

BILL ANALYSIS

Senate Research Center

S.B. 1230
By: Estes
Business & Commerce
3/24/2011
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The City of Denton has applied for a permit to construct and operate a combined heat and power plant (CHP), also known as a cogeneration facility, to be located in Denton, Texas. Construction of the plant is slated to begin in July of 2011.

CHP plants are considered to be a form of "green energy" and reduce greenhouse gases, a critical goal particularly in nonattainment air quality zones. While conventional boilers and chillers typically discharge waste heat into atmosphere, CHP plants "recycle" waste heat to produce additional energy commodities such as chilled water for cooling and steam for heating. CHP plants require less fuel to produce a given energy output as compared to conventional boilers and chillers, and avoid transmission and distribution losses that occur when electricity travels over power lines. The efficiency of CHP plans is approximately 85 percent while the efficiency of conventional plants is traditionally much less.

The Denton CHP facility will provide customers with an efficient, clean, "green" and secure source of power and thermal energy commodities such as steam and chilled water. The plan will be powered by natural gas.

As proposed, S.B. 1230 amends current law relating to the construction and operation of combined heating and power facilities in certain cities.

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 Section 552.002, Local Government Code, by adding subsections (e) and (f), as follows:

(e) Authorizes a home rule city, notwithstanding any municipal charter provisions to the contrary, to buy, own, construct, maintain, and operate a combined heating and power system or plant with related infrastructure, and to sell energy commodities from such system, plant, or infrastructure, including but not limited to, electricity, chilled water, steam, or gas in a Combined Heating and Power Economic Development District so designated and defined by the governing body of the municipality, which shall be at a distance of no greater than three miles from the combined heating and power plant, and which is wholly located within the corporate boundaries of the municipality.

(f) Provides that Subsection (e) only applies to a home rule city that has a population that is greater than 100,000, owns and operates a municipally owned electric utility that is a member of a Texas municipal power agency, and is located adjacent to a county with a population that is greater than two million.

SECTION 2. Effective date: upon passage or September 1, 2011.