

By: Hughes

S.B. No. 1049

A BILL TO BE ENTITLED

AN ACT

relating to gas utility alternative gas expenses and infrastructure investments.

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

SECTION 1. Subchapter B, Chapter 104, Utilities Code, is amended by adding Section 104.061 to read as follows:

Sec. 104.061. CONSIDERATION OF ALTERNATIVE GAS EXPENSES AND INFRASTRUCTURE INVESTMENTS. (a) In this section, "alternative gas" means:

(1) any pipeline-compatible gaseous fuel that is derived from:

(A) the anaerobic digestion of biomass, gasification of biomass, or another biomass conversion process;

(B) agricultural waste; or

(C) landfill gas;

(2) hydrogen produced using:

(A) carbon capture and storage;

(B) renewable energy to break down water into hydrogen and oxygen through electrolysis; or

(C) the breakdown of methane into hydrogen and solid carbon through pyrolysis;

(3) gas certified in a manner approved by the railroad commission under Subsection (b); or

(4) another gaseous fuel designated by the railroad

1 commission under Subsection (b).

2 (b) The railroad commission by rule may:

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

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

8 (c) A gas utility may include one or more forms of purchased
9 alternative gas in its gas supply portfolio used for the provision
10 of gas service to the public. When establishing a gas utility's
11 rates, the regulatory authority shall allow a gas utility to
12 recover as a cost or expense expenditures associated with
13 purchasing the alternative gas.

14 (d) When reviewing a gas utility's expenses, the regulatory
15 authority shall presume that purchases of alternative gas under
16 Subsection (c) are prudent, reasonable, and necessary gas expenses.

17 (e) A gas utility may invest in infrastructure to acquire,
18 interconnect with, or produce alternative gas supply for its
19 customers. When establishing a gas utility's rates, the regulatory
20 authority shall allow a gas utility to include in its invested
21 capital the infrastructure costs.

22 (f) The regulatory authority shall presume that an
23 infrastructure investment under Subsection (e) is used and useful
24 in providing service to the public and a prudent, reasonable, and
25 necessary investment.

26 SECTION 2. This Act takes effect September 1, 2023.