

BILL ANALYSIS

H.B. 3837
By: Geren
Energy Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

There are many initiatives underway to lower aviation emissions. Major changes such as the use of electric or hydrogen power remain years away, but other options are already being adopted. The move to adopt standards for sustainable aviation fuel (SAF) is increasing on a global scale as many airlines and developed nations have now made commitments to certain levels of SAF use and this is expanding. Some who are producing SAF focus on biomass as feedstock for the fuel, but options exist to tap into Texas' most abundant natural resource, natural gas, as a denser and more efficient use of feedstock. Doing so would allow Texas to emerge as a global leader in SAF refining and production. SAF is not a direct fuel but it can be used in existing jet engines after being mixed with traditional jet fuel. Texas law encourages advanced clean energy projects, but important statutory designations expired in 2020 and should be reinstated. Doing so will allow emerging projects to access funding under the Texas Emissions Reduction Plan administered by the Texas Commission on Environmental Quality, or through federal initiatives that apply to advanced clean energy projects. H.B. 3837 seeks to address the lapse of statutory designations related to advanced clean energy projects by removing the date parameters, modifying certain project qualifications, and specifying the type of permit capture requirements that would allow projects to qualify as advanced clean energy projects. This legislation makes Texas more competitive in the race to develop advanced manufacturing facilities including those focused on the development of dense natural resources, specifically for SAF based on natural gas that is refined in Texas, shipped via our current infrastructure, and consumed on a global scale.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3837 amends the Health and Safety Code to make the following changes regarding an advanced clean energy project under the Texas Clean Air Act:

- removes language restricting such a project to a project for which an application for a permit or for an authorization to use a standard permit under the act is received by the Texas Commission on Environmental Quality (TCEQ) on or after January 1, 2008, and before January 1, 2020;
- with regard to the portion of the emissions stream from the facility that is associated with a project that is designed for the use of one or more combustion turbines that burn natural gas, allows for the project to have an emission rate that meets best available control

technology requirements as determined by the TCEQ as an alternative to the project having to be capable of achieving an annual average emission rate for nitrogen oxides of two parts per million by volume;

- increases from 50 to 90 the percentage of the carbon dioxide in the portion of the emissions stream from the facility that is associated with a project that the project must capture and sequester; and
- classifies as an advanced clean energy project a facility that received a standard permit issued after January 1, 2020, but prior to the bill's effective date, which includes carbon capture in its design and is capturing not less than 95 percent of the carbon dioxide in the emissions stream already permitted for carbon capture.

EFFECTIVE DATE

September 1, 2023.