



# SIERRA CLUB

## LONE STAR CHAPTER

To: The Honorable Craig Goldman, Chair  
Members, House Committee on Energy Resources  
Re: HB 1158 (Darby), Relating to advanced clean energy projects and certain other projects that reduce or eliminate emissions of carbon dioxide or other pollutants.

From: Cyrus Reed, Conservation Director, [cyrus.reed@sierraclub.org](mailto:cyrus.reed@sierraclub.org), 512-888-9411

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The Lone Star Chapter of the Sierra Club has concerns about HB 1158 as well as CSHB 1158, and we can not presently support the bill.

While we do not oppose incentives to help companies capture carbon, and have no objections to Section 1 - which simply updates the dates for when a project can be considered an "Advanced Clean Energy Project," we are concerned that Section 2 is very broadly written and might lead to Texas Emissions Reduction Plan (TERP) grants going to projects that don't reduce the pollution that leads to ozone. TERP was specifically created to reduce ozone pollution, and has traditionally focused on programs that reduce nitrogen oxides or volatile organic compounds, not projects principally meant to reduce carbon dioxide emissions.

In Section 2 of the bill, the New Technology Implementation Program of TERP is expanded by adding two new categories of areas that could receive NTIP funds. While we have no objection to adding (6) since hydrogen produced by renewable energy should reduce emissions of NOX and VOCs, we believe that there should be a reference to NOX pollution. In addition, we do not believe that (5) is an appropriate use of TERP funds, since capturing or sequestering carbon dioxide is not the rationale for TERP. We would note that advanced clean energy programs are already eligible which can use carbon sequestration as part of their project, but the project still must meet lower levels of other criteria pollutants.

Here is our proposed rewrite of that section.

~~(5) Projects that utilize technology to capture, use, reuse, store, gather, transport, or sequester carbon dioxide emissions from a petrochemical plant or an electric generation facility, including a facility powered by coal, natural gas, hydrogen, or ammonia, for the principal purpose of preventing carbon dioxide from entering or remaining in the atmosphere; and~~

(5) Projects that involve the use of renewable energy to produce hydrogen fuel for use in transportation or industrial processes and result in a reduction of pollutants **that can lead to the formation of ground-level ozone** entering the atmosphere.

We would also note that Section 3 of the bill would lower requirements for receiving a tax exemption on personal property. Specifically current statute requires a 99 percent sequestration requirement while the proposed bill simply states: (2) the components are used in connection with the capture, use, reuse, storage, injection, or sequestration of carbon dioxide emissions for the principal purpose of preventing carbon dioxide from entering or remaining in the atmosphere.

This seems much too low a bar to receive a tax break from the state of Texas no matter how worthy the cause. We do not support removing the 99 percent sequestration requirement.