

Advice to TCEQ Regarding Part B in Title 30, TAC, Chapter 17
Submitted by TCEQ Tax Relief for Pollution Control Property Advisory Committee

On May 21, 2010, at the Texas Commission on Environmental Quality's (TCEQ) office in Austin, the TCEQ Tax Relief for Pollution Control Property Advisory Committee ("the Committee") convened its 5th meeting to continue discussions of pending issues and finalize recommendations to the TCEQ regarding their pending draft rule package relating to the Pollution Control Property program. During the meeting, the Committee approved by an 11-0 vote of 13 members a recommendation to the TCEQ to integrate proposed revisions to Part B of the Equipment and Categories List. One committee member did not vote because he was absent as previously indicated. According to Rule 58 of Robert's Rules of Order, the chairman is entitled to vote "where the vote would change the result." As the chairman's vote would not change the result, the chairman did not vote. The Committee discussed this issue at its two previous meetings and was able to reach consensus in the May 21st meeting in hopes of giving the TCEQ staff sufficient time to integrate this proposal into the draft proposed rule revisions currently under internal review.

The committee advises the TCEQ to revise the following rule in Title 30, Texas Administrative Code, Chapter 17. In general, we advise that: (1) the Part B table in the regulations be revised to include minor revisions to a few property category headings; (2) subdivide item B-15 and include a description column for each category of property consistent with current written agency guidance documents, and (3) change the "V" (for "variable") to "100 %" in the last column of the table for five of the property categories to ensure consistency with existing agency practice.

Underlines indicate proposed additions to the existing regulatory language and ~~strikethroughs~~ indicate proposed deletions. We request TCEQ to review these proposed revisions and revise, as necessary, to align with all applicable law and rules. However, we advise that any revisions remain within the motion approved by the Committee. We understand that the TCEQ staff is under tight internal review deadlines regarding the draft proposed rules and we are hopeful that the format of the proposed regulatory changes set out below enables staff to integrate these proposals in time for them to be integrated into the proposed rules before they are approved by the Commissioners for publication in the Texas Register and put out for public comment.

§17.14 Equipment and Categories List - Part B

Part B of the Equipment and Categories List is a list of the pollution control property categories set forth in §11.31(k) of the Texas Tax Code. These categories are described in generic terms without the use of brand names or trademarks. Property used solely for product collection or for production purposes is not eligible for a positive use determination. The pollution control percentage for this equipment is listed as "100" (meaning fully exempt) or "V", for variable, and which must be calculated on an application specific basis. Applicants should first view Part A of the Equipment and Categories List to see if their equipment is already on that list. ~~Part B is a list adopted under TTC, §11.31(k).~~

No.	Property	Description	%
B-1	Coal Cleaning or Refining Facilities	<u>Used to remove impurities from coal in order to boost the heat content and to reduce potential air pollutants.</u>	V

No.	Property	<u>Description</u>	%
B-2	Atmospheric or Pressurized and Bubbling or Circulating Fluidized Bed Combustion Systems and Gasification Fluidized Bed Combustion Combined Cycle Systems	<u>Combustion systems that reduce pollution through the use of a fluidized bed that can be atmospheric & bubbling or circulating; gasification combined cycle systems; or pressurized & bubbling or circulating systems.</u>	V
B-3	Ultra-Supercritical Pulverized Coal Boilers	<u>Boiler system designed to provide 4500 psig/1100°/1100°/1100° double reheat configuration.</u>	V

B-4	Flue Gas Recirculation Components	Ductwork, blowers, etc. — used to redirect part of the flue gas back to the combustion chamber for reduction of NO _x formation. May include flyash collection in coal fired units.	√ 100
B-5	Syngas Purification Systems and Gas-Cleanup Units	A system, including all necessary appurtenances, that (1) produces synthesis gas from coal, biomass, petroleum coke, or solid waste and is then converted to electricity via combined cycle power generation equipment and (2) equipment that removes sulfur, carbon, and other polluting compounds from synthesis gas streams.	V
B-6	Enhanced Heat Recovery Systems	A heating system used to reduce the temperature and humidity of the exhaust gas stream and recover the heat so that it can be returned to the steam generator so as to increase the quantity of steam generated per quantity of fuel consumed.	V
B-7	Exhaust Heat Recovery Boilers	Used to recover the heat from boiler to generate additional steam.	V
B-8	Heat Recovery Steam Generators	A counter-flow heat exchanger consisting of a series of super-heater, boiler (or evaporator) and economizer tube sections, arranged from the gas inlet to the gas outlet to maximize heat recovery from the gas turbine exhaust gas.	V
B-9	Heat Transfer Sections for Heat Recovery Steam Generators	Super-heaters, Evaporators, Re-heaters & Economizers.	V
B-10	Enhanced Steam Turbine Systems	Enhanced efficiency steam turbines.	V
B-11	Methanation	Coal Gasification process that removes carbon and produces methane, including the necessary support systems and appurtenances.	V
B-12	Coal Combustion or Gasification Byproducts & Coproduct Handling, Storage and Treatment Facilities	Used for handling, storage, or treatment of byproducts or co-products produced (resulting) from the combustion or gasification of coal such as boiler and Gasifier slag, bottom ash, flue gas desulfurization (FGD) material, fly ash, and sulfur.	√ 100
B-13	Biomass Co-firing Storage, Distribution, and Firing Systems	Installed to reduce pollution by using biomass as a supplementary fuel.	V
B-14	Coal Cleaning or Drying Processes	Used to produce a cleaner burning coal (such as coal drying, moisture reduction, air jigging, precombustion decarbonization, and coal flow balancing technology).	V

B-15a	Oxy-Fuel Combustion Technology, Amine or Chilled Ammonia Scrubbing, Catalyst based Fuel or Emission Conversion Systems, Enhanced Scrubbing Technology, Modified Combustion Technologies, Cryogenic Technology	<u>Installed to allow the feeding of O2, rather than air, and a proportion of recycled flue gases to the boiler.</u>	V
B-15b	Amine or Chilled Ammonia Scrubbing	<u>Installed to provide post combustion capture of pollutants (including carbon dioxide upon the effective date of a final rule adopted by the USEPA regulating carbon dioxide as a pollutant).</u>	<u>√</u> <u>100</u>
B-15c	Catalyst based Systems	<u>Installed to allow the use of catalysts to reduce emissions.</u>	<u>√</u> <u>100</u>
B-15d	Enhanced Scrubbing Technology	<u>Installed to enhance scrubber performance, including equipment that promotes the oxidation of elemental mercury in the flue gas prior to entering the scrubber.</u>	<u>√</u> <u>100</u>
B-15e	Modified Combustion Technologies	<u>Systems such as chemical looping and biomass co-firing that are designed to enhance pollutant removal.</u>	V
B-15f	Cryogenic Technology	<u>Cryogenic cooling systems used to reduce pollution (including carbon dioxide upon the effective date of a final rule adopted by the USEPA regulating carbon dioxide as a pollutant).</u>	V
B-16	Greenhouse Gas Capture & Sequestration Equipment If the United States Environmental Protection Agency adopts a final rule or regulation regulating carbon dioxide as a pollutant, property that is used, constructed, acquired, or installed wholly or partly to capture carbon dioxide from an anthropogenic source in this state that is geologically sequestered in this state	<u>Used, constructed, acquired, or installed wholly or partly to capture carbon dioxide or other regulated greenhouse gasses from an anthropogenic source in this state that is then sequestered in this state. (This item is only in effect upon the effective date of a USEPA final rule regulating carbon dioxide as a pollutant.)</u>	V
B-17	Fuel Cells used to generate electricity using hydrogen derived from coal, biomass, petroleum coke, or solid waste.	<u>Used to generate electricity using hydrogen derived from coal, biomass, petroleum coke, or solid waste.</u>	V

B-18	<u>Regulated Air Pollutant Control Equipment</u> Any other equipment designed to prevent, capture, abate, or monitor nitrogen oxides, volatile organic compounds, particulate matter, mercury, carbon monoxide, or any criteria pollutant.	<u>Any other facility, device, or method designed to prevent, capture, abate, or monitor nitrogen oxides, volatile organic compounds, particulate matter, mercury, carbon monoxide, or any criteria pollutant.</u>	V
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In accordance with bylaws of the Committee, the above advice is respectfully submitted May 27, 2010 to the TCEQ on behalf of the Committee by:

Bob Adair, Chairman, Tax Relief for Pollution Control Property Advisory Committee,
Texas Commission on Environmental Quality