

# Subchapter 49. Oklahoma Emission Reduction Technology Rebate Program

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OKLAHOMA  
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"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"

- Codified as 68 O.S. §§ 55006 through 55012
  - 2022 Legislative Session, Effective July 1, 2022
- Oklahoma Emission Reduction Technology Rebate Program
  - Rebate up to 25% of expenditures for "Emission Reduction Projects"
    - Claims reviewed and approved by DEQ and
    - Claims paid by the Oklahoma Tax Commission
    - Oklahoma Emission Reduction Technology Incentive Revolving Fund

# "Oklahoma Emission Reduction Technology Incentive Act"

- Main Revisions to the Act during 2024 Legislative Session
  - Added Refining and Distribution as Activities Eligible for Rebates
  - Renamed Existing Revolving Fund, and Added Separate Revolving Fund
    - Oklahoma Emission Reduction Technology Upstream and Midstream Incentive Revolving Fund
    - Oklahoma Emission Reduction Technology Downstream Incentive Revolving Fund
      - For "Emission Reduction Projects Pertaining to Refining Activities"
  - Preliminary Review and Approval

# Subchapter 49

- 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

# 252:100-49-1. Purpose and applicability

## **252:100-49-1. Purpose and applicability**

(a) The purpose of this Subchapter is to implement applicable provisions of the Oklahoma Emission Reduction Technology Incentive Act, 68 O.S. § 55006, *et seq.* The act created the "Oklahoma Emission Reduction Technology Rebate Program," administered by the Department of Environmental Quality and the Oklahoma Tax Commission, to provide a rebate of up to 25% of expenditures for implementation of a qualified "Emission Reduction Project." The program is intended to encourage implementation of new and innovative technologies for reduction of on-site emissions from oil and gas activities, specifically those listed in subsection (b).

(b) This program applies only to emissions from upstream, and midstream, and downstream oil and gas production, exploration, completions, gatherings, storage, processing, refining, distribution, and transmission activities. Activities in the following SIC codes are generally considered to qualify within the scope of eligibility for this program: 1311, 1321, 1381, 2911, 4612, 4613, 4922, 4923, 4924, and 4925, 5171, and 5172. DEQ may determine whether an activity identified by a particular NAICS code would qualify under an equivalent SIC code.

# "Emission Reduction Project" Defined

1. Existing and new technology projects that reduce **on-site** emissions of regulated pollutants **or carbon oxides** from stationary sources; and
2. Existing and new technology projects that reduce emissions from upstream, midstream, **and downstream** oil & gas exploration, production, completions, gatherings, storage, processing, **refining, distribution**, and transmission activities through the following:
  - a. the replacement, repair, or retrofit of stationary compressor engines,
  - b. 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,
  - c. The installation of systems and/or equipment to reduce the per barrel consumption of energy, or**
  - d. the installation of emissions monitoring equipment or devices.

*68 O.S. § 55008*



# Subchapter 49

➤ 252:100-49-1. Purpose and applicability

➤ 252:100-49-3. Definitions

**"Emission Reduction Project" or "ERP"** means an "Emission Reduction Project" as defined in 68 O.S. § 55008, but does not include projects that are required to address an enforcement action or undertaken as a supplemental environmental project to offset an enforcement penalty.

➤ 252:100-49-5. Program criteria and qualification determination

➤ 252:100-49-7. Sunset provision



## 252:100-49-5. Program criteria and qualification determination

### ➤ Subsection (a) – Applying for rebate eligibility

#### ➤(3) Project documentation

##### **252:100-49-5. Program criteria and qualification determination**

**(a) Applying for rebate eligibility.** An applicant responsible for the implementation of a qualified Emission Reduction Project may submit a rebate claim to DEQ for review and determination whether the project qualifies under the program.

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(3) Project documentation shall include:

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(E) a statement that specifically identifies whether the ERP pertains to refining activities, or does not pertain to refining activities.

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## 252:100-49-5. Program criteria and qualification determination

### ➤ Subsection (b) – DEQ review of rebate claim.

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(b) **DEQ review of rebate claim.** DEQ will review the rebate claim information to determine if the described project is a qualified Emission Reduction Project, and will the notify the applicant and OTC of its final approval or disapproval of the claim for a rebate payment from available funds in either the Oklahoma Emission Reduction Technology Upstream and Midstream Incentive Revolving Fund or the Oklahoma Emission Reduction Technology Downstream Incentive Revolving Fund, as appropriate.

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## 252:100-49-5. Program criteria and qualification determination

- New Subsection (c) – Early submittal of rebate claim documentation for preliminary review.

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(c) **Early submittal of rebate claim documentation for preliminary review.** An applicant may submit documentation for a planned ERP and corresponding rebate claim, for preliminary review by DEQ prior to the expenditure of project funds. Such submittal shall include a payment for the fee required under paragraph (9). Any resulting preliminary approval of the technical merits of the project shall be subject to final review and approval, once the project is complete and invoices are received per (a)(3)(C) and (D) above, prior to notifying OTC of a final determination under subsection (b).

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# Next Steps and Other Items

## ➤ Normal Rulemaking Process/Timing

- Next regularly scheduled EQB meeting scheduled for November 21, 2024
- Legislative and Governor's Review
- Anticipated Rule Effective Date ~ September 15, 2024
- DEQ will Honor Statutory Changes Pending Rule Becoming Effective

## ➤ Legislative Funding for the Rebate Program Revolving Fund(s)

- Review has Begun on Rebate Claims

## ➤ Working with OTC on MOA

Staff requests AQAC recommend the proposed amendments to Subchapter 49 (as reflected in the AQAC Packet) to the EQB for adoption as permanent rules at its next regular meeting (November 21, 2024)

## Questions?

Oklahoma Emission Reduction Technology Rebate Program

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