

BILL ANALYSIS

C.S.H.B. 3229
By: Lambert
Environmental Regulation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee of a company that claimed it would recycle windmill blades but instead failed to meet its financial obligations and left a graveyard of windmill blades in the City of Sweetwater. While financial assurance is required under current law for wind and solar power facilities for decommissioning and land restoration, the same obligation does not apply to recycling facilities that take possession of certain components and accept payment for recycling services but that never complete the recycling job. The bill author has further informed the committee that as the state continues to be a leader in renewable energy generation, it is imperative to establish clear requirements for recycling facilities that assume ownership of these components to prevent environmental risks and financial liabilities for industry and surrounding communities alike. C.S.H.B. 3229 seeks to address this issue by setting out reporting and financial assurance requirements for owners of certain recycling facilities.

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

C.S.H.B. 3229 amends the Health and Safety Code to set out provisions relating to renewable energy component recycling facilities applicable only to a recycling facility that accepts, processes, and repurposes components to recover valuable materials from the following:

- a wind turbine generator, including turbine blades, nacelles, nacelle covers, towers, drivetrains, generators, magnets, power electronics, and cables;
- a solar energy device, as defined by Utilities Code provisions relating to the rating of solar energy devices, including solar modules, junction boxes, transformers, inverters, racks or trackers, and cables; or
- a battery energy storage system, including battery cells, racks, containers, inverters, battery management systems, cooling and fire suppression systems, and cables.

C.S.H.B. 3229 requires the owner of such a recycling facility to submit a report to the Texas Commission on Environmental Quality (TCEQ) not later than January 15 of each year that includes the following:

- an inventory of all components of a wind turbine generator, solar energy device, or battery energy storage system accepted by the facility for recycling that have not yet been recycled, including any components the facility has taken title to or assumed control of regardless of whether the components are located at the facility;

- an estimated timeline for recycling or disposing of the components; and
- a cost estimate for recycling the components prepared by an independent, third-party professional engineer licensed in Texas.

The bill requires the owner to do the following:

- submit with the facility's first report evidence of financial assurance in an amount equal to 100 percent of the estimated cost; and
- submit with each subsequent report any additional financial assurance necessary to ensure that the amount of financial assurance the owner has on file with the TCEQ for the facility is at least equal to 100 percent of the estimated cost in the subsequent report.

The bill establishes that acceptable forms of financial assurance include the following:

- a parent company guaranty with a minimum investment grade credit rating for the parent company issued by a major domestic credit rating agency;
- a letter of credit; or
- a bond.

C.S.H.B. 3229 requires the TCEQ to maintain on its website a list of recycling facilities in Texas that are in compliance with the bill's provisions relating to renewable energy component recycling facilities. The bill prohibits a person from accepting, processing, or repurposing applicable components for compensation unless the person complies with the requirements of such provisions. The bill authorizes the TCEQ to impose an administrative penalty on an owner or operator of a recycling facility in accordance with a Water Code provision of the bill that caps at \$500 a day for each violation the amount of the penalty for a violation of the bill's provisions relating to renewable energy component recycling facilities.

C.S.H.B. 3229 amends the Water Code to set the administrative penalty and to establish that the TCEQ has general jurisdiction over the responsibilities assigned to the TCEQ by the bill's provisions relating to renewable energy component recycling facilities.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3229 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

With respect to the inclusion in a recycling facility owner's annual report to the TCEQ of an estimated timeline for recycling of applicable components, the substitute includes as an alternative to such a recycling timeline an estimated timeline for the disposing of such components, which the introduced did not include.

Whereas the introduced specified the amount of a facility owner's financial assurance required to be evidenced in the facility's first submitted report and maintained on file with the TCEQ for a subsequent report at 125 percent of the estimated cost for recycling the components, the substitute decreases that amount to 100 percent of that estimated cost.

The substitute omits the provision from the introduced that made the facility owner responsible for estimating the costs and for paying the costs associated with obtaining the required financial assurance.