

SUBJECT: Designating certain gas entities as critical during an energy emergency

COMMITTEE: Energy Resources — favorable, without amendment

VOTE: 9 ayes — Goldman, Anchia, Craddick, Darby, Geren, T. King, Leman,
Longoria, Reynolds

0 nays

2 absent — Herrero, Ellzey

WITNESSES: For — JP Urban, AECT; Julia Harvey, Texas Electric Cooperatives, Inc.;
(*Registered, but did not testify*: Greg Macksood, Devon Energy; Cyrus
Reed, Lone Star Chapter Sierra Club; Sarah Gouak, Lower Colorado
River Authority; Erika Akpan, NRG Energy; Julie Moore, Occidental
Petroleum; Lon Burnam, Public Citizen; Jason Modglin, Texas Alliance
of Energy Producers; Katie Coleman, Texas Association of
Manufacturers.; Tulsı Oberbeck, Texas Oil and Gas Association; Mance
Zachary, Vistra Corporation; Trace Finley, WaterBridge L.L.C.)

Against — None

On — (*Registered, but did not testify*: Connie Corona and Thomas
Gleeson, Public Utility Commission of Texas; Paul Dubois and Mark
Evarts, Railroad Commission of Texas)

DIGEST: HB 3648 would require the Railroad Commission (RRC) to work with the
Public Utility Commission (PUC) and for each commission to adopt rules
to designate certain gas entities and facilities as critical during an energy
emergency.

RRC's rules would have to determine eligibility and designation
requirements for persons owning, operating, or engaging in activities
related to common carrier pipelines and oil and gas wells to provide
critical customer designation and critical gas supply information to
transmission and distribution utilities, municipally owned utilities, electric

cooperatives, and the ERCOT power region.

The rules also would have to consider essential operational elements when defining critical customer designations and critical gas supply information, including natural gas production, processing, transportation, and the delivery of natural gas to generators.

PUC's rules would have to:

- ensure that transmission and distribution utilities, municipally owned utilities, electric cooperatives, and the ERCOT power region were provided with the critical customer designations determined by the RRC rules under the bill;
- provide for a prioritization for load-shed purposes of gas entities and facilities designated as critical; and
- provide discretion to transmission and distribution utilities, municipally owned utilities, and electric cooperatives to prioritize power delivery and restoration among the customers on their respective systems.

Both PUC and RRC would have to adopt rules by September 1, 2021. PUC would have to report to the Legislature on its implementation of the designation and prioritization requirements by January 1, 2022.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021.

**SUPPORTERS
SAY:**

HB 3648 would take a critical step toward preventing service interruptions to natural gas and power generation facilities during a future energy emergency by addressing the lack of coordination between natural gas and electric providers that contributed to the extended power outages faced by millions of Texans during the recent winter storm.

During the storm, power was shut off to some natural gas facilities because they were not registered as critical load serving electric

generation, affecting the natural gas supply to some electricity generation facilities. Some have raised concerns that such registration currently is merely voluntary, especially because of the link between the natural gas and electricity industries and because power generation from natural gas adds up to the majority of Texas' electricity production. HB 3648 would address this issue by requiring the Public Utility Commission and the Railroad Commission to work together to create a framework to designate certain gas facilities as critical during an energy emergency, ensuring the efficient flow of electricity to natural gas production facilities and thus the flow of natural gas to electric generators.

CRITICS
SAY:

No concerns identified.