

Senate Bill 184

Informational Session

Wednesday, 18 November 2009

Room E1.016, Capitol Extension

www.TexasNoRegrets.org

Senate Bill 184

- “No regrets” greenhouse gas emissions reduction strategies
- Passed during the 81st regular session of the Texas Legislature
- Senate sponsor: Senator Kirk Watson
- House sponsor: Representative Warren Chisum

Questions from Internet Participants

We will have a question and answer period following the presentation. Internet participants may e-mail their questions to:

TexasNoRegrets@cpa.state.tx.us

Today's Agenda

- ✓ Overview of provisions of Senate Bill 184
- Discussion of greenhouse gas emissions included in review of no regrets strategies
- Discussion of industries and stakeholders interested in no regrets strategies
- Timeline for development of no regrets strategies as required by Senate Bill 184
- Description of information to be submitted for consideration in development of no regrets strategies
- Instruction on submitting information for consideration
- Questions and public comment

No Regrets Report

Requires the Texas Comptroller, by December 31, 2010, to prepare and deliver to each member of the legislature a report that includes a list of "no regrets" greenhouse gas emissions reduction strategies for Texas

Overview of Provisions

The report shall include a list of strategies for reducing greenhouse gas emissions that:

- result in net savings for consumers or businesses in Texas;
- can be achieved without financial cost to consumers or businesses in Texas; or
- help businesses in Texas maintain global competitiveness.

Learning from Others

In preparing the list of emission reduction strategies, the comptroller shall consider the strategies for reducing the emissions of greenhouse gases that have been implemented in other states or nations.

Total Net Costs

In determining whether an emission reduction strategy may result in a financial cost to consumers or businesses in this state, the comptroller shall consider the total net costs that may occur over the life of the strategy.

Costs and Savings

The report shall include the following information for each identified strategy:

- initial, short-term capital costs that may result from the implementation of the strategy delineated by the cost to business and the costs to consumers; and
- lifetime costs and savings that may result from the implementation of the strategy delineated by the costs and savings to business and the costs and savings to consumers.

Reminder

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SB 184 defines Greenhouse Gases as:

- carbon dioxide
- methane
- nitrous oxide
- hydrofluorocarbons
- perfluorocarbons
- sulfur hexafluoride

Carbon Dioxide or CO₂

CO₂ is the least potent of these greenhouse gases and the most plentiful. CO₂ is emitted naturally through the carbon cycle and anthropogenically through the burning of biomass and fossil fuels.

Methane

Methane is the primary constituent of natural gas and a primary byproduct of the anaerobic digestion of organic material. Anthropogenic methane sources include landfills, natural gas and petroleum systems, agricultural activities, coal mining, stationary and mobile combustion, and wastewater treatment as well as miscellaneous industrial processes.

Source: <http://www.epa.gov/methane/>

Nitrous Oxide or N₂O

Not to be confused with nitrogen oxides, N₂O is also called 'laughing gas.' The primary anthropogenic N₂O sources are agricultural soil management, animal manure management, sewage treatment, mobile and stationary fossil fuel combustion, adipic acid production, and nitric acid production. N₂O is also produced naturally from a wide variety of biological sources in soil and water.

Source: <http://www.epa.gov/nitrousoxide/>

Hydrofluorocarbons or HFCs

HFCs are manmade substances used primarily for refrigeration, air conditioning, fire extinguishers, and foam blowing.

Many HFCs were developed as substitutes for allegedly ozone-depleting substances such as chlorofluorocarbons (CFCs).

Perfluorocarbons or PFCs

PFCs are both naturally occurring and anthropogenic. The largest anthropogenic sources of tetrafluoromethane (CF_4) and hexafluoroethane (C_2F_6) are primary aluminum production and semiconductor manufacture. PFCs are also relatively minor substitutes for ozone-depleting substances like CFCs.

Sulfur Hexafluoride or SF₆

SF₆ is used for insulation and current interruption in electric power transmission and distribution equipment, in the magnesium industry to protect molten magnesium from oxidation, in semiconductor manufacturing to create circuitry patterns on silicon wafers, and as a tracer gas for leak detection.

<http://www.epa.gov/highgwp/scientific.html#sf6>

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Timeline

- Through January 2010, we will be accepting suggested greenhouse gas control strategies from stakeholders, and researching programs in other states and foreign countries.
- Through April 2010, we will be reviewing the submitted control strategies and asking for stakeholder input on the technical feasibility, capital costs, operating costs and expected savings over the project's lifetime.

Timeline (continued)

- Through September 2010 the data and information received in Phase I and II will be compiled into a draft report. This report will be made available on the Web site and comments on the draft report will be accepted.
- Through December 2010, report will be finalized and delivered to the legislature.

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Complete Description of Strategy

You must submit a description of the greenhouse control strategy that contains enough detail for us to determine if it complies with SB 184 requirements. The amount of information necessary depends, of course, on the complexity of the control strategy.

How much information is enough?

We need enough lifecycle cost and savings information to determine if the strategy meets the SB 184 requirements:

- results in net savings for consumers or businesses in Texas;
- can be achieved without financial cost to consumers or businesses in Texas; or
- helps businesses in Texas maintain global competitiveness.

Short-term Capital Costs

- The analysis must include initial, short-term capital costs that may result from the implementation of the strategy
- If applicable, delineate the initial, short-term capital costs by the cost to business and the cost to consumers
- Document any assumptions or other analysis that helped you estimate the capital costs

Lifetime Costs & Savings

- The analysis must include lifetime costs and savings that may result from the implementation of the strategy
- If applicable, delineate by the costs and savings to business and the costs and savings to consumers
- Document any assumptions or other analysis that helped you estimate the capital costs

Document Your Assumptions

- adds credibility
- helps us analyze a proposal's eligibility as a 'no regrets' project
- helps us determine the conditions under which a project's net savings exceeds net costs
- For example, a project may have a net savings once energy prices reach a certain level

Second Chance

- We need enough information to determine a proposal's eligibility
- Proposals will be subjected to public scrutiny during the second phase (February-April 2010)
- The second phase gives both supporters and potential 'regretters' an opportunity to submit additional information about a project

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Submitting Strategies for Consideration

- Electronic submission in common file format: portable document format (pdf), Microsoft Word, or generic text.
- E-mail the information to:
TexasNoRegrets@cpa.state.tx.us

U.S. Mail address

David C. Schanbacher, P.E.
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Texas Comptroller of Public Accounts
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Questions and Public Comment

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for information or to sign up for e-mail updates