

BILL ANALYSIS

C.S.H.B. 3555
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Freeport LNG built the first liquefied natural gas terminal in Texas and the first such terminal in the United States in the last 30 years. State statutes that regulate gas companies did not have provisions dealing with liquefied natural gas marine terminals. The 80th Legislature, Regular Session, 2007, enacted H.B. 2174 which clarified that a liquefied natural gas marine terminal did not become a "gas utility" when used to deliver natural gas or liquefied natural gas from the terminal to the owner of the gas. The existing statute narrowly describes the operations of the Freeport LNG terminal and only covers a terminal which is not in the business of buying and selling gas. However, there are operational activities which the terminal needs to conduct which have since become apparent.

C.S.H.B. 3555 amends the statute governing when a company, limited liability company, private corporation, or individual operating a natural gas or liquefied natural gas pipeline, or an underground storage facility is excluded from being considered a gas utility.

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

C.S.H.B. 3555 amends the Utilities Code to establish that a company, limited liability company, private corporation, or individual operating a natural gas pipeline, a liquefied natural gas pipeline, or an underground storage facility is not a gas utility if such operator certifies to the Railroad Commission of Texas that the pipeline or underground storage facility is used solely to deliver natural gas or liquefied natural gas or liquefied natural gas that has been stored for export, or that is liquefied by the operator as necessary for the operation or maintenance of a facility of the operator that is excluded as a gas utility. The bill provides that those and other conditions that exclude an operator from being a gas utility apply not only to the delivery of natural gas or liquefied natural gas but also to the delivery of constituents of natural gas or liquefied natural gas.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3555 differs from the original by referring to the delivery of natural gas or liquefied natural gas, or the constituents thereof, that have been stored for export, rather than acquired by, stored by, or liquefied by the operator of a liquefied natural gas marine terminal as in the original. The substitute adds reference to natural gas, liquefied natural gas, or the constituents thereof that have been liquefied for the operation or maintenance of an excluded facility.