

HOUSE BILL 2593

By Dixie

AN ACT to amend Tennessee Code Annotated, Title 67
and Title 68, Chapter 201, relative to emissions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 4, is amended by
adding the following as a new section:

(a) As used in this section:

(1) "Declared resource" means each electricity-generating unit that an
electricity generator uses to generate electricity;

(2) "Electricity" means electrical energy for consumption;

(3)

(A) "Electricity generator" means a person that generated any
electricity that the person provided to an electricity provider; and

(B) "Electricity generator" includes an electricity provider if the
electricity provider generates electricity that the electricity provider
delivers in this state;

(4) "Electricity provider" means a person in this state that delivers
electricity to customers for consumption;

(5) "Fuel mix" means the actual or imputed fuel sources to generate
electricity expressed in terms of percentage contribution by each type of fuel
used to produce the electricity;

(6) "Metric ton" means two thousand two hundred five pounds (2,205
lbs.); and

(7) "Technical secretary" means the technical secretary of the air pollution control board, or the technical secretary's designee.

(b) On or before May 1 of each year, an electricity provider shall apply to the technical secretary for a written certification of the number of metric tons of carbon dioxide emitted to produce electricity that the electricity provider delivered in this state during the previous calendar year. In applying for the certification required by this section, an electricity provider shall provide the technical secretary with the following information for the previous calendar year:

(1) The number of megawatt hours of electricity that the electricity provider delivered in this state;

(2) The number of megawatt hours of electricity generated by each electricity generator from which the electricity provider received electricity to deliver in this state;

(3) For each declared resource that generates electricity by combusting coal or natural gas, of each electricity generator from which the electricity provider received electricity to deliver in this state, the total number of:

(A) For a declared resource combusting coal, short tons for each type of coal combusted by the electricity generator to generate electricity;
or

(B) For a declared resource combusting natural gas, cubic feet, in thousands, of natural gas combusted by the electricity generator to generate electricity;

(4) Information that the electricity provider or the person from whom the electricity provider purchases electricity provides to the federal power commission as required by 16 U.S.C. §§ 796, 797, 825c, and 825h; and

(5) Information on fuel mix that the electricity provider or the person from whom the electricity provider purchases electricity is required to disclose to another state or to a person in another state.

(c)

(1) Prior to issuing a certification of the number of metric tons of carbon dioxide emitted to produce electricity that an electricity provider delivered in this state during the previous calendar year, the technical secretary shall determine the electricity provider's metric tons of carbon dioxide emissions as provided in this subsection (c).

(2) Subject to subdivision (c)(3), the technical secretary shall determine the carbon intensity of an electricity generator by:

(A) Using the formula described in subdivision (c)(4) to convert, for each declared resource that generates electricity by combusting coal or natural gas, the number of:

(i) Short tons of coal to metric tons of carbon dioxide emissions; or

(ii) Cubic feet, in thousands, of natural gas to metric tons of carbon dioxide emissions;

(B) For each declared resource that generates electricity by combusting coal or natural gas, dividing the number of metric tons of carbon dioxide emissions calculated in accordance with subdivision (c)(2)(A) by the number of megawatt hours of electricity generated by the electricity generator;

(C) Adding together the calculations under subdivision (c)(2)(B) for all declared resources that generate electricity by combusting coal or natural gas of an electricity generator; and

(D) Dividing the amount calculated under subdivision (c)(2)(C) by the total number of declared resources of the electricity generator, including declared resources that generate electricity solely using wind, solar, or other renewable fuel.

(3)

(A) If an electricity provider receives electricity from more than one (1) electricity generator, the technical secretary shall calculate a weighted average of carbon intensity by:

(i) Making the calculations described in subdivision (c)(2) for each electricity generator;

(ii) Adding together the calculations described in subdivision (c)(3)(A)(i); and

(iii) Dividing the amount calculated under subdivision (c)(3)(A)(ii) by the total number of electricity generators.

(B) If an electricity provider fails to provide the information needed to calculate the carbon intensity of an electricity generator, the technical secretary may impute an electricity intensity of one (1) metric ton of carbon dioxide per megawatt hour of electricity.

(4) The technical secretary shall use the following formulas to convert units of coal or natural gas to metric tons of carbon dioxide emissions:

(A) One (1) short ton of anthracite coal equals two and five hundred seventy-nine thousandths (2.579) metric tons of carbon dioxide emissions;

(B) One (1) short ton of bituminous coal equals two and two hundred thirty-seven thousandths (2.237) metric tons of carbon dioxide emissions;

(C) One (1) short ton of coal coke equals two and eight hundred thirty thousandths (2.830) metric tons of carbon dioxide emissions;

(D) One (1) short ton of lignite coal equals one and two hundred sixty-six thousandths (1.266) metric tons of carbon dioxide emissions;

(E) One (1) short ton of subbituminous coal equals one and six hundred eighty-six thousandths (1.686) metric tons of carbon dioxide emissions; and

(F) One thousand (1,000) standard cubic feet of natural gas equals five thousand three hundred twelve hundred thousandths (.05312) metric tons of carbon dioxide emissions.

(5) The technical secretary may use the information reported under subdivisions (b)(4) and (5) to assess the accuracy of the information reported under subdivisions (b)(1) - (3).

(6) After the technical secretary determines the carbon intensity of the electricity generator, or in the case of an electricity provider that receives electricity from more than one (1) electricity generator, the weighted average of carbon intensity, the technical secretary shall calculate the electricity provider's metric tons of carbon dioxide emissions by multiplying the:

(A) Number of megawatt hours that the electricity provider delivered in this state; and

(B)

(i) For an electricity provider that receives electricity from one (1) electricity generator, the amount of carbon intensity calculated under subdivision (c)(2); or

(ii) For an electricity provider that receives electricity from more than one (1) electricity generator, the weighted average of carbon intensity calculated under subdivision (c)(3).

(d) On or before June 1 of each year, the technical secretary shall:

(1) Issue to each electricity provider, on a form provided by the department of revenue, a certification of the total number of carbon dioxide emissions emitted to produce electricity that the electricity provider delivered in this state during the previous calendar year; and

(2) Provide the department of revenue with an electronic report listing the name and address of each electricity provider to which the technical secretary issues a certification under this section.

(e) It is a privilege taxable by this state for any person to provide electricity for delivery to consumers in this state, the production of which resulted in carbon dioxide emissions. For any calendar year beginning on or after January 1, 2021, each electricity provider shall pay a carbon emissions tax in the amount of ten dollars (\$10.00) on each metric ton of carbon dioxide emissions emitted in excess of five hundred thousand (500,000) metric tons to produce electricity that the electricity provider delivered in this state during the previous calendar year.

(f) The tax imposed by this section is payable annually on or before July 1 for the tax owed based on emissions during the previous calendar year.

(g) Of the taxes, including all penalties and interest, received by the commissioner of revenue under this section, the distribution is:

(1) Sixty percent (60%) to the general fund; and

(2) Forty percent (40%) to:

(A) The municipality where the taxpayer's principal place of business is located; or

(B) If the taxpayer's principal place of business is not located within the corporate boundaries of a municipality, the county where the taxpayer's principal place of business is located.

SECTION 2. Tennessee Code Annotated, Section 68-201-107(a), is amended by adding the following as a new subdivision:

() Collect, process, and report data concerning carbon dioxide emissions for purposes of calculating the privilege tax on carbon dioxide emissions under Section 1;

SECTION 3. The air pollution control board is authorized to promulgate rules to effectuate the purposes of this act. The rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 4. The commissioner of revenue is authorized to promulgate rules to effectuate the purposes of this act. The rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 5. For the purposes of developing forms and promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect January 1, 2021, the public welfare requiring it.