

## **BILL ANALYSIS**

C.S.H.B. 2174  
By: Bonnen  
Energy Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas Railroad Commission (Commission) has statutory responsibility for licensing and permitting pipelines in Texas. This bill creates a specific category of non-gas utility pipelines which is limited only to those pipelines which are used solely to serve an LNG marine terminal or transport the gas from the marine terminal to the owners of the gas or underground storage facility.

This bill will clarify that the intrastate pipeline and storage facilities for liquefied natural gas (LNG) facilities are not gas utilities, but must be built to all state and federal safety requirements. Currently, natural gas pipelines are classified as either gas utilities or non-utility gatherers. However, the LNG marine terminal and its pipeline serve a unique purpose. The LNG marine terminal does not buy and sell gas or transport gas for a fee. It takes LNG owned by the customers, turns it back into a gaseous state and uses the pipeline to return the gas to the owners of the gas. It exists for the purpose of transporting the re-gasified natural gas to a point where its owners can reclaim possession. The pipeline does not engage in any commercial transactions which need to be regulated as utility transactions.

This bill creates a specific category of non-gas utility pipelines which is limited only to those pipelines which are used solely to serve an LNG marine terminal or which take the gas from the marine terminal to the owners of the gas or underground storage facility.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

This bill amends the Utilities Code, by amending the definition of "gas utility" to exclude a person who is excluded from being considered a gas utility under Section 121.007 of the Utilities Code.

This bill adds a section to the Utilities Code entitled "Sec. 121.007. Transportation of Gas to and From Liquefied Natural Gas Marine Terminal Excluded." This bill specifies that a person operating a natural gas pipeline, a liquefied natural gas pipeline, or an underground storage facility is not a gas utility if the person certifies to the railroad commission that the person uses the pipeline or underground storage facility solely to deliver natural gas or liquefied natural gas to a liquefied natural gas marine terminal; from a liquefied natural gas marine terminal to the owner of the gas or another person on behalf of the owner of the gas; or that is acquired or sold by the person as necessary for the operation or maintenance of its facility that is excluded as a gas utility.

The bill specifies that the power of eminent domain is not conferred to a pipeline or underground storage facility excluded as a gas utility.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

## **COMPARISON OF ORIGINAL TO SUBSTITUTE**

In Sec. 121.007 (a) of the bill, the substitute adds the word "solely" between the words facility and to. Under item (3) of that same section, the substitute deletes the words "in connection with" and replaces them with the words "as necessary for."