

BILL ANALYSIS

S.B. 1826
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Energy Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Freeport LNG built the first liquefied natural gas (LNG) terminal in Texas and the first one built in the United States in the last 30 years. The provision of the Utilities Code that regulates gas companies did not include a provision dealing with LNG marine terminals. The 80th Legislature, Regular Session, 2007, enacted H.B. 2174, which made it clear that an LNG marine terminal did not become a "gas utility" when it was used to deliver natural gas or LNG from the terminal to the owner of the gas.

The existing statute narrowly describes the operations of the Freeport LNG terminal so that only a terminal which is not in the business of buying and selling gas is covered by the statute. However, it has become apparent since last session that there are operational activities that the terminal needs to conduct.

S.B. 1826 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

S.B. 1826 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.