

BILL ANALYSIS

Senate Research Center

H.B. 1796
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Natural Resources
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

It is becoming increasingly certain that federal regulation of anthropogenic carbon dioxide (CO₂) emissions will be mandated in some form. As a major emitter of CO₂ it is essential that Texas take a proactive posture to address the impact of these regulations. A portfolio of solutions will be necessary in order to achieve the desirable substantive reductions in carbon emissions.

The unique and heavily researched geology of Texas makes it a world-class candidate for the storage of CO₂ in brine aquifers offshore along the Texas gulf coast. A carbon repository would allow Texas to safely and securely store large volumes of CO₂ from emissions sources in Texas and other states for years to come.

The University of Texas Bureau of Economic Geology (BEG) is a world-leader in CO₂ injection research. BEG draws from the unique experience of CO₂ injection in the Texas Permian Basin, which by volume accounts for 80 percent of the total CO₂ injection worldwide. This research has the potential to neutralize the great financial challenge to the state of a carbon cost, and even turn it into a source of revenue by storing CO₂ emissions on behalf of other states.

H.B. 1796 amends current law relating to the offshore geologic storage of carbon dioxide.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Natural Resource Conservation Commission in SECTION 1 (Sections 382.502 and 382.506, Health and Safety Code) of this bill.

Rulemaking authority is expressly granted to the School Land Board in SECTION 1 (Section 382.505, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 382, Health and Safety Code, by adding Subchapter K, as follows:

SUBCHAPTER K. OFFSHORE GEOLOGIC STORAGE OF CARBON DIOXIDE

Sec. 382.501. DEFINITIONS. Defines "board," "bureau," "carbon dioxide repository," and "land commissioner."

Sec. 382.502. RULES. (a) Authorizes the Texas Natural Resource Conservation Commission (TNRCC) by rule to adopt standards for the location, construction, maintenance, monitoring, and operation of a carbon dioxide repository.

(b) Requires TNRCC, if the United States Environmental Protection Agency (EPA) issues requirements regarding carbon dioxide sequestration, to ensure that the construction, maintenance, monitoring, and operation of the carbon dioxide repository under this subchapter comply with those requirements.

Sec. 382.503. STUDY; SELECTION OF LOCATION. (a) Requires the commissioner of the General Land Office (land commissioner) to contract with the Bureau of Economic Geology at The University of Texas at Austin (bureau) to conduct a study of state-owned offshore submerged land to identify potential locations for a carbon dioxide repository.

(b) Requires the land commissioner to recommend suitable sites for carbon dioxide storage to the School Land Board (board) based on the findings of the study.

(c) Requires the board to make the final determination of suitable locations for carbon dioxide storage.

Sec. 382.504. CONTRACT FOR NECESSARY INFRASTRUCTURE AND OPERATION. (a) Authorizes the board, once the location has been established for the carbon dioxide repository, to issue requests for proposals for the lease of permanent school fund land for the construction of any necessary infrastructure for the transportation and storage of carbon dioxide to be stored in the carbon dioxide repository.

(b) Authorizes the board to contract for construction or operational services for the repository.

Sec. 382.505. ACCEPTANCE OF CARBON DIOXIDE FOR STORAGE; FEES AND CARBON CREDITS. (a) Authorizes the board, once the carbon dioxide repository is established, to accept carbon dioxide for storage.

(b) Authorizes the board by rule to establish a fee for the storage of carbon dioxide in the carbon dioxide repository. Authorizes a fee under this section, if this state participates in a program that facilitates the trading of carbon credits, to be established as a percentage of the carbon credits associated with the storage.

Sec. 382.506. MEASURING, MONITORING, AND VERIFICATION; ROLE OF BUREAU. (a) Authorizes TNRCC by rule to establish standards for the measurement, monitoring, and verification of the permanent storage status of the carbon dioxide in the carbon dioxide repository.

(b) Requires the bureau to perform the measurement, monitoring, and verification of the permanent storage status of carbon dioxide in the carbon dioxide repository.

(c) Requires the bureau to serve as a scientific advisor for the measuring, monitoring, and permanent storage status verification of the carbon dioxide repository.

(d) Requires the bureau to provide to the board data relating to the measurement, monitoring, and verification of the permanent storage status of the carbon dioxide in the carbon dioxide repository, as determined by the board.

Sec. 382.507. OWNERSHIP OF CARBON DIOXIDE. (a) Requires the board to acquire title to carbon dioxide stored in the carbon dioxide repository.

(b) Provides that the right, title, and interest in carbon dioxide acquired under this section are the property of the permanent school fund and are required to be administered and controlled by the board.

Sec. 382.508. LIABILITY. (a) Provides that the transfer of title to the state under Section 382.507 does not relieve a producer of carbon dioxide of liability for any act or omission regarding the generation of carbon dioxide performed before the carbon dioxide was stored.

(b) Provides that on the date the permanent school fund, under Section 382.507, acquires the right, title, and interest in carbon dioxide, the producer of the carbon

dioxide is relieved of liability for any act or omission regarding the carbon dioxide in the carbon dioxide repository.

Sec. 382.509. RATES FOR TRANSPORTATION. Prohibits either TNRCC or the board from establishing or regulating the rates charged for the transportation of carbon dioxide to the carbon dioxide repository.

Sec. 382.510. ANNUAL REPORT. Requires the land commissioner to issue annually a report regarding the carbon dioxide repository. Authorizes the report to be submitted electronically by posting on the General Land Office's Internet website. Requires that the report include information regarding the total volume of carbon dioxide stored, the total volume of carbon dioxide received for storage during the year, and the volume of carbon dioxide received from each producer of carbon dioxide.

SECTION 2. Effective date: September 1, 2009.