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HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: Bryant

Amend C.S.H.B. No. 1500 (house committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 39.1515, Utilities Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) In this section, "market monitor" means the entity selected under Subsection (a).

SECTION _____. Subchapter D, Chapter 39, Utilities Code, is amended by adding Section 39.1517 to read as follows:

Sec. 39.1517. NATURAL GAS MARKET MONITOR. (a) An independent organization certified under Section 39.151 shall contract with an entity selected by the commission to act as an independent market monitor for the natural gas market to:

(1) detect and prevent market manipulation strategies in the natural gas market to prevent the unreasonable restriction, impairment, or reduction in the level of competition; and

(2) recommend measures to enhance the efficiency of the natural gas market.

(b) In this section:

(1) "Market monitor" means the entity selected under Subsection (a).

(2) "Natural gas market" means transactions made by a gas supply chain facility described by Section 86.044(b), Natural Resources Code, or a gas pipeline facility described by Section 121.2015(a)(3) to supply natural gas for the electricity supply

chain, as mapped under Section 38.203.

(c) The independent organization shall provide to the personnel of the market monitor:

(1) support and cooperation the commission determines is necessary for the market monitor to perform the market monitor's functions; and

(2) full access to the parts of the independent organization's main operations center and records that concern operations, settlements, and reliability.

(d) The independent organization shall use money from the fee authorized by Section 39.151(e) to pay for the market monitor's activities.

(e) The commission is responsible for ensuring that the market monitor has the resources, expertise, and authority necessary to monitor the natural gas market in this state effectively and shall adopt rules and perform oversight of the market monitor as necessary. The market monitor shall operate under the supervision and oversight of the commission.

(f) This section may not be construed to confer enforcement authority on the market monitor or to authorize the commission to delegate enforcement authority to the market monitor. The commission by rule shall define:

(1) the market monitor's monitoring responsibilities, including reporting obligations and limitations;

(2) the standards for funding the market monitor, including staffing requirements;

(3) qualifications for personnel of the market monitor;

and

(4) ethical standards for the market monitor and the personnel of the market monitor.

(g) In adopting rules governing the standards for funding the market monitor, the commission shall consult with a subcommittee of the independent organization's governing body to receive information on how money is or should be spent for monitoring functions. Rules governing ethical standards must include provisions designed to ensure that the personnel of the market monitor are professionally and financially independent from participants in the natural gas market. The commission shall develop and implement policies that clearly separate the policy-making responsibilities of the commission and the monitoring, analysis, and reporting responsibilities of the market monitor.

(h) The market monitor immediately shall report directly to the commission any potential market manipulations and any discovered or potential violations of commission rules, protocols of the independent organization, or rules of the Railroad Commission of Texas.

(i) The market monitor shall consult with the Railroad Commission of Texas to obtain necessary information for the market monitor to perform the market monitor's functions. The commission may enter into a memorandum of understanding with the Railroad Commission of Texas to:

(1) ensure the market monitor has access to the information needed for the market monitor to perform the market monitor's functions; and

(2) provide oversight over the sharing of information between the Railroad Commission of Texas and the market monitor.

(j) The personnel of the market monitor may communicate with commission staff on any matter without restriction.

(k) The market monitor annually shall submit to the independent organization, the commission, and the Railroad Commission of Texas a report that identifies market flaws and recommends methods to correct the flaws. The independent organization and the commission shall review the report and evaluate whether changes to commission rules or protocols of the independent organization should be made.