

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	SB1568
Version:	Engrossed
Request Number:	
Author:	Rep. Boles
Date:	4/9/2024
Impact:	\$747,953 in Recurring Costs \$142,217 in One-Time Costs

Research Analysis

The engrossed version of SB 1568 creates a process for applying to sequester CO₂ in a geologic storage facility. Some requirements for an application include:

- The application meets all statutory and regulatory requirements;
- The geologic facility is suitable for storing the CO₂;
- Both surface water and groundwater can be adequately protected;
- The applicant has obtained the consent of the owners representing no less than 63 percent of the pore space;
- The applicant has made a fair offer to the nonconsenting pore space owners.

The measure gives the Corporation Commission exclusive jurisdiction over all Class VI CO₂ sequestration facilities and injection of Class VI CO₂ for carbon sequestration.

Requires permit applicants for CO₂ sequestration facilities to give relevant surface and mineral owners at least 30 days notice of the permit hearing by mail. Permit applicants must also print two notices in two publications – one 30 days prior to the permit hearing and another 15 days prior.

The measure lists the requirements for a carbon sequestration facility to receive a certificate of completion. The Commission can issue such certificate after certifying the facility will retain mechanical integrity, the carbon dioxide will reasonably remain emplaced, the facility does not pose a danger to underground sources of drinking water, and the facility has been closed in accordance with all applicable regulations. A certificate of completion shall result in a transfer of ownership of the site to the state as well as release all owners of carbon dioxide stored in the facility from duties and obligations arising from such ownership.

Lastly, the measure authorizes the Corporation Commission to levy fees to implement the act. The total fee assessed shall be sufficient to assure a balance in the Class VI Carbon Sequestration Storage Facility Revolving Fund not to exceed Five Million Dollars (\$5,000,000.00) for any active storage facility within the state at the beginning of each fiscal year.

Prepared By: Emily Byrne

Fiscal Analysis

SB 1568 establishes that the Corporation Commission has exclusive jurisdiction over Class VI CO₂ sequestration facilities. Entities wishing to build a CO₂ sequestration facility must submit an application to the Corporation Commission and authorizes the Commission to issue a unitization order if approved. This measure also requires the Corporation Commission to issue a certificate of completion of injection operations no later than fifty (50) years after cessation of injection into a CO₂ sequestration facility.

Per the Corporation Commission, this measure would require six (6) additional full-time equivalents (FTE), resulting in a recurring annual cost of approximately Seven Hundred Forty-Seven Thousand, Nine Hundred and Fifty-three dollars (\$747,953.00) in salaries. One-time costs to establish rules and purchase necessary equipment for these additional FTE is estimated to cost One Hundred Forty-two Thousand Two Hundred Seventeen dollars (\$142,217.00) to the Commission.

Prepared By: Jay St Clair, House Fiscal Staff

Other Considerations

None.