

BILL ANALYSIS

Senate Research Center

H.B. 2262
By: Darby (Hughes)
Natural Resources & Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas is home to more than 110,000 miles of natural gas distribution pipelines. Natural gas is a source of safe, reliable, and affordable energy for millions of homes and businesses. However, new technology has allowed for the safe use of alternative gases to supplement the current portfolio of natural gas delivered for residential and commercial use. Products including hydrogen and renewable natural gas, such as methane from feedlots and landfills, can safely be added to the distribution pipeline. The use of these fuels can diversify energy sources, increase sustainability, and allow for additional natural gas capacity to be used for electric generation. H.B. 2262 seeks to allow gas utilities to blend alternative gases with natural gas for distribution to homes and businesses and modernize infrastructure by providing for an applicable gas certification process, the designation of a gaseous fuel as an alternative gas, and the recovery of certain related utility costs.

H.B. 2262 amends current law relating to gas utility alternative gas expenses and infrastructure investments.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 1 (Section, 104.061) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 104, Utilities Code, by adding Section 104.061, as follows:

Sec. 104.061. CONSIDERATION OF ALTERNATIVE GAS EXPENSES AND INFRASTRUCTURE INVESTMENTS. (a) Defines "alternative gas."

(b) Provides that this section applies only to a gas utility that owns or operates for compensation in this state equipment or facilities to distribute combustible hydrocarbon natural gas or synthetic natural gas under rates, terms, and conditions approved by a regulatory authority.

(c) Authorizes the Railroad Commission of Texas (RRC) by rule to:

(1) approve a certification process used by an organization to certify that a type of gas has a lower carbon content than natural gas; and

(2) designate a gaseous fuel as an alternative gas if the fuel has a lower carbon content than natural gas.

(d) Authorizes a gas utility to include one or more forms of purchased alternative gas in its gas supply portfolio used for the provision of gas service to the utility's customers. Requires the regulatory authority, when establishing a gas utility's rates, to allow a gas utility to recover as a cost or expense expenditures associated with purchasing the alternative gas if the expenditures were prudent, reasonable, and necessary.

(e) Authorizes a gas utility to invest in infrastructure to acquire, interconnect with, or produce an alternative gas supply for its customers. Requires the regulatory authority, when establishing a gas utility's rates, to allow a gas utility to include in its invested capital prudent, reasonable, and necessary alternative gas supply infrastructure costs while the infrastructure is used and useful in providing service to the utility's customers.

SECTION 2. Effective date: September 1, 2023.