

BILL ANALYSIS

H.B. 1165
By: Keffer
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Electric cooperatives and their subsidiaries seek to expand their services by distributing combustible hydrocarbon natural gas. Natural gas is a major source of fuel for electric power providers. The use of underground storage facilities by an electric cooperative to store natural gas on behalf of a customer is a simple service, but is currently subject to state regulations applicable to a gas utility, public utility, common carrier, or common purchaser. H.B. 1165 exempts certain electric cooperatives that provide gas storage services to the public from regulation by the railroad commission 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

H.B. 1165 amends the Utilities Code to establish that an electric cooperative, as that term is defined under the Public Utility Regulatory Act, 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 to the definition of "gas utility" by excluding an electric cooperative or its subsidiary from the meaning of the term.

H.B. 1165 amends the Natural Resources Code to make provisions of law relating to the regulation of common carriers, public utilities, and common purchasers, and any common law requirements or limitations applicable to a common carrier, inapplicable to an underground storage facility owned or operated by an electric cooperative, as that term is defined under the Public Utility Regulatory Act, or its subsidiary, that sells electricity at wholesale and offers or provides gas storage services to the public for hire if the gas storage facility is predominantly operated to support the integration of renewable resources. The bill specifies that such a gas storage facility is prohibited from having a working gas capacity of greater than five billion cubic feet. The bill makes a conforming change to the definition of "public utility" by excluding from the meaning of the term an electric cooperative, as that term is defined under the Public Utility Regulatory Act, or its subsidiary, that sells electricity at wholesale and that owns or operates an underground storage facility that does not have a working gas capacity of greater than five billion cubic feet and provides gas storage services to the public for hire if the gas storage facility is predominantly operated to support the integration of renewable resources.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.