

BILL ANALYSIS

Senate Research Center
88R30806 JAM-F

C.S.H.B. 2847
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Natural Resources & Economic Development
5/18/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Hydrogen is fast developing as a clean, effective fuel source. It also provides a grid-scale energy storage solution to support Texas renewables. While Texas's extensive hydrocarbon resources and robust energy industry establishes the state as a leader in hydrogen production and storage, clear policies providing regulatory certainty and jurisdictional frameworks for hydrogen are needed to ensure robust market growth and the jobs that accompany that growth.

State policy frameworks relating to hydrogen are essential for regional applications for hydrogen hub projects authorized under the US Infrastructure Investment and Jobs Act (IIJA). Passed in late 2021, IIJA authorizes over \$8 billion for the creation of regional clean hydrogen hubs across the nation.

As introduced, H.B. 2847 instructs that the Railroad Commission of Texas (RRC) has jurisdiction over hydrogen pipelines and underground storage facilities. This change reinforces RRC's existing authority over hydrogen pipelines specified in Chapter 111, Natural Resources Code. Further, RRC currently regulates the underground storage of natural gas authorized by Chapter 91, Natural Resources Code. The change proposed in H.B. 2847 extends this oversight to the subsurface geological storage of hydrogen gas.

H.B. 2847 further authorizes the RRC to establish a Texas Hydrogen Policy Council (council). The proposed council, which consists of three RRC commissioners and nine public members appointed by RRC, would study and make recommendations relating to RRC's policy framework over the hydrogen industry in Texas, monitor regional applications for clean hydrogen hubs authorized under IIJA, and develop recommendations regarding the oversight and regulation of hydrogen by RRC. The Council may also make recommendations relating to RRC rules or changes in statute for hydrogen production, conveyance, and storage.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 2847 amends current law relating to the jurisdiction of the Railroad Commission of Texas over and a study of the production, pipeline transportation, and storage of hydrogen.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 81.051(a), Natural Resources Code, as follows:

- (a) Provides that the Railroad Commission of Texas (RRC) has jurisdiction over all:
 - (1)-(2) makes no changes to these subdivisions;
 - (3)-(4) makes nonsubstantive changes to these subdivisions; and
 - (5) pipeline transportation and underground storage of hydrogen.

SECTION 2. Amends Subchapter C, Chapter 81, Natural Resources Code, by adding Section 81.075, as follows:

Sec. 81.075. TEXAS HYDROGEN PRODUCTION POLICY COUNCIL. (a) Defines "council."

(b) Provides that the Texas hydrogen production policy council (council) is established within RRC to study and make recommendations relating to RRC's policy framework for hydrogen energy development.

(c) Provides that the council is composed of:

(1) the chair of RRC or the chair's designee; and

(2) not more than 11 members appointed by RRC to represent as many different types of participants as possible, including at least three but not more than five representatives from the hydrogen industry.

(d) Provides that the commissioner of RRC (commissioner) or the commissioner's designee is the chair of the council.

(e) Provides that a member of the council is not entitled to compensation or reimbursement of expenses for service on the council.

(f) Provides that the council:

(1) is required to study the development of hydrogen industries in this state, including the development of facilities for the production, pipeline transportation, and storage of hydrogen;

(2) is required to monitor regional efforts for the application and development of a regional clean hydrogen hub authorized under the Infrastructure Investment and Jobs Act (Pub. L. No. 117-58) or another federal act;

(3) is authorized to coordinate actions with other state agencies in supporting an application for a regional clean hydrogen hub described by Subdivision (2); and

(4) is required to develop a state plan for hydrogen production oversight by RRC.

(g) Requires the council to make recommendations to the legislature relating to legislative changes needed for the oversight and regulation of production, pipeline transportation, and storage of hydrogen.

(h) Provides that the council is abolished and this section expires on January 1, 2030.

SECTION 3. Effective date: September 1, 2023.