

By: Bryant

H.B. No. 4706

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of an independent market monitor for the natural gas market by the Public Utility Commission of Texas and an independent organization certified for a power region.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. 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 2. 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

1 gas supply chain facility described by Section 86.044(b), Natural
2 Resources Code, or a gas pipeline facility described by Section
3 121.2015(a)(3) to supply natural gas for the electricity supply
4 chain, as mapped under Section 38.203.

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

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

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

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

16 (e) The commission and the Railroad Commission of Texas are
17 responsible for ensuring that the market monitor has the resources,
18 expertise, and authority necessary to monitor the natural gas
19 market in this state effectively and shall adopt rules and perform
20 oversight of the market monitor as necessary. The market monitor
21 shall operate under the supervision and oversight of the
22 commission.

23 (f) The commission and the Railroad Commission of Texas
24 retain all enforcement authority conferred under this title, Title
25 3, and the Natural Resources Code, and this section may not be
26 construed to confer enforcement authority on the market monitor or
27 to authorize the commission or the Railroad Commission of Texas to

1 delegate enforcement authority to the market monitor. The
2 commission by rule shall define:

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

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

7 (3) qualifications for personnel of the market
8 monitor; and

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

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

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

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

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

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

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

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

21 SECTION 3. This Act takes effect September 1, 2023.