

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 16, 2021

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1750 by Hancock (relating to extreme weather preparedness of critical electric and natural gas infrastructure; authorizing administrative penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1750, Committee Report 1st House, Substituted : a negative impact of (\$3,454,620) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill relates to extreme weather preparedness in critical electric and natural gas infrastructure, including authorizing administrative penalties.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$2,705,100)
2023	(\$749,520)
2024	(\$674,640)
2025	(\$599,760)
2026	(\$599,760)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1
2022	(\$2,705,100)
2023	(\$749,520)
2024	(\$674,640)
2025	(\$599,760)
2026	(\$599,760)

Fiscal Analysis

The bill would require public utilities, power generation companies, ERCOT, and entities that produce, transport, gather, store, or ship natural gas to submit winter preparedness emergency operations plans to the Public Utility Commission (PUC) and Railroad Commission (RRC). The RRC would be required to make rules stating measures gas pipeline facility operators must implement to prepare facilities to maintain service during an extreme weather emergency. The PUC, RRC, and Texas Division of Emergency Management would be

required to submit a joint report on power generation and natural gas weatherization, including recommendations to the lieutenant governor, speaker of the house, and members of the legislature by September 30 of each even-numbered year. The PUC would be authorized to impose an administrative penalty on entities that do not file reports in a timely manner.

Methodology

The PUC estimates a cost of \$300,000 for a consultant, which will be funded by ERCOT and the non-ERCOT utilities through a PUC order. Other PUC workload can be absorbed using existing resources.

The RRC would need to develop a new online system to allow the submissions needed to regulate well and pipeline preparedness operation plans. The RRC would also need \$900,000 in FY 2022 for a professional services contract for the initial review of the plans and \$450,000 annually on-going to review revisions and newly submitted plans for new infrastructure components (new wells, gas plants, etc.).

Technology

The RRC anticipates technological costs in IT software development to add weatherization requirements in the inspection systems ICE and PIPES as well as the enforcement system CASES. The RRC also anticipates it would need to develop a new online system to allow the submissions needed to regulate well and pipeline preparedness operation plans. These technological costs would be \$1,805,100 in FY 2022, \$299,520 in FY 2023, \$224,640 in FY 2024, and \$149,760 in FY 2025/2026.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission, 473 Public Utility Commission of Texas, 575 TX Division of Emergency Management

LBB Staff: JMc, SZ, MB, RRE