AN ACT

relating to the designation of advanced clean energy projects.

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) 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:

(i) [~~(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;

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

(a) [~~(i)~~] on an annual basis:

(1) [~~(a)~~] a 99 percent or greater reduction of sulfur dioxide emissions;

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

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

(b) [~~(ii)~~] on an annual basis:

(1) [~~(a)~~] a 95 percent or greater reduction of mercury emissions; or

(2) [~~(b)~~] if the project is designed for the use of one or more combustion turbines that burn natural gas, a mercury emission rate that complies with applicable federal requirements;

(c) [~~(iii)~~] an annual average emission rate for nitrogen oxides of:

(1) [~~(a)~~] 0.05 pounds or less per million British thermal units;

(2) [~~(b)~~] if the project uses gasification technology, 0.034 pounds or less per million British thermal units; or

(3) [~~(c)~~] if the project is

designed for the use of one or more combustion turbines that burn natural gas, two parts per million by volume; and

(d) [~~(iv)~~] an annual average emission rate for filterable particulate matter of 0.015 pounds or less per million British thermal units; and

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

(B) a project that is a facility:

(i) for which an authorization to use a standard permit was approved after January 1, 2020, but before September 1, 2023; and

(ii) that:

(a) utilizes natural gas to create methanol; and

(b) converts methanol to zero-sulfur transportation fuels.

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

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

(1) advanced clean energy projects, as defined by Section 382.003(1-a)(A) [~~382.003~~];

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

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

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

(B) the installation of systems to reduce or eliminate the loss of gas, flaring of gas, or burning of gas using other combustion control devices; or

(C) the installation of systems that reduce flaring emissions and other site emissions; and

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

SECTION 3. This Act takes effect September 1, 2023.

President of the Senate

Speaker of the House

I certify that H.B. No. 3837 was passed by the House on April 28, 2023, by the following vote: Yeas 141, Nays 6, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3837 on May 25, 2023, by the following vote: Yeas 122, Nays 18, 3 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3837 was passed by the Senate, with amendments, on May 22, 2023, by the following vote: Yeas 26, Nays 5.

Secretary of the Senate

APPROVED: _____

Date

_____

Governor