

BILL ANALYSIS

Senate Research Center
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S.B. 1284
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Natural Resources
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

According to the 2012 State Water Plan, the population of Texas is expected to increase 82 percent between the years 2010 and 2060, growing from 25.4 million to 46.3 million people. The water supply in Texas is projected to increase by only 22 percent, from about 18 million acre-feet per year in 2010 to about 22 million acre-feet per year in 2060.

Among the resources available to the state to meet its growing water needs are brackish and saline water derived from underground as well as from surface sources. In order for water from these resources to serve the growing needs of Texans, it must undergo the process of desalination. Regardless of the technology employed to desalinate brackish and saline water, the amount of power necessary to operate an advanced desalination project is significant and its associated cost can represent from 40 to 60 percent of the project's overall operating costs. Savings in power cost can result in corresponding savings in the cost of the desalinated water produced by the project and paid by the ultimate consumers of the water produced.

The purpose of S.B. 1284 is to support development of brackish water desalination projects, provide local water supplies, help advance and improve brackish water treatment technology, and support reliable power generation in the Electric Reliability Council of Texas (ERCOT). This bill creates a structure for a local government entity to partner with a power generating company to develop a desalination project with a cost-effective power partner that can leverage state water development options. The proposed structure also provides for efficient utilization of electric generating facilities within ERCOT.

As proposed, S.B. 1284 amends current law relating to the development and operation of advanced brackish desalination projects.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the Water Code by adding Title 6, as follows:

TITLE 6. WATER INFRASTRUCTURE

CHAPTER 201. ADVANCED BRACKISH DESALINATION PROJECTS

Sec. 201.001. DEFINITIONS. Defines, in this chapter, "advanced brackish desalination project," "brackish water," "governmental entity," and "nonprofit corporation."

Sec. 201.002. INTEGRATION WITH ELECTRIC GENERATION FACILITY. Provides that, for purposes of this chapter, an advanced brackish desalination project is considered to be integrated with an electric generation facility if the project and the facility are located in the same or an adjacent county and are directly connected using transmission facilities that are not owned or operated by an electric utility.

Sec. 201.003. PROJECT FUNDING. Authorizes an advanced brackish desalination project that conserves or reuses water to receive funding from the Texas Water Development Board in the same manner as a project included in the state water plan adopted under Section 16.051 (State Water Plan: Drought, Conservation, Development, and Management; Effect of Plan). Provides that, for purposes of this section, there is a presumption that an advanced brackish desalination project is a water conservation or reuse project designed to reduce the need for the development of additional fresh water resources.

Sec. 201.004. ELECTRICITY TRANSACTIONS. (a) Provides that an electric generation facility that is integrated with an advanced brackish desalination project and provides electricity to the project is not an electric utility or a retail electric provider, as defined by Section 31.002 (Definitions), Utilities Code, or a retail electric utility, as defined by Section 37.001 (Definitions), Utilities Code, solely because of the electricity transactions between the facility and the project.

(b) Provides that a purchase of electricity described by this chapter or of a related resource, such as thermal output, made by a governmental entity or nonprofit corporation for the purposes of an advanced brackish desalination project is a purchase of personal property under Subchapter A (Public Property Finance Act), Chapter 271, Local Government Code, and the sale of that electricity is prohibited from being considered a retail sale of electricity.

Sec. 201.005. PARTNERSHIPS. Authorizes a private entity or other person to submit a proposal requesting approval of an advanced brackish desalination project as a qualifying project under Chapter 2267 (Contracting and Delivery Procedures for Construction Projects), Government Code.

SECTION 2. Amends Section 36.001, Water Code, by amending Subdivision (5) and adding Subdivision (31), to redefine "groundwater" and to define "brackish groundwater."

SECTION 3. Amends Section 36.117, Water Code, by amending Subsection (l) and adding Subsection (m), as follows:

(l) Provides that, except as provided by Subsection (m), this chapter applies to water wells, including water wells used to supply water for activities related to the exploration or production of hydrocarbons or minerals.

(m) Provides that this chapter does not apply to wells used to withdraw brackish groundwater for an advanced brackish desalination project, as defined by Chapter 201.

SECTION 4. Effective date: September 1, 2013.