

By: Guillen

H.B. No. 5224

A BILL TO BE ENTITLED

AN ACT

relating to the critical designation of certain natural gas facilities.

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

SECTION 1. Section 81.073(a), Subchapter C, Chapter 81, Natural Resources Code, is amended as follows:

Sec. 81.073. CRITICAL NATURAL GAS FACILITIES AND ENTITIES.

(a) The commission shall collaborate with the Public Utility Commission of Texas to adopt rules to establish a process to designate certain natural gas facilities and entities associated with providing natural gas in this state as critical customers or critical gas suppliers during energy emergencies.

(b) The rules must:

(1) establish criteria for designating persons who own or operate a facility under the jurisdiction of the commission under Section 81.051(a) or engage in an activity under the jurisdiction of the commission under Section 81.051(a) who must provide critical customer and critical gas supply information, as defined by the commission, to the entities described by Section 38.074(b)(1), Utilities Code;

(2) consider essential operational elements when defining critical customer designations and critical gas supply information for the purposes of Subdivision (1), including natural gas production, processing, and transportation, related produced

1 water handling and disposal facilities, and the delivery of natural  
2 gas to generators of electric energy; ~~and~~

3 (3) require that only facilities and entities that are  
4 prepared to operate during a weather emergency may be designated as  
5 a critical customer under this section; ~~and~~

6 (4) establish criteria for a facility operated under  
7 the jurisdiction of the commission which has been designated as  
8 critical under (a) to be designated as critical on a seasonal  
9 basis. In determining these criteria:

10 (i) the commission shall determine for which  
11 seasons each facility is designated critical and the beginning and  
12 ending date of such seasons;

13 (ii) the commission shall grant any person who  
14 owns or operates a facility which has been designated as critical  
15 under (a) the right to apply to the commission to be designated as  
16 critical on a seasonal basis. Any such application may be made by an  
17 owner or operator as part of the owner or operator's Critical  
18 Infrastructure Designation Report to the commission; and

19 (iii) the commission shall provide a list of  
20 facilities designated as critical on a seasonal basis to the Public  
21 Utility Commission.

22 SECTION 2. (a) The Texas Railroad Commission shall open a  
23 rulemaking to implement Natural Resources Code Subsection  
24 81.073(b)(4). This rulemaking project shall begin not later than  
25 the 90th day after the effective date of this Act. The commission  
26 shall adopt the final rule not later than February 1, 2026. A list  
27 of facilities designated as critical on a seasonal basis shall be

1 provided to the Public Utility Commission by March 31, 2026.

2 (b) The Public Utility Commission of Texas shall open a  
3 rulemaking project requiring the independent organization  
4 certified under Section 39.151 for the ERCOT power region to allow  
5 facilities designated as critical on a seasonal basis, under  
6 Natural Resources Code Subsection 81.073(b)(4), to participate in  
7 competitively procured demand reductions. This rulemaking project  
8 shall begin not later than the 90th day after the effective date of  
9 this Act. The commission shall adopt the final rule not later than  
10 February 1, 2026. The Public Utility Commission must provide the  
11 list of facilities designated as critical on a seasonal basis to the  
12 independent organization certified under Section 39.151 for the  
13 ERCOT power region by April 30, 2026.

14 SECTION 3. This Act takes effect immediately if it receives  
15 a vote of two-thirds of all the members elected to each house, as  
16 provided by Section 39, Article III, Texas Constitution. If this  
17 Act does not receive the vote necessary for immediate effect, this  
18 Act takes effect September 1, 2025.