



TEXAS DESALINATION ASSOCIATION (TXD) LEGISLATIVE PRODUCED WATER INITIATIVE

PRODUCED WATER SOCIETY SEMINAR 2019

PAUL CHOULES
CEO WATER CYCLE & PRESIDENT TXD

TOPICS

- About Texas Desalination Association (TXD)
- Legislative Initiative



WATERcycle™

ABOUT TEXAS DESAL

- The Texas Desalination Association (TXD) was organized in November 2011 to help develop mechanisms for making desalination technology more accessible across the lone star state with the goal of enhancing water supplies for now and the future. Our objectives include educating elected officials about desalination and its uses, incentivizing desalination technologies, and streamlining regulatory processes.
- Annual conference every September in Austin.

TEXAS DESAL

- Executive Board Members:
 - Paul Choules (Water Cycle) – President
 - Bill Norris (NorrisLeal) – Vice President
 - Carolyn Ahrens (Booth, Ahrens) – Secretary
 - Justin Sutherland (Carollo) – Treasurer
- Board Members
 - Holly Churman (GHD), Gilad Cohen (IDE), Steve Sanchez (North Alamo Water Supply Co.), Jorge Arroyo (Frees & Nichols), Steve Walden (Steve Walden Consulting), Dewitt Dees (Voltea), Darrell Peckham (Texas Water Supply Development) & Steve Young (Intera)
- Staff:
 - Kyle Frazier – Executive Director
 - Team – Administrative Support
 - Tucker Frazier
 - Bill Stevens

LEGISLATIVE INITIATIVE

The Texas Water Dilemma

- Rapidly increasing population
- Increasing vulnerability to drought
- Expanding demand on current water supplies
- Never ending quest for “new water”
- Virtually all surface water currently subscribed
- Increased use of current ground water resources is problematic
- Increasing population with no increase in surface water supply since the 1970's

The TXD Solution

- Vast reserves of attainable brackish groundwater
- Endless supply of gulf seawater
- Increasing supply of “produced water”
- Current technology converts unusable water to usable
- Proposed legislation offers acceptable incentives to reduce overall costs
- Reduces the need to inject “produced water” in disposal wells
- Creates drought proof solutions to new water
- Creates a new non-existing water market in Texas
- Allows tax incentives to be sold or transferred

THE BILLS

1. Recycle (Produced Water)
2. ASR (aquifer storage and recharge)
3. Desalination

Description – Relating to the creation of fresh water resource and water supply for the use by citizens of the state of Texas by the treatment and recycling of water produced in oil or gas drilling, completion or production.

THE BILLS - SUMMARY

- The bills incentive water desalination by providing a franchise tax credit to operators treating high salinity water at levels more than 3,000 mg/l TDS. The franchise tax credit may then be transferred to another eligible tax liability for credit only after the original tax credit recipient has satisfied its eligible tax obligation(s). The tax credit recipient may carry-forward its credit for five consecutive reports (i.e. six years).
- The desalination permit holder must report source water concentrations, treated water quality and metered volumes monthly to the TCEQ. The franchise tax credit adjusts with increased salinity levels:
 - Source water at or in excess of 3,000 mg/l TDS the tax credit is \$0.25 per 1K gallons for treated water to beneficial use if 50% of the source water is in excess of 10,000 mg/l TDS, the tax credit is \$0.50 per 1K gallons for treated water to beneficial use.
 - If 50% of the source water is in excess of 25,000 mg/l TDS, the tax credit is \$1 per 1K gallons for treated water to beneficial use.
 - If 50% of the source water is in excess of 70,000 mg/l TDS, the tax credit is \$5 per 1K gallons for treated water to beneficial use.
 - If 50% of the source water is in excess of 100,000 mg/l TDS, the tax credit is \$17 per 1K gallons for treated water to beneficial use.

HOUSE COMMITTEE ON WAYS & MEANS

- Rep. Dustin Burrows - Lubbock, TX
- Rep. Ryan Guillen - Rio Grande City, TX
- Rep. Dwayne Bohac - Houston, TX
- Rep. Sheryl Cole - Austin, TX
- Rep. Trey Martinez-Fischer - San Antonio, TX
- Rep. Jim Murphy - Houston, TX
- Rep. Candy Noble - Plano, TX
- Rep. Eddie Rodriguez - Austin, TX
- Rep. Scott Sanford - McKinney, TX
- Rep. Matt Shaheen - Plano, TX
- Rep. John Wray - Waxahachie, TX

NEXT STEPS

- We have spoken with Rep. Ryan Guillen about carrying this bill in the House and are looking for someone in the Senate.
- The committees in both the house and senate will meet next week and we hope to get these bills heard as soon as possible.
- The bills will be debated and modified accordingly.
- There will be multiple changes before the final bill/s are voted on.
- We will seek support (votes) as well as address any negativity that arises.

CONCLUSION

Thank you and please support these
bills

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