

BILL ANALYSIS

C.S.H.B. 4107
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Electric cooperatives and their subsidiaries seek to expand their services by distributing combustible hydrocarbon natural gas. Natural gas is the largest single source of fuel for electric power providers. The use of underground storage facilities on behalf of a customer to store natural gas is a simple service and should not subject an electric cooperative to state regulations applicable to a gas utility, public utility, common carrier, or common purchaser.

C.S.H.B. 4107 exempts certain electric cooperatives that provide gas storage services to the public for hire from regulation by the Railroad Commission of Texas under the commission's jurisdiction over gas utilities, common carriers, and other entities.

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. 4107 amends provisions of the Utilities Code relating to natural gas pipelines to specify that an electric cooperative or its subsidiary that sells electricity at wholesale is not a gas utility or subject to regulation as a gas utility solely because it provides gas storage services for hire if the gas storage facility is predominantly operated to support the integration of renewable resources. The bill prohibits such a gas storage facility from having a working gas capacity of greater than five billion cubic feet. The bill makes a conforming change in the definition of a "gas utility" under the Gas Utility Regulatory Act.

C.S.H.B. 4107 amends the Natural Resources Code to establish that provisions relating to common carriers, public utilities, and common purchasers, and any common law requirements or limitations applicable to a common carrier, do not apply to an underground storage facility owned or operated by an electric cooperative or its subsidiary that sells electricity at wholesale and offers or provides gas storage services for hire if the gas storage facility is predominantly operated to support the integration of renewable resources. The bill prohibits such a gas storage facility from having a working gas capacity of greater than five billion cubic feet. The bill redefines "public utility" to make a conforming change establishing that the term does not include such an electric cooperative or its subsidiary.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 4107 differs from the original by making a technical change relating to the definition of a "gas utility" under the Gas Utility Regulatory Act. The substitute differs from the original, in provisions that state the circumstances in which an electric cooperative or subsidiary that provides natural gas storage services for hire is not a gas utility and is not subject to regulation as a gas utility, by adding provisions making such status contingent on the electric cooperative or subsidiary selling electricity at wholesale, the gas storage facility being operated predominantly to support the integration of renewable resources, and the gas storage facility having a working gas capacity not greater than five billion cubic feet.

C.S.H.B. 4107 differs from the original, in provisions of the Natural Resources Code relating to common carriers, public utilities, and common purchasers, by removing a provision that specified that the definition of "storage facility" does not include an underground gas storage facility that offers or provides gas storage services to the public for hire, if the facility is owned or operated by an electric cooperative or a subsidiary of the electric cooperative. The substitute differs from the original in stating the circumstances in which code provisions governing such entities and any common law requirements or limitations on a common carrier are inapplicable to an underground storage facility owned or operated by an electric cooperative or its subsidiary that offers or provides gas storage services to the public for hire. The substitute differs from the original by adding provisions making such inapplicability contingent on the electric cooperative or subsidiary selling electricity at wholesale, with the gas storage facility being operated predominantly to support the integration of renewable resources, and the gas storage facility not having a working gas capacity greater than five billion cubic feet. The substitute removes provisions in the original relating to whether an electric cooperative or its subsidiary has status as a common carrier, common purchaser, or public utility. The substitute differs from the original by adding a conforming provision amending the definition of "public utility."