

Oklahoma Emission Reduction Technology Rebate Program

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OKLAHOMA
Environmental
Quality

"The Legislature hereby finds that the reduction of emissions from upstream and midstream oil and gas production, exploration, completions, gatherings, storage, processing, and transmission activities serves the interests of the citizens of Oklahoma and such emission reduction activities with **new and innovative technologies** should be encouraged and incentivized."

- *68 O.S. § 55007*

"Oklahoma Emission Reduction Technology Incentive Act"

- Included as Sections 1-7 of HB 3568
- 2022 Legislative Session
- Effective July 1, 2022
- Codified as 68 O.S. §§ 55006 through 55012

Oklahoma Emission Reduction Technology Rebate Program

- Created by the Act
- Administered by DEQ and the Oklahoma Tax Commission
- Provide an incentive for "Emission Reduction Projects"
 - Rebate up to 25% of documented expenditures

Defined "Emission Reduction Project"

- Existing and new technology projects that reduce emissions of regulated pollutants from stationary sources; and
- Existing and new technology projects that reduce emissions from
 - upstream and midstream oil & gas exploration,
 - production
 - completions,
 - gathering,
 - storage,
 - processing,
 - transmission

activities

- through the following:
 - the replacement, repair, or retrofit of stationary compressor engines,
 - the installation of systems and/or equipment to reduce or eliminate the loss of gas, venting of gas, flaring of gas, or burning of gas using other combustion control devices, or
 - the installation of emissions monitoring equipment or devices.

68 O.S. § 55008

Rebate for:

- Documented expenditures
- Made in this state
- Directly attributable to the implementation of a qualified Emission Reduction Project

Process

- Submit documentation of expenditures to DEQ
 - within 6 months of end of Fiscal Year (i.e., by December 31st)
- DEQ will approve or disapprove each rebate claim, and
 - notify OTC
 - inform the claimant

OTC issues rebate for all DEQ-approved claims

- Oklahoma Emission Reduction Technology Incentive Revolving Fund
 - created by § 55010
- Funding would be provided by:
 - any public or private donations, contributions, and gifts
 - Legislative appropriations
 - No appropriated funds for FY 2022
 - Stakeholders working to secure initial and ongoing funding
- Total rebate payments limited to \$10,000,000 per Fiscal Year
 - provisions for partial and eventual full payment if approved claims exceed annual limit or fund balance

OTC Process/Interaction

- ▶ Meeting with OTC scheduled to discuss

Preliminary Rule Plan

- § 55011 specifically directs DEQ (& OTC) to promulgate implementation rules
 - Likely create a new Subchapter 49 in Chapter 100
 - Section subjects:
 - 252:100-49-1. Purpose and applicability
 - 252:100-49-3. Definitions
 - 252:100-49-5. Program criteria and qualification determination
 - 252:100-49-7. Sunset provision

Preliminary Rule Plan, Cont'd

➤ Normal Rulemaking Process/Timing

➤ Next regularly scheduled AQAC meeting is January 11, 2023 (proposed)

➤ Comment period ~December 1 – 31

➤ EQB meeting scheduled February 17, 2023

➤ Adoption

➤ Legislative, Governor, & OAR Review

➤ Oklahoma Register notice ~ September 1, 2023

➤ Rule effective ~ September 15, 2023

Questions?

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AQD Rules & Planning Section



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