

SUBJECT: Exchanging emissions reductions on international borders

COMMITTEE: Environmental Regulation — favorable, without amendment

VOTE: 7 ayes — Chisum, Bonnen, Kuempel, Uher, Bosse, Geren, Howard
0 nays
2 absent — Dukes, Zbranek

SENATE VOTE: On final passage, April 5 — 30-0, on Local and Uncontested Calendar

WITNESSES: For — Luis H. Ito, El Paso Electric Co.
Against — None
On — Tracy L. Arambula, Sierra Club, Lone Star Chapter; David Schaunbacher, Texas Natural Resource Conservation Commission

DIGEST: SB 1561 would amend provisions of the Health and Safety Code relating to international border areas to allow the Texas Natural Resource Conservation Commission (TNRCC) to authorize two types of emissions substitutions for purposes of emissions control or permit programs adopted or administered by the commission.

TNRCC could authorize use of emissions reductions outside the United States to satisfy otherwise applicable emissions-reduction requirements for the holder of a Texas air emissions permit. TNRCC could do this only if it found that the emissions reductions achieved outside the United States were in addition to requirements imposed by applicable law and were quantifiable and enforceable.

TNRCC also could allow the use of reductions in emissions of one air contaminant to satisfy requirements for reductions in emissions of another air contaminant. TNRCC could allow this only if it found that the reductions that would be substituted were of equal or greater significance to the air

quality of the affected area when compared to the reductions of the other contaminant.

TNRCC could allow substitutions only if reductions in emissions of one contaminant for which the area was not in attainment with federal air-quality standards were substituted for reductions in another contaminant for which the area was not in attainment, and if TNRCC found that the substitution clearly would result in greater health benefits than the emissions reductions at the original facility.

TNRCC would have to report to the governor and the Legislature regarding implementation of these substitutions not later than January 3, 2003.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

**SUPPORTERS
SAY:**

SB 1561 would provide incentives to holders of Texas air emissions permits to help reduce air emissions originating in Mexico that affect the entire airshed along the international border.

Air pollution does not respect political boundaries. For example, much of the air pollution in El Paso, which the U.S. Environmental Protection Agency (EPA) has designated as a nonattainment area for failing to meet the federal National Ambient Air Quality Standards, comes from across the border. Even if all permit holders in El Paso met the most stringent air emissions standards, El Paso still could be a nonattainment area.

This bill would encourage Texas permit holders to help Mexican businesses reduce air emissions that affect Texas by allowing credit for reductions in air emissions from facilities located in Mexico. Current law allows substitution credits for reduction in air emissions from other facilities in Texas. SB 1561 would expand that practice and would have similar effects on air quality in border regions, which share a common airshed with Mexico.

At least one permit holder plans to help Mexican facilities reduce their air emissions. One project would help brick factories replace their furnaces, which burn garbage and emit much particulate matter, with cleaner-burning

furnaces. These projects have the support of the local government as well as of Mexico's equivalent of the EPA. Texas entities participating in these air emissions reductions projects and emissions substitution programs would have an incentive to ensure that the projects continue, as they would not receive credit for the reductions if they were discontinued.

SB 1561 would be permissive and would not require TNRCC to authorize any specific emissions substitutions. The bill would provide several built-in safeguards. For example, TNRCC would have to find that the substitute emissions reductions were in addition to requirements imposed by applicable law and were quantifiable and enforceable.

**OPPONENTS
SAY:**

SB 1561 would not define how TNRCC would determine whether emissions substitutions would provide a comparable impact on air quality, and it would make no provisions for whatever resources TNRCC might require to make this determination.

The substitutions envisioned by this bill might not improve overall air quality along the Texas-Mexico border. Reductions in a given pollutant do not necessarily alleviate the harms caused by another pollutant. For example, a reduction in nitrogen oxide emissions would not alleviate the same harms as a reduction in emissions of particulate matter.