

FISCAL NOTE

May 16, 2024

Bill No:	SB 831	Printer's No:	1514	Sponsor:	Yaw
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COST / (SAVINGS)

Fund (s)	2023-24	2024-25
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: SB 831 establishes the Carbon Capture and Sequestration Act.

ANALYSIS: This bill would establish the legal and regulatory framework for potential carbon dioxide capture, utilization and sequestration. To operate a carbon sequestration project, storage operators must obtain a UIC Class VI permit (to be issued by the Department of Environmental Protection (DEP)) and all other permits as required by applicable statutes and regulations.

SB 831 provides for pore space (subsurface area that can be used as a storage space for carbon dioxide) ownership and joint ownership of storage space. DEP shall set and collect a fee adequate to pay expenses associated with the conduct of administrative hearings for the collective storage of pore space. Owners shall prepare a seismic activity review at the time of application and shall continue to monitor but may apply for a waiver.

SB 831 also provides for the liability of storage operators. Damages may not be sought unless a claimant can prove there has been injury or obstruction to the free use of property.

SB 831 states DEP shall issue a certificate of program completion after certain conditions have been met. After a certificate of program completion is issued the Commonwealth of Pennsylvania shall assume responsibility and liability for the stored carbon dioxide. This shall be applicable in all cases except criminal and contractual liability or when the operator has misled DEP or violated regulations. Any bonds or financial assurance mechanisms submitted to DEP shall be released.

Storage operators shall pay a fee for each ton of carbon dioxide injected for storage; this fee amount shall be set by the Environmental Quality Board. It shall be based on DEP's anticipated expenses associated with regulating and the long-term monitoring of storage facilities.

The Carbon Dioxide Storage Facility Fund is established, and a restricted account is established within the fund; DEP shall administer the fund. Half of the per-ton fee shall be deposited into the fund and half shall be deposited into the restricted account. Penalties imposed for violations of the act or regulations, as well as funds received by DEP from financial responsibility mechanisms shall be remitted to the fund.

The fund shall be used to defray DEP's costs associated with processing permitting applications, regulating storage facilities, and making storage amount determinations. The restricted account shall be used only to defray the costs associated with long-term monitoring and management of

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a closed facility. Interest earned by the fund and restricted account shall be deposited into the fund and restricted account, respectively.

Money in the fund may not be transferred to the General Fund or any other fund. Money in the fund and restricted account shall be annually appropriated by the General Assembly.

This act shall take effect immediately.

FISCAL IMPACT: DEP would need at least 18 additional positions with an initial cost of roughly \$2.6 million to administer and enforce the program.

Job Class	# of positions	pay grade	pay level	FY2024-25 Payroll, Benefits & Overhead Est.
Seismologist (1, ST08?)	1	ST08	10	\$ 162,989.43
Geologist for well permitting (1, ST08)	1	ST08	10	\$ 162,989.43
Biologist for 102 and 105 permits (1 biologist ST07)	1	ST07	5	\$ 128,533.32
Engineer 102 and 105 permits (1 engineer, ST08)	1	ST08	10	\$ 162,989.43
Water Quality Specialist in each of the 3 Districts for inspections (3 total, ST06)	3	ST06	5	\$ 338,038.21
Oil & Gas Inspectors in each of the 3 Districts for inspections (3 total, ST07)	3	ST07	5	\$ 385,599.95
Compliance Specialists in each of the 3 Districts for enforcements (3 total, ST07)	3	ST07	5	\$ 385,599.95
Staff in CO to write regulations (if we get authority to write regulations) (1, ST08)	1	ST08	10	\$ 162,989.43
central office Group manager ST09	1	ST09	10	\$ 186,866.96
central office staff ST08	3	ST08	10	\$ 488,968.29
	18			\$ 2,565,564.39

It is unclear if additional legal positions would be needed for the program. It is also unknown if fees provided for in the legislation would be sufficient to cover associated costs. While the legislation allows DEP to set a fee based on anticipated costs for regulation and monitoring of carbon sequestration activities, the actual amount of fee revenue received is based on the amount of carbon actually sequestered. There may also be unseen implications or costs associated with the Commonwealth of Pennsylvania taking on liability and responsibility for completed projects.