

BILL ANALYSIS

H.B. 3648
By: Geren
Energy Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

During Winter Storm Uri, natural gas production and natural gas transmission experienced power outages which in turn created freezing issues that would not have otherwise occurred. It has been suggested that better coordination between natural gas and electric providers is essential to prevent this problem from reoccurring in the future. The Public Utility Commission of Texas (PUC), Railroad Commission of Texas (RRC), transmission and distribution utilities, municipally owned utilities, and electric cooperatives have developed and distributed an Application for Critical Load Serving Electric Generation and Cogeneration, but the application continues to be voluntary. H.B. 3648 seeks to resolve this issue by requiring the PUC and the RRC to work together to adopt certain rules to designate certain gas entities and facilities as critical during an energy emergency.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 of this bill and to the Railroad Commission of Texas in SECTION 2 of this bill.

ANALYSIS

H.B. 3648 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) to work with the Railroad Commission of Texas (RRC) and adopt rules to designate certain gas entities and facilities as critical during an energy emergency. The bill requires the rules, at a minimum, to do the following:

- ensure that transmission and distribution utilities, municipally owned utilities, electric cooperatives, and the Electric Reliability Council of Texas (ERCOT) are provided with the required designations;
- provide for a prioritization for load-shed purposes of those designated entities and facilities during an energy emergency; and
- provide discretion to transmission and distribution utilities, municipally owned utilities, and electric cooperatives to prioritize power delivery and power restoration among the customers on their respective systems, as circumstances require.

H.B. 3648 amends the Natural Resources Code to require the require the RRC to work with the PUC to designate certain gas entities and facilities as critical during an energy emergency. The bill requires the rules, at a minimum, to do the following:

- determine eligibility and designation requirements for persons owning or operating pipelines in Texas or engaged in drilling or operating oil or gas wells in Texas to provide

critical customer designation and critical gas supply information, as defined by the RRC, to transmission and distribution utilities, municipally owned utilities, electric cooperatives, and ERCOT; and

- consider essential operational elements when defining critical customer designations and critical gas supply information, including natural gas production, processing, transportation, and the delivery of natural gas to generators.

H.B. 3648 requires the PUC and the RRC to adopt the rules not later than September 1, 2021. The bill requires the PUC, not later than January 1, 2022, to provide a report to the legislature regarding its implementation of the designation and prioritization requirements.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.