)  10 percent may be used for the Texas natural gas vehicle grant program under Chapter 394;

(6)  not more than $6 million may be used for the Texas alternative fueling facilities program under Chapter 393, of which a specified amount may be used for fueling stations to provide natural gas fuel, except that money may not be allocated for the Texas alternative fueling facilities program for the state fiscal year ending August 31, 2019;

(7)  not more than $1 million [~~$750,000~~] may be used each year to support research related to air quality as provided by Chapter 387;

(8)  not more than $200,000 may be used for a health effects study;

(9)  at least $6 million but not more than $16 million may be used by the commission for administrative costs, including all direct and indirect costs for administering the plan, costs for conducting outreach and education activities, and costs attributable to the review or approval of applications for marketable emissions reduction credits;

(10)  six percent may be used by the commission for the seaport and rail yard areas emissions reduction program established under Subchapter D-1;

(11)  five percent may be used for the light-duty motor vehicle purchase or lease incentive program established under Subchapter D;

(12)  not more than $216,000 may be used by the commission to contract with the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station annually for the development and annual computation of creditable statewide emissions reductions obtained through wind and other renewable energy resources for the state implementation plan;

(13)  not more than $500,000 may be used for studies of or pilot programs for incentives for port authorities located in nonattainment areas or affected counties to encourage cargo movement that reduces emissions of nitrogen oxides and particulate matter; [~~and~~]

(14)  not more than $10 million may be used by the commission for the purchase, maintenance, upgrade, and operation of air monitoring equipment to be used in nonattainment areas and affected counties; and

(15)  the balance is to be used by the commission for:

(A)  the diesel emissions reduction incentive program under Subchapter C as determined by the commission; and

(B)  fee-based contracts entered into under the program established under Section 386.058.

(f)  Not more than $5 [~~$2.5~~] million from the fund and account may be used by the commission to conduct research and other activities associated with making any necessary demonstrations to the United States Environmental Protection Agency to account for the impact of foreign emissions or an exceptional event.

SECTION 4.  This Act takes effect September 1, 2021.