

NATURAL RESOURCES CODE

TITLE 3. OIL AND GAS

SUBTITLE D. REGULATION OF SPECIFIC BUSINESSES AND OCCUPATIONS

CHAPTER 120. VERIFICATION, MONITORING, AND CERTIFICATION OF CLEAN
ENERGY PROJECT

Sec. 120.001. DEFINITIONS. In this chapter:

(1) "Bureau" means the Bureau of Economic Geology of The University of Texas at Austin.

(2) "Clean energy project" means a project to construct a coal-fueled, natural gas-fueled, or petroleum coke-fueled electric generating facility, including a facility in which the fuel is gasified before combustion, that will:

(A) have a capacity of at least 200 megawatts;

(B) meet the emissions profile for an advanced clean energy project under Section 382.003(1-a)(B), Health and Safety Code;

(C) capture at least 70 percent of the carbon dioxide resulting from or associated with the generation of electricity by the facility;

(D) be capable of permanently sequestering in a geological formation the carbon dioxide captured; and

(E) be capable of supplying the carbon dioxide captured for purposes of an enhanced oil recovery project.

(3) "Commission" means the Railroad Commission of Texas.

(4) "Sequester" means to inject carbon dioxide into a geological formation in a manner and under conditions that create a reasonable expectation that at least 99 percent of the carbon dioxide injected will remain sequestered from the atmosphere for at least 1,000 years.

Added by Acts 2009, 81st Leg., R.S., Ch. 1109 (H.B. 469), Sec. 3, eff. September 1, 2009.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1003 (H.B. 2446), Sec. 3, eff. June 14, 2013.

Sec. 120.002. CERTIFICATION OF CLEAN ENERGY PROJECT. (a) The commission is the authority responsible for certifying whether a project has met the requirements for a clean energy project.

(b) An entity may apply to the commission for a certification that a project operated by the entity meets the requirements for a clean energy project. An entity may not submit an application under this section before September 1, 2018. The application must be accompanied by:

(1) a certificate from a qualified independent engineer that the project is operational and meets the standards provided by Sections 120.001(2)(A), (B), and (C); and

(2) a fee payable to the commission.

(c) The amount of the fee prescribed by Subsection (b)(2) is \$50,000 unless the commission by rule determines that a fee in a greater amount is necessary to cover the commission's costs of processing an application.

Added by Acts 2009, 81st Leg., R.S., Ch. 1109 (H.B. 469), Sec. 3, eff. September 1, 2009.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1003 (H.B. 2446), Sec. 4, eff. June 14, 2013.

Sec. 120.003. MONITORING OF SEQUESTERED CARBON DIOXIDE.

(a) An entity that applies to the commission under Section 120.002 for a certification that a project operated by the entity meets the requirements for a clean energy project is responsible for conducting a monitoring, measuring, and verification process that demonstrates that the project complies with the requirements of Section 171.602(b)(4), Tax Code.

(b) The entity shall contract with the bureau for the bureau to:

(1) design initial protocols and standards for the process described by Subsection (a);

(2) review the conduct of the process described by Subsection (a) in order to make any necessary changes in the design of the protocols and standards;

(3) evaluate the results of the process described by

Subsection (a);

(4) provide an evaluation of the results of the process described by Subsection (a) to the commission; and

(5) determine whether to transmit to the comptroller the verification described by Section 171.602(b)(4), Tax Code.

(c) Unless otherwise agreed by the entity and the bureau, a contract required by Subsection (b) must require the entity to compensate the bureau by paying an annual fee in accordance with the following schedule:

Year	Amount
One	\$700,000
Two	\$1,300,000
Three	\$1,800,000
Four	\$1,500,000
Five	\$1,200,000
Six	\$900,000
Seven	\$500,000
Eight	\$200,000

(d) The first payment under Subsection (c) is due not later than 24 months before the date the entity first supplies carbon dioxide captured by the project to an enhanced oil recovery project.

Added by Acts 2009, 81st Leg., R.S., Ch. 1109 (H.B. 469), Sec. 3, eff. September 1, 2009.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1003 (H.B. 2446), Sec. 5, eff. June 14, 2013.

Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 21.002(17), eff. September 1, 2015.

Sec. 120.004. ISSUANCE OF CERTIFICATE OF COMPLIANCE. (a) On verification that a project meets the requirements for certification as a clean energy project, the commission shall issue a certificate of compliance for the project to the entity operating the project and shall provide a copy of the certificate to the comptroller.

(b) The commission may not issue a certificate of compliance

for more than three clean energy projects. Not more than one of the clean energy projects may be a natural gas project.

Added by Acts 2009, 81st Leg., R.S., Ch. 1109 (H.B. [469](#)), Sec. 3, eff. September 1, 2009.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1003 (H.B. [2446](#)), Sec. 6, eff. June 14, 2013.