

BILL ANALYSIS

C.S.H.B. 2166
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Railroad Commission of Texas serves as the State's primary regulator of the oil and gas industry. The Commission's mission is to ensure the efficient production, safe transportation, and fair price of the State's energy resources, with minimal impacts to the environment. The Railroad Commission underwent Sunset review in 2011, but the agency's Sunset bill failed to pass. The Commission was continued for two years and under the Sunset Act will be abolished on September 1, 2013 unless continued by the Legislature.

The Sunset Commission found that Texas has a clear and ongoing need to regulate its energy resource industries – all vital sectors of the State's economy. However, statutory changes to the State's regulatory approach included in the legislation are needed to ensure effective oversight of today's booming oil and gas industry.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTIONS 9, 13, 17, 18, 20, and 21 of this bill.

ANALYSIS

Changes the name of the Railroad Commission to the Texas Energy Commission and continues the agency for 10 years

C.S.H.B. 2166 renames the Railroad Commission of Texas as the Texas Energy Commission (Commission) effective September 1, 2013. The bill provides that a reference in law to the Railroad Commission of Texas means the Texas Energy Commission; similarly, a reference to a member of the Railroad Commission means a member of the Texas Energy Commission. The bill also clarifies the commissioner's election, terms, and process for filling a vacancy.

C.S.H.B. 2166 contains a number of conforming and transitional provisions relating to renaming the agency, including stating that the name change does not affect the agency's powers, duties, rights, and obligations; its personnel, equipment, data, documents, facilities, contracts, items, other property, appropriations, rules, or decisions; a proceeding of or involving the agency under its prior name; or the terms of the members of its governing body. The bill also continues the Texas Energy Commission until 2023.

Requires the automatic resignation of a commissioner that announces or becomes a candidate for another elected office

C.S.H.B. 2166 provides for a commissioner's automatic resignation if a commissioner announces or becomes a candidate in any general, special, or primary election for any elective office other than the office of commissioner.

Requires the Railroad Commission to adopt penalty guidelines

C.S.H.B. 2166 requires the Commission to adopt penalty guidelines, with public input, that provide different penalties for different violations based on the seriousness of the violation and any hazard to the health or safety of the public. The bill requires the guidelines to take into

account the number of times a permittee's certificate of compliance issued under Subchapter P, Chapter 91 has been canceled.

Requires the Railroad Commission to develop a policy on ex-parte communication

C.S.H.B. 2166 requires the Commission to develop a policy in rule to prohibit and ensure against any inadvertent ex-parte communication between hearings examiners and the commissioners, or between hearings examiners and technical staff who has participated in a hearing. The bill prohibits a commissioner from communicating with a hearings examiner other than in a formal public hearing.

Applies a standard Sunset Across-the-Board Recommendation

C.S.H.B. 2166 adds standard Sunset language requiring the Railroad Commission to develop a policy that encourages alternative dispute resolution and negotiated rulemaking.

Requires the Railroad Commission to develop an enforcement policy

C.S.H.B. 2166 requires the Commission to adopt an enforcement policy to guide agency staff in evaluating certain violations, including those that relate to safety or the prevention or control of pollution. The bill requires the policy to include a specific process for classifying violations based on the seriousness of the threat of pollution, and the potential risk to public health or safety.

C.S.H.B. 2166 requires that the policy detail standards to provide guidance to agency staff on which type of violations to appropriately dismiss based on compliance and which violations that must be forwarded for enforcement action. The bill also requires the standards to require a commission employee to take into account a permittee's history of previous violations when determining whether to dismiss a violation once the permittee comes into compliance or forward a violation for enforcement action.

Increases the cap on the Oil and Gas Regulation and Cleanup Fund

C.S.H.B. 2166 increases the statutory cap on the Oil and Gas Regulation and Cleanup Fund from \$20 million to \$30 million, and increases the Fund's floor from \$10 million to \$25 million. The bill also requires the Railroad Commission to continue to produce its report on the Fund to the Legislature and the Legislative Budget Board and to place this report on its website.

Authorizes the Commission to use money in the Oil and Gas Regulation and Cleanup Fund to promote alternative fuels

C.S.H.B. 2166 authorizes the Railroad Commission to use money in the Oil and Gas Regulation and Cleanup Fund to provide funding for the Alternative Fuels Research and Education Division program. The bill authorizes the Commission to use fees deposited in the Oil and Gas Regulation and Cleanup Fund to promote alternative fuels. The bill also abolishes the Alternative Fuels Research and Education dedicated account and transfers unexpended balances from this Fund to the Oil and Gas Regulation and Cleanup Fund to promote alternative fuels.

C.S.H.B. 2166 includes a number of instructional provisions that relate to abolishing the Commission's Alternative Fuels Research and Education Fund, including: any money remaining in the Alternative Fuels Research and Education Fund is transferred to the Oil and Gas Regulation and Cleanup Fund; any claim against the Alternative Fuels Research and Education Fund is transferred to the Oil and Gas Regulation and Cleanup Fund; any amount required to be deposited to the credit of the Alternative Fuels Research and Education Fund is deposited to the Oil and Gas Regulation and Cleanup Fund; and any money that is transferred from the Alternative Fuels Research and Education Fund to the Oil and Gas Regulation and Cleanup Fund can only be used for the purpose in which the Commission received the gift, grant, or assistance.

Allows the Railroad Commission to establish pipeline safety and regulatory fees

C.S.H.B. 2166 authorizes the Commission by rule to create pipeline safety and regulatory fees for persons owning or operating pipelines in Texas under the jurisdiction of the Commission as established in Section 81.051, Natural Resources Code. The bill requires the fees to be in

amounts that are sufficient to support all pipeline safety and regulatory program activities, including permitting or registration costs, mapping costs, administration costs, and cost of employee salaries and benefits.

C.S.H.B. 2166 requires the Commission by rule to establish a methodology for calculating the fees that reflects the time associated with permitting or registering pipelines; the effect of fees on owners and operators of all sizes; and other factors the Commission considers important to the fair imposition of the fees. The bill authorizes the Commission to base the fees on any factor necessary to efficiently and fairly recover its costs, including the length of the pipeline; the number of new, renewed, or amended permits; or the number of pipeline owners, operators, or systems.

C.S.H.B. 2166 also provides that a fee submitted with a permit that is denied under Section 81.071, Natural Resources Code, is non-refundable. The bill authorizes the Commission to adopt, by rule, a reasonable late fee for not complying with the Commission's fee requirements. The bill also requires the Commission to consider any fees assessed under Section 121.211, Texas Utilities Code, in establishing the fees for pipeline permits.

Authorizes a party affected by forced pooling to request a local hearing

C.S.H.B. 2166 authorizes an interested party, with the consent of each interested party, to request a hearing in the vicinity of the proposed unit, either in person or via telephone, on the pooling application. The bill authorizes the Railroad Commission to enter into contracts with other state agencies that have field offices to hold such hearings either in person or by telephone.

Authorizes the Railroad Commission to enforce damage prevention requirements for interstate pipelines

C.S.H.B. 2166 authorizes the Commission to amend its pipeline damage prevention rules to apply to interstate, as well as intrastate, pipelines and pipeline facilities and to enforce these rules for violations that affect both types of pipelines and facilities.

Abolishes the Oil Field Cleanup Fund Advisory Committee.

C.S.H.B. 2166 repeals statute that establishes the Oil Field Cleanup Fund Advisory Committee and the requirement for the Advisory Committee to provide information to the Railroad Commission on the Oil Field Cleanup Fund.

Repealers

C.S.H.B. 2166 repeals the following provisions of the Natural Resources Code:

- The heading to Section 91.1135
- Sections 91.1135(a), (b), (c), (d), (f), and (g)

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2166 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. The heading to Chapter 81, Natural Resources Code, is amended to read as follows:

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. The heading to Chapter 81, Natural Resources Code, is amended to read as follows:

CHAPTER 81. TEXAS ENERGY
~~RESOURCES~~ [RAILROAD]
COMMISSION [~~OF TEXAS~~]

SECTION 2. Section 81.001, Natural Resources Code, is amended to read as follows:

Sec. 81.001. DEFINITIONS. In this chapter:

(1) "Commission" means the Texas Energy Resources [Railroad] Commission [~~of Texas~~].

(2) "Commissioner" means any member of the Texas Energy Resources [Railroad] Commission [~~of Texas~~].

SECTION 3. Subchapter A, Chapter 81, Natural Resources Code, is amended by adding Section 81.003 to read as follows:

Sec. 81.003. TEXAS ENERGY RESOURCES COMMISSION. (a) The Railroad Commission of Texas is renamed the Texas Energy Resources Commission.

(b) A reference in law to:

(1) the Railroad Commission of Texas means the Texas Energy Resources Commission; and

(2) a railroad commissioner or a member of the Railroad Commission of Texas means a member of the Texas Energy Resources Commission.

SECTION 4. Section 81.01001, Natural Resources Code, is amended to read as follows:

Sec. 81.01001. SUNSET PROVISION. The Texas Energy Resources [Railroad] Commission [~~of Texas~~] is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished September 1, 2023 [~~2013~~].

SECTION 5. Subchapter B, Chapter 81, Natural Resources Code, is amended by adding Sections 81.010015, 81.010045, and 81.010046 to read as follows:

Sec. 81.010015. ELECTION AND TERMS OF COMMISSIONERS; VACANCIES. (a) The commission is composed of three commissioners elected at the general election for state and county officers.

CHAPTER 81. TEXAS ENERGY
[RAILROAD] COMMISSION [~~OF~~
TEXAS]

SECTION 2. Section 81.001, Natural Resources Code, is amended to read as follows:

Sec. 81.001. DEFINITIONS. In this chapter:

(1) "Commission" means the Texas Energy [Railroad] Commission [~~of Texas~~].

(2) "Commissioner" means any member of the Texas Energy [Railroad] Commission [~~of Texas~~].

SECTION 3. Subchapter A, Chapter 81, Natural Resources Code, is amended by adding Section 81.003 to read as follows:

Sec. 81.003. TEXAS ENERGY COMMISSION. (a) The Railroad Commission of Texas is renamed the Texas Energy Commission.

(b) A reference in law to:

(1) the Railroad Commission of Texas means the Texas Energy Commission; and

(2) a railroad commissioner or a member of the Railroad Commission of Texas means a member of the Texas Energy Commission.

SECTION 4. Section 81.01001, Natural Resources Code, is amended to read as follows:

Sec. 81.01001. SUNSET PROVISION. The Texas Energy [Railroad] Commission [~~of Texas~~] is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished September 1, 2023 [~~2013~~].

SECTION 5. Subchapter B, Chapter 81, Natural Resources Code, is amended by adding Sections 81.010015 and 81.010046 to read as follows:

Sec. 81.010015. ELECTION AND TERMS OF COMMISSIONERS; VACANCIES. (a) The commission is composed of three commissioners elected at the general

(b) Commissioners serve staggered terms of six years, with the term of one commissioner expiring December 31 of each even-numbered year.

(c) The governor shall appoint a person to fill a vacancy on the commission until the next general election.

Sec. 81.010045. CERTAIN POLITICAL CONTRIBUTIONS RESTRICTED. (a) In this section, "political committee" and "political contribution" have the meanings assigned by Section 251.001, Election Code.

(b) A commissioner may not knowingly accept a political contribution given or offered with the intention that it be used in connection with a campaign for or the holding of any elective office, including the office of commissioner, except during the period:

(1) beginning 17 months before the date of the next general election at which the commissioner's office is filled; and

(2) ending on the 30th day after the date of that election.

(c) A person other than a commissioner may not knowingly accept a political contribution given or offered with the intention that it be used in connection with a campaign for the office of commissioner, except:

(1) during the period:

(A) beginning 17 months before the date of the next general election at which any commissioner's office is filled; and

(B) ending on the 30th day after the date of that election; or

(2) during the period beginning on the date a vacancy in the office of commissioner occurs and ending on the date that vacancy is filled.

(d) A commissioner may not knowingly accept a political contribution, and shall refuse a political contribution that is received, from a party in a contested case before the commission or a political committee affiliated with such a party during the period:

(1) beginning on the date notice of the hearing in the contested case is given; and

(2) ending on:

(A) the 30th day after the date the decision in the contested case is rendered; or

(B) if a request for rehearing is filed:

(i) the date the request is denied; or

election for state and county officers.

(b) Commissioners serve staggered terms of six years, with the term of one commissioner expiring December 31 of each even-numbered year.

(c) The governor shall appoint a person to fill a vacancy on the commission until the next general election.

No equivalent provision.

(ii) the 30th day after the date the decision after rehearing is rendered.

(e) A commissioner shall return a political contribution that is received and refused under Subsection (d) not later than the 30th day after the date the commissioner received the contribution.

(f) The commission shall adopt all rules necessary to implement Subsections (d) and (e), including rules that:

(1) direct the commission to maintain a list of the contested cases before the commission and the parties to each case in order to aid the commissioners in complying with those subsections; and

(2) ensure that each notice of a hearing in a contested case that is issued by the commission or a commissioner contains information about the political contributions prohibited under Subsection (d).

Sec. 81.010046. AUTOMATIC RESIGNATION. If a person who is a member of the commission announces the person's candidacy, or in fact becomes a candidate, in any general, special, or primary election for any elective office other than the office of commissioner at any time when the unexpired term of the office then held by the person exceeds 18 months, that announcement or that candidacy constitutes an automatic resignation of the office of commissioner.

SECTION 6. Section 81.01005, Natural Resources Code, is amended to read as follows:

Sec. 81.01005. NAME AND SEAL. (a) The commissioners are known collectively as the "Texas Energy Resources [Railroad] Commission [~~of Texas~~]."

(b) The seal of the commission contains a star of five points with the words "Texas Energy Resources [Railroad] Commission [~~of Texas~~]" engraved on it.

SECTION 7. The heading to Section 81.0521, Natural Resources Code, is amended.

SECTION 8. Sections 81.0531(c) and (d), Natural Resources Code, are amended.

Sec. 81.010046. AUTOMATIC RESIGNATION. If a person who is a member of the commission announces the person's candidacy, or in fact becomes a candidate, in any general, special, or primary election for any elective office other than the office of commissioner, that announcement or that candidacy constitutes an automatic resignation of the office of commissioner.

SECTION 6. Section 81.01005, Natural Resources Code, is amended to read as follows:

Sec. 81.01005. NAME AND SEAL. (a) The commissioners are known collectively as the "Texas Energy [Railroad] Commission [~~of Texas~~]."

(b) The seal of the commission contains a star of five points with the words "Texas Energy [Railroad] Commission [~~of Texas~~]" engraved on it.

SECTION 7. Same as introduced version.

SECTION 8. Same as introduced version.

SECTION 9. Subchapter C, Chapter 81, Natural Resources Code, is amended.

No equivalent provision.

SECTION 9. Same as introduced version.

SECTION 10. Sections 81.067(b) and (c), Natural Resources Code, are amended to read as follows:

(b) The commission shall certify to the comptroller the date on which the balance in the fund equals or exceeds \$30 [~~\$20~~] million. The oil-field cleanup regulatory fees on oil and gas shall not be collected or required to be paid on or after the first day of the second month following the certification, except that the comptroller shall resume collecting the fees on receipt of a commission certification that the fund has fallen below \$25 [~~\$10~~] million. The comptroller shall continue collecting the fees until collections are again suspended in the manner provided by this subsection.

(c) The fund consists of:

- (1) proceeds from bonds and other financial security required by this chapter and benefits under well-specific plugging insurance policies described by Section 91.104(c) that are paid to the state as contingent beneficiary of the policies, subject to the refund provisions of Section 91.1091, if applicable;
- (2) private contributions, including contributions made under Section 89.084;
- (3) expenses collected under Section 89.083;
- (4) fees imposed under Section 85.2021;
- (5) costs recovered under Section 91.457 or 91.459;
- (6) proceeds collected under Sections 89.085 and 91.115;
- (7) interest earned on the funds deposited in the fund;
- (8) oil and gas waste hauler permit application fees collected under Section 29.015, Water Code;
- (9) costs recovered under Section 91.113(f);
- (10) hazardous oil and gas waste generation fees collected under Section 91.605;
- (11) oil-field cleanup regulatory fees on oil collected under Section 81.116;
- (12) oil-field cleanup regulatory fees on gas collected under Section 81.117;
- (13) fees for a reissued certificate collected under Section 91.707;
- (14) fees collected under Section 91.1013;
- (15) fees collected under Section 89.088;
- (16) fees collected under Section 91.142;

- (17) fees collected under Section 91.654;
- (18) costs recovered under Sections 91.656 and 91.657;
- (19) two-thirds of the fees collected under Section 81.0521;
- (20) fees collected under Sections 89.024 and 89.026;
- (21) legislative appropriations; ~~and~~
- (22) any surcharges collected under Section 81.070; and
- (23) money deposited in the fund under Section 113.243.

No equivalent provision.

SECTION 11. Section 81.068, Natural Resources Code, is amended to read as follows:

Sec. 81.068. PURPOSES ~~[PURPOSE]~~ OF OIL AND GAS REGULATION AND CLEANUP FUND. Money in the oil and gas regulation and cleanup fund may be used by the commission or its employees or agents for any purpose related to the regulation of oil and gas development, including oil and gas monitoring and inspections, oil and gas remediation, and oil and gas well plugging, the Alternative Fuels Research and Education Division program, public information and services related to those activities, and administrative costs and state benefits for personnel involved in those activities.

SECTION 10. Sections 81.069(b) and (c), Natural Resources Code, are amended.

SECTION 12. Same as introduced version.

SECTION 11. Subchapter C, Chapter 81, Natural Resources Code, is amended by adding Section 81.071 to read as follows:

Sec. 81.071. PIPELINE SAFETY AND REGULATORY FEES. (a) The commission by rule may establish pipeline safety and regulatory fees to be assessed for permits or registrations for pipelines under the jurisdiction of the commission's pipeline safety and regulatory program. The fees must be in amounts that in the aggregate are sufficient to support all pipeline safety and regulatory program costs, including:

- (1) permitting or registration costs;
- (2) administrative costs; and
- (3) costs of employee salaries and benefits.

SECTION 13. Subchapter C, Chapter 81, Natural Resources Code, is amended by adding Section 81.071 to read as follows:

Sec. 81.071. PIPELINE SAFETY AND REGULATORY FEES. (a) The commission by rule may establish pipeline safety and regulatory fees to be assessed annually against persons owning or operating pipelines in Texas that are subject to the jurisdiction of the commission as established under Section 81.051. The fees must be in amounts that in the aggregate are sufficient to support all pipeline safety and regulatory program costs, including:

- (1) permitting or registration costs;
- (2) mapping costs;
- (3) administrative costs; and
- (4) costs of employee salaries and benefits.

(b) The commission by rule must establish the method or methods by which the fees will be calculated and assessed so that fee amounts will reflect the time spent and costs incurred to perform the regulatory work associated with permitting or registering pipelines, the effects of required fees on operators of all sizes, and other factors the commission determines are important to the fair imposition of the fees. The commission may base the fees on any factor the commission considers necessary to efficiently and fairly recover the pipeline safety and regulatory program's costs, including:

- (1) the length of the pipeline;
- (2) the number of new permits, permit renewals, or permit amendments; or
- (3) the number of pipeline systems.

(c) The commission by rule may establish a reasonable late payment penalty for a fee charged under this section.

(d) The authority provided by this section is in addition to the authority provided by Section 121.211, Utilities Code, and the commission shall consider any fees assessed under that section in establishing the fees to be assessed under this section.

SECTION 12. Section 81.116(d), Natural Resources Code, is amended to read as follows:

(d) ~~[The comptroller shall suspend collection of the fee in the manner provided by Section 81.067.]~~ The exemptions and reductions set out in Sections 202.052, 202.054, 202.056, 202.057, 202.059, and 202.060, Tax Code, do not affect the fee imposed by this section.

SECTION 13. Section 81.117(d), Natural Resources Code, is amended to read as follows:

(d) ~~[The comptroller shall suspend collection of the fee in the manner provided by Section 81.067.]~~ The exemptions and reductions set out in Sections 201.053, 201.057, 201.058, and 202.060, Tax Code, do not affect the fee imposed by this section.

(b) The commission by rule must establish the method or methods by which the fees will be calculated and assessed so that fee amounts will reflect the time spent and costs incurred to perform the regulatory work associated with permitting or registering pipelines, the effects of required fees on ~~owners and~~ operators of all sizes, and other factors the commission determines are important to the fair imposition of the fees. The commission may base the fees on any factor the commission considers necessary to efficiently and fairly recover the pipeline safety and regulatory program's costs, including:

- (1) the length of the pipeline;
- (2) the number of new permits, permit renewals, or permit amendments; or
- (3) the number of pipeline ~~owners,~~ operators, or systems.

(c) The commission by rule may provide that a fee assessed under this section that is submitted with a permit application that is denied is nonrefundable.

(d) The commission by rule may establish a reasonable late payment penalty for a fee assessed under this section.

(e) The authority provided by this section is in addition to the authority provided by Section 121.211, Utilities Code, and the commission shall consider any fees assessed under that section in establishing the fees to be assessed under this section.

~~No equivalent provision.~~

~~No equivalent provision.~~

SECTION 14. Section 91.1135(e), Natural Resources Code, is transferred to Section 81.069, Natural Resources Code, redesignated as Section 81.069(d), Natural Resources Code, and amended.

SECTION 15. Subchapter B, Chapter 102, Natural Resources Code, is amended.

No equivalent provision.

SECTION 14. Same as introduced version.

SECTION 15. Same as introduced version.

SECTION 16. Section 113.243, Natural Resources Code, is amended to read as follows:

Sec. 113.243. DEPOSIT AND USE OF CERTAIN REVENUE [~~ALTERNATIVE FUELS RESEARCH AND EDUCATION FUND~~]. (a) The following revenue shall be deposited in the oil and gas regulation and cleanup fund [~~alternative fuels research and education fund is created~~] in the state treasury[-

~~(b) The fund consists of money from]:~~

- (1) fees charged under this subchapter;
- (2) the penalties for the late payment of the fee charged under this subchapter;
- (3) gifts, grants, or other assistance received by the commission from any source for the purposes of this subchapter;
- (4) ~~[interest earned on amounts in the fund;~~ ~~[(5)]~~ amounts collected by the commission under an agreement with another state in accordance with Section 113.246(e);
- ~~(5) [(6)]~~ assessments, rebates on assessments, and other money collected by the commission under the Propane Education and Research Act of 1996 (15 U.S.C. Section 6401 et seq.) or other applicable federal law; and
- ~~(6) [(7)]~~ fees, royalties, or other things of value received from the items described by Subsections ~~(d)(1)(A)-(D)~~ ~~[(f)(1)(A)-(D)]~~.

(b) Money deposited in the oil and gas regulation and cleanup fund under this section [~~(e) The fund~~] may be used only by the commission to pay for activities relating to the specific fuel from which the fee, royalty, or other thing of value was derived or the specific fuel, if any, for which the gift, grant, or other assistance is given, including direct and indirect costs relating to:

- (1) researching all possible uses of LPG and other environmentally beneficial

- alternative fuels to enhance air quality;
- (2) researching, developing, and implementing marketing, advertising, and informational programs relating to alternative fuels to make alternative fuels more understandable and readily available to consumers;
 - (3) developing and implementing conservation and distribution plans to minimize the frequency and severity of disruptions in the supply of alternative fuels;
 - (4) developing a public information plan that will provide advisory services relating to alternative fuels to consumers;
 - (5) developing voluntary participation plans to promote the use of alternative fuels by federal, state, and local agencies;
 - (6) implementing consumer incentive or rebate programs developed pursuant to Section 113.2435 [of this subchapter];
 - (7) other functions the commission determines are necessary to add a program established by the commission for the purpose of promoting the use of LPG or other environmentally beneficial alternative fuels; and
 - (8) the administrative costs incurred by the commission under this subchapter.

~~(c) [(d) If a specific fee, royalty, gift, grant, other thing of value, or other assistance is designated for or collected from discrete components of the alternative fuels industry, the fee, royalty, gift, grant, other thing of value, or other assistance shall be deposited in a separate account in the fund.~~

~~(e)~~ The commission may apply for, request, solicit, contract for, receive, and accept gifts, grants, and other assistance from any source for the purposes of this subchapter.

~~(d) [Money received under this subsection shall be deposited in a separate account in the fund as provided in Subsection (d) of this section.~~

~~(f)~~ The commission may:

- (1) apply for, register, secure, hold, and protect under the laws of a state, the United States, or a foreign country a patent, copyright, trademark, or other evidence of protection or exclusivity issued for an idea, publication, or other original innovation fixed in a tangible medium, including:
 - (A) a logo;
 - (B) a service mark;
 - (C) a study;
 - (D) an engineering, architectural, or graphic

design;
(E) a manual;
(F) automated systems software;
(G) an audiovisual work; or
(H) a sound recording;
(2) enter into a license agreement with a third party in return for a fee, royalty, or other thing of value; and
(3) waive or reduce the amount of a fee, royalty, or other thing of value to be assessed if the commission determines that the waiver will:
(A) further the goals and missions of the commission's division responsible for alternative fuels research and education; and
(B) result in a net benefit to the state.
(e) ~~(g)~~ Money received under Subsection (d) ~~(f)~~ shall be deposited in ~~[a separate account in]~~ the oil and gas regulation and cleanup fund as provided by Subsection (a) ~~(f)~~, except that any money received by the commission from the items described by Subsections (d)(1)(E)-(H) ~~(f)(1)(E)-(H)~~ shall be deposited in the general revenue fund.

No equivalent provision.

SECTION 17. Sections 113.2435(c) and (d), Natural Resources Code, are amended to read as follows:

(c) Rules adopted and promulgated by the commission under this section shall specify the following:

- (1) rebate levels for various types of equipment such that the rebates achieve an amount of public good comparable to the rebate amount;
- (2) a condition that the recipient agree to practice environmentally sound operating principles;
- (3) a condition that the rebate recipient agree to not modify the equipment for a specified number of years as set by the commission;
- (4) any other conditions or restrictions determined by the commission that would help ensure that either of the desired goals of achieving energy conservation and efficiency or improving air quality in this state is furthered;
- (5) a limitation on the proportion of the money in the oil and gas regulation and cleanup fund that was deposited in the fund under Section 113.243 and is usable for the rebate program that limits the proportion usable to not more than 50 percent of the

funds available; and

(6) that the name or seal of the commission shall not be used on any advertising that promotes the propane water heater rebate program.

(d) Notwithstanding Subsection (c)(5), the commission shall make available for rebates during a fiscal year the entire amount of money made available for rebates during the preceding fiscal year that was not spent during the preceding fiscal year. The amount of money made available for rebates during the preceding fiscal year that was not spent during the preceding fiscal year is not counted in determining the limitation on the proportion of the money in the oil and gas regulation and cleanup fund that was deposited in the fund under Section 113.243 and is usable for the rebate program during a fiscal year.

SECTION 16. Section 117.012(a), Natural Resources Code, is amended

SECTION 18. Same as introduced version.

SECTION 17. Section 52.092(c), Election Code, is amended to read as follows:

(c) Statewide offices of the state government shall be listed in the following order:

- (1) governor;
- (2) lieutenant governor;
- (3) attorney general;
- (4) comptroller of public accounts;
- (5) commissioner of the General Land Office;
- (6) commissioner of agriculture;
- (7) energy resources [railroad] commissioner;
- (8) chief justice, supreme court;
- (9) justice, supreme court;
- (10) presiding judge, court of criminal appeals;
- (11) judge, court of criminal appeals.

SECTION 19. Section 52.092(c), Election Code, is amended to read as follows:

(c) Statewide offices of the state government shall be listed in the following order:

- (1) governor;
- (2) lieutenant governor;
- (3) attorney general;
- (4) comptroller of public accounts;
- (5) commissioner of the General Land Office;
- (6) commissioner of agriculture;
- (7) energy [railroad] commissioner;
- (8) chief justice, supreme court;
- (9) justice, supreme court;
- (10) presiding judge, court of criminal appeals;
- (11) judge, court of criminal appeals.

SECTION 18. Section 756.126, Health and Safety Code, is amended to read as follows:

Sec. 756.126. SAFETY STANDARDS AND BEST PRACTICES. The Texas Energy Resources [Railroad] Commission [~~of Texas~~] shall adopt and enforce safety standards and best practices, including those described by 49 U.S.C. Section 6105 et seq., relating to the prevention of damage by a

SECTION 20. Section 756.126, Health and Safety Code, is amended to read as follows:

Sec. 756.126. SAFETY STANDARDS AND BEST PRACTICES. The Texas Energy [Railroad] Commission [~~of Texas~~] shall adopt and enforce rules prescribing safety standards and best practices, including those described by 49 U.S.C. Section 6105 et seq., relating to the

person to a facility, including an interstate or intrastate pipeline facility, under the jurisdiction of the commission.

SECTION 19. Section 121.201(a), Utilities Code, is amended.

SECTION 20. The following provisions of the Natural Resources Code are repealed:

- (1) Section 81.067(b);
- (2) the heading to Section 91.1135;
- (3) Sections 91.1135(a), (b), (c), (d), (f), and (g); and
- (4) Subchapter I, Chapter 113.

SECTION 21. (a) On the effective date of this Act:

- (1) the alternative fuels research and education fund is abolished;
 - (2) any money remaining in the alternative fuels research and education fund is transferred to the undedicated portion of the general revenue fund;
 - (3) any claim against the alternative fuels research and education fund is transferred to the undedicated portion of the general revenue fund; and
 - (4) any amount required to be deposited to the credit of the alternative fuels research and education fund shall be deposited to the credit of the undedicated portion of the general revenue fund.
- (b) Any money transferred from the alternative fuels research and education fund to the undedicated portion of the general revenue fund that was deposited in the alternative fuels research and education fund as a gift, grant, or other form of assistance under former Subchapter I, Chapter 113, Natural Resources Code, and is encumbered by the specific terms of the gift, grant, or other form of assistance may be spent only in accordance with the terms of the gift, grant, or other form of assistance. Subchapter I, Chapter 113, Natural Resources Code, is continued in effect for the limited purpose of administering this subsection.

SECTION 22. On the effective date of this Act, the name of the Railroad Commission

prevention of damage by a person to a facility, including an interstate or intrastate pipeline facility, under the jurisdiction of the commission.

SECTION 21. Same as introduced version.

SECTION 22. The following provisions of the Natural Resources Code are repealed:

- (1) the heading to Section 91.1135; and
- (2) Sections 91.1135(a), (b), (c), (d), (f), and (g).

SECTION 23. (a) On the effective date of this Act:

- (1) the alternative fuels research and education fund is abolished;
 - (2) any money remaining in the alternative fuels research and education fund is transferred to the oil and gas regulation and cleanup fund;
 - (3) any claim against the alternative fuels research and education fund is transferred to the oil and gas regulation and cleanup fund; and
 - (4) any amount required to be deposited to the credit of the alternative fuels research and education fund shall be deposited to the credit of the oil and gas regulation and cleanup fund.
- (b) Any money transferred from the alternative fuels research and education fund to the oil and gas regulation and cleanup fund that was deposited in the alternative fuels research and education fund as a gift, grant, or other form of assistance under Subchapter I, Chapter 113, Natural Resources Code, and is encumbered by the specific terms of the gift, grant, or other form of assistance may be spent only in accordance with the terms of the gift, grant, or other form of assistance.

SECTION 24. On the effective date of this Act, the name of the Railroad Commission

of Texas is changed to the Texas Energy Resources Commission. The change of the agency's name does not affect:

- (1) the agency's powers, duties, rights, or obligations;
- (2) the agency's personnel, equipment, data, documents, facilities, contracts, items, other property, appropriations, rules, or decisions;
- (3) a proceeding of or involving the agency under the name of the Railroad Commission of Texas; or
- (4) the terms of the chairman or other members of the governing body of the agency.

SECTION 23. This Act takes effect September 1, 2013.

of Texas is changed to the Texas Energy Commission. The change of the agency's name does not affect:

- (1) the agency's powers, duties, rights, or obligations;
- (2) the agency's personnel, equipment, data, documents, facilities, contracts, items, other property, appropriations, rules, or decisions;
- (3) a proceeding of or involving the agency under the name of the Railroad Commission of Texas; or
- (4) the terms of the chairman or other members of the governing body of the agency.

SECTION 25. Same as introduced version.