

BILL ANALYSIS

Senate Research Center

S.B. 1749
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Business & Commerce
4/1/2021
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Gas and Electric Supply Chain Mapping - S.B. 1749

Certain electric generation facilities rely upon natural gas suppliers to power their facilities and produce electricity. Those gas facilities must also be supplied with electricity to function. It is therefore imperative that the gas suppliers maintain continuous service even when there are rotating outages during mandatory electricity load-shed conditions.

S.B. 1749 would require the Public Utility Commission of Texas and the Railroad Commission of Texas to adopt rules to designate gas production facilities that supply electric generators as critical facilities during an emergency. The bill would prioritize these facilities as critical to maintain and would offer discretion to transmission and distribution utilities to prioritize these facilities for continued service and restoration of service if their service is discontinued.

The bill would allow for the critical customer designation and critical gas supply designation, as defined by the commission, to transmission and distribution utilities, municipally owned utilities, electric cooperatives, and ERCOT.

As proposed, S.B. 1749 amends current law relating to the eligibility and designation of certain gas entities and gas facilities as critical during an energy emergency.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 38.074, Utilities Code) of this bill.

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 2 (Section 81.073, Natural Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 38, Utilities Code, by adding Section 38.074, as follows:

Sec. 38.074. CRITICAL GAS ENTITIES AND FACILITIES DURING AN ENERGY EMERGENCY. (a) Requires 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.

(b) Requires that, at a minimum, the PUC's rules:

(1) ensure that transmission and distribution utilities, municipally owned utilities, electric cooperatives, and the Electric Reliability Council of Texas (ERCOT) are provided with the designations as required by Section 81.073, Natural Resources Code;

(2) provide for a prioritization for load-shed purposes of the entities and facilities designated under Subsection (a) during an energy emergency; and

(3) 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.

SECTION 2. Amends Chapter 81, Natural Resources Code, by adding Section 81.073, as follows:

Sec. 81.073. CRITICAL GAS ENTITIES AND FACILITIES DURING AN ENERGY EMERGENCY. (a) Requires RRC to work with the PUC to designate certain gas entities and facilities as critical during an energy emergency.

(b) Requires that, at a minimum, RRC's rules:

(1) determine eligibility and designation requirements for persons owning, operating, or engaging in the activities set forth in Section 81.051 (Jurisdiction of Commission) to provide critical customer designation and critical gas supply information, as defined by RRC, to transmission and distribution utilities, municipally owned utilities, electric cooperatives, and ERCOT, as those terms are defined by Section 31.002 (Definitions), Utilities Code; and

(2) 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.

SECTION 3. (a) Requires the PUC and RRC to adopt rules, as added by this Act, not later than September 1, 2021.

(b) Requires the PUC to provide a report to the legislature regarding its implementation of the designation and prioritization requirements, as added by this Act, not later than January 1, 2022.

SECTION 4. Effective date: upon passage or September 1, 2021.