

By: Darby

H.B. No. 1158

A BILL TO BE ENTITLED

AN ACT

relating to advanced clean energy projects and certain other projects that reduce or eliminate carbon dioxide emissions.

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

SECTION 1. Section 382.003(1-a), Health and Safety Code, is amended to read as follows:

(1-a) "Advanced clean energy project" means a project ~~[for which an application for a permit or for an authorization to use a standard permit under this chapter is received by the commission on or after January 1, 2008, and before January 1, 2020, and]~~ that:

(A) involves the use of coal, biomass, petroleum coke, solid waste, natural gas, or fuel cells using hydrogen derived from such fuels, in the generation of electricity, or the creation of liquid fuels outside of the existing fuel production infrastructure while co-generating electricity, whether the project is implemented in connection with the construction of a new facility or in connection with the modification of an existing facility and whether the project involves the entire emissions stream from the facility or only a portion of the emissions stream from the facility;

(B) with regard to the portion of the emissions stream from the facility that is associated with the project, is capable of achieving:

1 (i) on an annual basis:

2 (a) a 99 percent or greater reduction  
3 of sulfur dioxide emissions;

4 (b) if the project is designed for the  
5 use of feedstock, substantially all of which is subbituminous coal,  
6 an emission rate of 0.04 pounds or less of sulfur dioxide per  
7 million British thermal units as determined by a 30-day average; or

8 (c) if the project is designed for the  
9 use of one or more combustion turbines that burn natural gas, a  
10 sulfur dioxide emission rate that meets best available control  
11 technology requirements as determined by the commission;

12 (ii) on an annual basis:

13 (a) a 95 percent or greater reduction  
14 of mercury emissions; or

15 (b) if the project is designed for the  
16 use of one or more combustion turbines that burn natural gas, a  
17 mercury emission rate that complies with applicable federal  
18 requirements;

19 (iii) an annual average emission rate for  
20 nitrogen oxides of:

21 (a) 0.05 pounds or less per million  
22 British thermal units;

23 (b) if the project uses gasification  
24 technology, 0.034 pounds or less per million British thermal units;  
25 or

26 (c) if the project is designed for the  
27 use of one or more combustion turbines that burn natural gas, two

1 parts per million by volume; and

2 (iv) an annual average emission rate for  
3 filterable particulate matter of 0.015 pounds or less per million  
4 British thermal units; and

5 (C) captures not less than 90 [~~50~~] percent of the  
6 carbon dioxide in the portion of the emissions stream from the  
7 facility that is associated with the project and sequesters that  
8 captured carbon dioxide by geologic storage or other means.

9 SECTION 2. Section 391.002(b), Health and Safety Code, is  
10 amended to read as follows:

11 (b) Projects that may be considered for a grant under the  
12 program include:

13 (1) advanced clean energy projects, as defined by  
14 Section 382.003;

15 (2) new technology projects that reduce emissions of  
16 regulated pollutants from stationary sources;

17 (3) new technology projects that reduce emissions from  
18 upstream and midstream oil and gas production, completions,  
19 gathering, storage, processing, and transmission activities  
20 through:

21 (A) the replacement, repower, or retrofit of  
22 stationary compressor engines;

23 (B) the installation of systems to reduce or  
24 eliminate carbon dioxide emissions or the loss of gas, flaring of  
25 gas, or burning of gas using other combustion control devices; or

26 (C) the installation of systems that reduce  
27 flaring emissions and other site emissions; [~~and~~]

1 (4) electricity storage projects related to renewable  
2 energy, including projects to store electricity produced from wind  
3 and solar generation that provide efficient means of making the  
4 stored energy available during periods of peak energy use; and

5 (5) projects that:

6 (A) utilize technology to capture, use, reuse,  
7 store, or sequester carbon dioxide emissions for the principal  
8 purpose of preventing carbon dioxide from entering the atmosphere;  
9 and

10 (B) are constructed integral or adjacent to a  
11 petrochemical plant or an electric generation facility, including a  
12 facility powered by coal, natural gas, hydrogen, or ammonia.

13 SECTION 3. Section 151.334, Tax Code, is amended to read as  
14 follows:

15 Sec. 151.334. COMPONENTS OF TANGIBLE PERSONAL PROPERTY USED  
16 IN CONNECTION WITH CERTAIN CLEAN ENERGY PROJECTS [~~SEQUESTRATION OF~~  
17 ~~CARBON DIOXIDE~~]. Components of tangible personal property used in  
18 connection with an advanced clean energy project, as defined by  
19 Section 382.003, Health and Safety Code, or a clean energy project,  
20 as defined by Section 120.001, Natural Resources Code, are exempted  
21 from the taxes imposed by this chapter if[+]

22 [~~(1)~~] the components are installed to capture carbon  
23 dioxide from an anthropogenic emission source, transport or inject  
24 carbon dioxide from such a source, or prepare carbon dioxide from  
25 such a source for transportation or injection[+] and:

26 (1) [~~(2)~~] the carbon dioxide is sequestered in this  
27 state[+]

1                    [~~(A)~~] as part of an enhanced oil recovery project  
2 that qualifies for a tax rate reduction under Section 202.0545, as  
3 provided by Subsection (c) of that section; or

4                    (2) the components are used in connection with the  
5 capture, use, reuse, storage, or sequestration of carbon dioxide  
6 emissions for the principal purpose of preventing [~~(B) in a manner~~  
7 ~~and under conditions that create a reasonable expectation that at~~  
8 ~~least 99 percent of the]~~ carbon dioxide [~~will remain sequestered~~  
9 ~~from]~~ from entering the atmosphere [~~for at least 1,000 years]~~.

10            SECTION 4. The change in law made by this Act to Section  
11 151.334, Tax Code, does not affect tax liability accruing before  
12 the effective date of this Act. That liability continues in effect  
13 as if this Act had not been enacted, and the former law is continued  
14 in effect for the collection of taxes due and for civil and criminal  
15 enforcement of the liability for those taxes.

16            SECTION 5. This Act takes effect September 1, 2023.