

Brad Kinkeade

Ash Grove, Holcim and Cemex joint comments on Section 185 Fee

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Submitted electronically at <https://tceq.commentinput.com/>

Office of Legal Services
Texas Commission on Environmental Quality
12100 Park 35 Circle
Austin, TX 78711-3087

Re: Section 185 Fee for the 2008 Ozone NAAQS - RPN 2023-131-101-AI

On behalf of Ash Grove, Holcim and Cemex, we thank you for the opportunity to comment on the referenced matter. Cement is the building block of Texas' and our nation's economy and sustains our modern way of life. Cement is the primary ingredient used in making concrete. It is the "glue" that binds together aggregates and water to create concrete. A little known fact, cement is the second most used substance in the world, only behind water!

The Texas cement industry generates over \$16.2 billion in economic contribution to the state, including \$240 million in tax revenue. Cement companies operate 11 cement plants in Texas and produce and source 22 million tons of cement each year that are used to building Texas communities and infrastructure. Cement is critical not just for Texas, but for the entire nation. It connects communities, supports international trade, and ensures safety.

The Texas cement and related industries employs over 20,000 people in high-paying jobs with a payroll of over \$1.2 billion. Texas cement companies are long-standing members of their local communities. We invest in our people, providing well-paying careers, and we give back in meaningful ways.

Cement has long been recognized for its versatility, resilience, safety, and cost-effectiveness, offering lower life-cycle costs to the taxpayer. It is a durable construction material that can stand up to severe Texas weather events like wildfires, tornadoes, hurricanes and freezing temperatures.

Cement is an essential component in nearly all building construction and public works projects, including roads, bridges, dams, airports, rail, ports, hospitals, schools and military bases as well as helping to supply energy across the state.

Infrastructure projects underway today, throughout Texas, are working to relieve congestion, increase movement of commerce and goods and create new energy networks and sources. With over 9,000 TxDOT projects under construction or starting soon, and 7,500 starting in the next 4 years, access to cement is critical to completing these projects on time and on budget.

We agree with TCEQ –TERP funds can offset fees while supporting vehicle emissions reductions in DFW and HGB

Unlike other businesses, we are limited to where natural forces have deposited the materials we use – including cement plants located in the DFW and the Houston-Galveston-Brazoria (“HGB”) markets. Because of high transportation and environmental costs, we normally are unable to move the vast amounts of cement we produce over long distances. The Texas miracle continues to bring over 1,000 people per day to Texas, putting population and industry closer to established cement plants.

This population boom brings an increase in “on-the road” vehicles like cars and trucks and “non-road” vehicles like airplanes, railroad engines and construction equipment (collectively, “mobile sources”). Mobile sources are the single largest combined contributor of NOx in Texas. TCEQ is correct in using TERP funds to satisfy Section 185 fees. Annually collected 185 fees, administered by the Texas Clean Air Fund, can and should continue to be used for emission reductions for mobile sources in DFW and HGB.

Cement plant investments in emission reductions prior to the baseline level should not be penalized for early reductions

Our industry has been leading the way in creating more sustainable building materials. To deliver these materials, while reducing greenhouse gas emissions, the cement industry in Texas has made significant investments in improving their fuel and energy efficiencies, installing emission control devices, and incorporating technologies that help produce lower carbon intensive products. These improvements contribute to the long-term sustainability of our facilities and the communities they serve.

The rule making proposes a fee by establishing a baseline emission level (over a 10 year period) for all existing major sources of VOC and NOx. Those cement producers who invested in emission reductions prior to this baseline window would be penalized for taking early action to lower emissions and exposed to additional significant fees. Existing sources, like cement plants, should be able to adjust their baseline period to capture these improvements.

The entire cement industry is proud to deliver the resources needed to build our communities and modernize our infrastructure, which is essential to the growth and resilience of Texas. We respectfully urge TCEQ to allow some flexibility in determining the appropriate baseline emission level for affected cement facilities in order to recognize significant investments and reductions achieved and to preserve the Texas cement industry.

Thank you for the opportunity to comment on these draft rules.

Sincerely,

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