

BILL ANALYSIS

C.S.H.B. 2982
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Industry authorities explain that gathering lines run from a well site to a compressor station and other well sites and note that such lines located before the point of sale are not regulated and are not subject to construction specifications. Gathering lines can be located outside a municipality or within the city limits of a designated residential or commercial area, and some concerns have been raised about the condition of many of these lines. For example, interested parties point out that a Class I gathering line in Eastland County was repurposed from crude to natural gas and that this line goes through Lake Leon, which is the major source of water for Eastland County. As a result, the parties are concerned that the line is in poor condition and needs to be inspected. To address certain safety issues, C.S.H.B. 2982 establishes provisions relating to the power of the Railroad Commission of Texas to adopt and enforce safety standards applicable to the transportation by pipeline of hazardous liquids, carbon dioxide, and natural gas in rural locations.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTIONS 2, 4, and 5 of this bill.

ANALYSIS

C.S.H.B. 2982 amends the Natural Resources Code to specify that the Railroad Commission of Texas is required to adopt rules that include safety standards applicable to, rather than safety standards for and practices applicable to, the intrastate transportation of hazardous liquids or carbon dioxide by pipeline and intrastate hazardous liquid or carbon dioxide pipeline facilities. The bill authorizes the railroad commission to adopt such rules that apply to the intrastate transportation of hazardous liquids and carbon dioxide by gathering pipelines in rural locations and intrastate hazardous liquid and carbon dioxide gathering pipeline facilities in rural locations based only on the risks the transportation and the facilities present to the public safety. The bill removes language exempting the movement of hazardous liquids or carbon dioxide through gathering lines in rural locations from rules that adopt safety standards. The bill, in a provision requiring the railroad commission to require operators or their designated representatives to communicate and conduct liaison activities with fire, police, and other appropriate public emergency response officials, specifies as such operators and representatives operators of hazardous liquid and carbon dioxide pipeline facilities and the designated representatives of such operators.

C.S.H.B. 2982 amends the Utilities Code to authorize the railroad commission, to the extent consistent with federal law, by rule to establish safety standards and practices for gathering facilities and transportation activities in Class 1 locations, as defined by certain federal regulations, based on the risks the facilities and activities present to the public safety.

C.S.H.B. 2982 requires the railroad commission to adopt rules to implement the bill's provisions not later than December 1, 2013. The bill authorizes the railroad commission, before September 1, 2015, to implement the bill's provisions only to require operators to make reports to the

railroad commission, including telephonic reports, the railroad commission determines are necessary to investigate accidents, leaks, incidents, or complaints.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2982 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 Section 117.011, Natural Resources Code, is amended.

SECTION 2. Subchapter B, Chapter 117, Natural Resources Code, is amended by adding Section 117.0111 to read as follows:

Sec. 117.0111. ADDITIONAL JURISDICTION. (a) For the purposes of this section, notwithstanding Section 117.001(3), "transportation of hazardous liquids or carbon dioxide" means the movement of hazardous liquids or carbon dioxide by pipeline, or their storage incidental to movement, except that it does not include production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of those facilities.

(b) Except as otherwise provided by federal law, the commission has jurisdiction over all pipeline transportation of hazardous liquids or carbon dioxide and over all hazardous liquid or carbon dioxide pipeline facilities, including the movement of hazardous liquids or carbon dioxide through gathering lines in rural locations or production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of those facilities.

SECTION 3. Sections 117.012(b) and (c), Natural Resources Code, are amended to read as follows:

No equivalent provision.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

No equivalent provision.

SECTION 2. Sections 117.012(a), (b), and (h), Natural Resources Code, are amended to read as follows:

(a) The commission shall adopt rules that include safety standards [~~for and practices~~] applicable to the intrastate transportation of hazardous liquids or carbon dioxide by

pipeline and intrastate hazardous liquid or carbon dioxide pipeline facilities, including safety standards related to the prevention of damage to such a facility resulting from the movement of earth by a person in the vicinity of the facility, other than movement by tillage that does not exceed a depth of 16 inches. The commission may adopt rules under this subsection that apply to the intrastate transportation of hazardous liquids and carbon dioxide by gathering pipelines in rural locations and intrastate hazardous liquid and carbon dioxide gathering pipeline facilities in rural locations based only on the risks the transportation and the facilities present to the public safety.

(b) Rules the commission adopts under the jurisdiction granted under Section 117.011 on [that adopt] safety standards do not apply to movement of hazardous liquids or carbon dioxide through gathering lines in rural locations or production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of those facilities.

(b) Rules that adopt safety standards do not apply to [movement of hazardous liquids or carbon dioxide through gathering lines in rural locations or] production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of those facilities.

(c) The safety standards adopted by the commission in its rules under the jurisdiction granted under Section 117.011 must be compatible with those standards established by the United States secretary of transportation under the Hazardous Liquid Pipeline Safety Act of 1979 (Pub.L.No. 96-129).

No equivalent provision.

No equivalent provision.

(h) The commission shall require operators of hazardous liquid and carbon dioxide pipeline facilities or the [their] designated representatives of such operators to communicate and conduct liaison activities with fire, police, and other appropriate public emergency response officials. The liaison activities must be conducted by meetings in person except as provided by this section. An operator or the operator's representative may conduct required community liaison activities as provided by Subsection (i) only if the operator or the operator's representative has made an effort, by one of the following methods, to conduct a community liaison meeting in person with the officials:
(1) mailing a written request for a meeting

in person to the appropriate officials by certified mail, return receipt requested;
(2) sending a request for a meeting in person to the appropriate officials by facsimile transmission; or
(3) making one or more telephone calls or e-mail message transmissions to the appropriate officials to request a meeting in person.

No equivalent provision.

SECTION 4. Subchapter B, Chapter 117, Natural Resources Code, is amended by adding Section 117.0125 to read as follows:

Sec. 117.0125. RULES UNDER ADDITIONAL JURISDICTION. The commission by rule shall establish factors for determining whether the commission will regulate a pipeline or facility under the jurisdiction granted under Section 117.0111.

The factors must include:

- (1) the date of installation of the pipeline or facility;
- (2) the environment surrounding the pipeline or facility;
- (3) the age of the pipe or facility;
- (4) the pipe material, grade, and specified minimum yield strength;
- (5) operating characteristics of the pipeline or facility;
- (6) the composition of the fluid being transported; and
- (7) the distance between the pipeline or a facility and:
 - (A) a building;
 - (B) the border of a municipality, unincorporated community, or other commercial or residential area;
 - (C) an outdoor area of public assembly such as a playground, recreation area, or outdoor theater; and
 - (D) a bay area, offshore area, navigable waterway, source of drinking water, or other environmentally or unusually sensitive area.

SECTION 5. The heading to Section 121.201, Utilities Code, is amended.

SECTION 6. Section 121.201, Utilities Code, is amended by adding Subsection (f) to read as follows:

(f) To the extent consistent with federal law, the railroad commission by rule may determine which facilities and activities are subject to safety standards and practices

SECTION 3. Substantially the same as introduced version.

SECTION 4. Section 121.201, Utilities Code, is amended by adding Subsection (f) to read as follows:

(f) To the extent consistent with federal law, the railroad commission by rule may establish safety standards and practices for gathering facilities and transportation

subject to the power of the railroad commission under Subsection (a) based on risk factors including:

(1) the date of installation of the pipeline or facility;

(2) the environment surrounding the pipeline or facility;

(3) the age of the pipe or facility;

(4) the pipe material, grade, and specified minimum yield strength;

(5) operating characteristics of the pipeline or facility;

(6) the composition of the fluid being transported; and

(7) the distance between the pipeline or a facility and:

(A) a building;

(B) the border of a municipality, unincorporated community, or other commercial or residential area;

(C) an outdoor area of public assembly such as a playground, recreation area, or outdoor theater; and

(D) a bay area, offshore area, navigable waterway, source of drinking water, or other environmentally or unusually sensitive area.

SECTION 7. Not later than December 1, 2013, the Railroad Commission of Texas shall adopt rules to implement the changes in law made by this Act to Chapter 117, Natural Resources Code, and Chapter 121, Utilities Code.

No equivalent provision.

SECTION 8. This Act takes effect September 1, 2013.

activities in Class 1 locations, as defined by 49 C.F.R. Section 192.5, based on the risks the facilities and activities present to the public safety.

SECTION 5. Same as introduced version.

SECTION 6. Before September 1, 2015, the Railroad Commission of Texas may implement the changes in law made by this Act to Chapter 117, Natural Resources Code, or Chapter 121, Utilities Code, or rules adopted under those chapters, as amended by this Act, only to require operators to make reports to the commission, including telephonic reports, the commission determines are necessary to investigate accidents, leaks, incidents, or complaints.

SECTION 7. Same as introduced version.