

By: Darby

H.B. No. 2262

A BILL TO BE ENTITLED

AN ACT

relating to gas utility alternative gas expenses and infrastructure investments.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 104, Utilities Code, is amended by adding Section 104.061 to read as follows:

Sec. 104.061. CONSIDERATION OF ALTERNATIVE GAS EXPENSES AND INFRASTRUCTURE INVESTMENTS. (a) In this section, "alternative gas" means:

(1) any pipeline-compatible gaseous fuel that is derived from:

(A) the anaerobic digestion of biomass, gasification of biomass, or another biomass conversion process;

(B) agricultural waste; or

(C) landfill gas;

(2) hydrogen produced using:

(A) carbon capture and storage;

(B) renewable energy to break down water into hydrogen and oxygen through electrolysis; or

(C) pyrolysis to break down methane into hydrogen and solid carbon;

(3) gas certified in a manner approved by the railroad commission under Subsection (c); or

(4) another gaseous fuel designated by the railroad

1 commission under Subsection (c).

2 (b) This section applies only to a gas utility that owns or
3 operates for compensation in this state equipment or facilities to
4 distribute combustible hydrocarbon natural gas or synthetic
5 natural gas under rates, terms, and conditions approved by a
6 regulatory authority.

7 (c) The railroad commission by rule may:

8 (1) approve a certification process used by an
9 organization to certify that a type of gas has a lower carbon
10 content than natural gas; and

11 (2) designate a gaseous fuel as an alternative gas if
12 the fuel has a lower carbon content than natural gas.

13 (d) A gas utility may include one or more forms of purchased
14 alternative gas in its gas supply portfolio used for the provision
15 of gas service to the utility's customers. When establishing a gas
16 utility's rates, the regulatory authority shall allow a gas utility
17 to recover as a cost or expense expenditures associated with
18 purchasing the alternative gas if the expenditures were prudent,
19 reasonable, and necessary.

20 (e) A gas utility may invest in infrastructure to acquire,
21 interconnect with, or produce an alternative gas supply for its
22 customers. When establishing a gas utility's rates, the regulatory
23 authority shall allow a gas utility to include in its invested
24 capital prudent, reasonable, and necessary alternative gas supply
25 infrastructure costs while the infrastructure is used and useful in
26 providing service to the utility's customers.

27 SECTION 2. This Act takes effect September 1, 2023.