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H.B. No. 2468

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

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

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

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

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

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

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

22 (7) a health effects study as provided by Section  
23 386.252(a);

24 (8) air quality planning activities as provided by

1 Section 386.252(d);

2 (9) a contract with the Energy Systems Laboratory at  
3 the Texas A&M Engineering Experiment Station for computation of  
4 creditable statewide emissions reductions as provided by Section  
5 386.252(a);

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

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

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

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

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

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

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

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

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

3 (19) the purchase, maintenance, upgrade, and  
4 operation of air monitoring equipment as provided by Section  
5 386.252(a); and

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

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

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

15 (b) The program established under this section must:

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

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

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

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

26 (5) require payments under the contract to be made  
27 only for actual reductions in nitrogen oxides emissions that are

1 verified by the commission; and

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

4 (c) Notwithstanding Section 386.055:

5 (1) the commission may enter into a fee-based contract  
6 under the program established under this section for a project  
7 involving a new emissions reduction measure that would otherwise  
8 generate marketable credits under a state or federal emissions  
9 reduction credit averaging, banking, or trading program if, during  
10 the term of the contract, the project is not used for credit under  
11 any state or federal emissions reduction credit averaging, banking,  
12 or trading program; and

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

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

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

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

27 (a) Money in the fund and account may be used only to

1 implement and administer programs established under the plan.  
2 Subject to the reallocation of funds by the commission under  
3 Subsection (h), money from the fund and account to be used for the  
4 programs under Section 386.051(b) shall initially be allocated as  
5 follows:

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

8 (2) three percent may be used for the new technology  
9 implementation grant program under Chapter 391, from which at least  
10 \$1 million will be set aside for electricity storage projects  
11 related to renewable energy;

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

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

23 (5) 10 percent may be used for the Texas natural gas  
24 vehicle grant program under Chapter 394;

25 (6) not more than \$6 million may be used for the Texas  
26 alternative fueling facilities program under Chapter 393, of which  
27 a specified amount may be used for fueling stations to provide

1 natural gas fuel, except that money may not be allocated for the  
2 Texas alternative fueling facilities program for the state fiscal  
3 year ending August 31, 2019;

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

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

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

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

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

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

27 (13) not more than \$500,000 may be used for studies of

1 or pilot programs for incentives for port authorities located in  
2 nonattainment areas or affected counties to encourage cargo  
3 movement that reduces emissions of nitrogen oxides and particulate  
4 matter; ~~and~~

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

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

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

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

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

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