

BILL ANALYSIS

C.S.H.B. 2847
By: Darby
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Hydrogen is fast developing as a clean, effective fuel source. The state has extensive hydrocarbon resources and a robust energy sector, which establishes the state as a leader in hydrogen production, distribution, and use. However, in order for the state to remain at the forefront of energy production, it is critical that the state develop a policy framework regarding the production, transportation, and storage of hydrogen. This step is essential for regional applications for regional clean hydrogen hub projects through the U.S. Department of Energy. C.S.H.B. 2847 seeks to address this issue by granting the Railroad Commission of Texas (RRC) jurisdiction over all pipeline transportation and underground storage of hydrogen and establishing the Texas Hydrogen Production Policy Council to study and make recommendations relating to the RRC's policy framework for hydrogen energy development.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2847 amends the Natural Resources Code to grant the Railroad Commission of Texas (RRC) jurisdiction over all pipeline transportation and underground storage of hydrogen and to establish the Texas Hydrogen Production Policy Council within the RRC to study and make recommendations relating to the RRC's policy framework for hydrogen energy development. The bill requires the council to do the following:

- study the development of hydrogen industries in Texas, including the development of facilities for the production, pipeline transportation, and storage of hydrogen;
- monitor regional efforts for the application and development of a regional clean hydrogen hub authorized under the federal Infrastructure Investment and Jobs Act or another federal act; and
- develop a state plan for hydrogen production oversight by the RRC.

C.S.H.B. 2847 authorizes the council to coordinate actions with other state agencies in supporting an application for such a regional clean hydrogen hub and authorizes the council to make recommendations relating to RRC rules needed for the oversight and regulation of production, pipeline transportation, and storage of hydrogen.

C.S.H.B. 2847 establishes that the council is composed of the RRC chair or the chair's designee and not more than 11 members appointed by the RRC to represent as many different types of

participants as possible, including at least three representatives from the hydrogen industry. The bill makes the railroad commissioner or the commissioner's designee the council's chair. A council member is expressly not entitled to compensation or reimbursement of expenses for service on the council. The council is abolished and the bill's provisions relating to the council expire on January 1, 2030.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2847 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute differs from the introduced with regard to the council's composition as follows:

- whereas the introduced provided for the railroad commissioners to be on the council, the substitute instead provides for the RRC chair or the chair's designee to be on the council; and
- whereas the introduced provided for the council to include nine members appointed by the RRC to represent as many different types of participants as possible, the substitute instead provides for the council to include not more than 11 such members.

The substitute includes a provision absent in the introduced that makes the railroad commissioner or the commissioner's designee the council's chair.

With regard to the study by the council of the development of facilities for the production, pipeline transportation, and storage of hydrogen, the substitute omits a specification included in the introduced that such facilities are upstream facilities.

Whereas the introduced provided for the development of a state plan for hydrogen production oversight and regulation by the RRC, the substitute does not provide for such development with regard to regulation by the RRC and instead only provides for the development of a state plan for hydrogen production oversight by the RRC.

The substitute differs from the introduced with regard to recommendations the council may make as follows:

- with regard to recommendations relating to RRC rules needed for the oversight and regulation of production, pipeline transportation, and storage of hydrogen, the introduced specified such production, transportation, and storage as upstream production, transportation, and storage whereas the substitute omits this specification; and
- the substitute omits a provision present in the introduced that provided for recommendations relating to changes in statute needed to clarify RRC's jurisdiction over upstream production, pipeline transportation, and storage of hydrogen.