



Comments to the House Committee on Energy Resources

HB 14: Relating to the creation of the Texas Electricity Supply Chain Mapping Committee.

**The Honorable Craig Goldman,
Members, Committee on Energy Resources**

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When Speaker Dade Phelan announced the House's preferred approach to reform the electric and gas supply system to assure that the events of last February never happen again, he announced that Chairman Goldman would be carrying a bill to assure weatherization of the gas supply system. While it is clear there were a variety of issues that led to the massive failure of the ERCOT grid during Uri, one of the factors was the failure of the state – including the Railroad Commission of Texas – to require weatherization of

wells and other equipment in the gas supply chain. While it is true that part of this failure was the fact that some circuits that helped move gas along the process were cut off from electricity and not included as critical infrastructure, there do appear to be cases where equipment froze and processed gas could not get to where it was needed, even where circuits were energized.

Unfortunately, rather than a required weatherization program, HB 14 as filed is essentially a mapping and reporting exercise focused mainly on assuring that critical infrastructure is covered by the electric system. Recently, ERCOT updated its process to make it easier for oil and gas companies to add critical infrastructure so that it is better protected during outages, largely solving this issue. As such, it appears to be a failure on the part of leadership to take the need to weatherize oil and gas seriously. While a number of other house bills have been filed that would require weatherization, we believe that Chairman Goldman and leadership should require the RRC of Texas to develop required weatherization rules that take into account not only events like Uri, but our changing climate.

While the Sierra Club does not object to a mapping exercise, we believe it falls far short of the solutions needed to make sure we never have an event – and the tragedy of human life lost – like the one that recently occurred.

The Lone Star Chapter would suggest that HB 14 be adjusted to include required weatherization of the oil and gas supply chain. We are happy to provide language as appropriate as several good bills have been filed by other members.

We are attaching some suggested language currently contained in SB 3 which we believe would be a good path forward.

Proposed language:

This is from Senate Bill 3. I have added compressor stations and other infrastructure to the list of what must be prepared for weatherized, in addition to the wells themselves.

SECTION 5. Subchapter C, Chapter 86, Natural Resources Code, is amended by adding Section 86.044 to read as follows:

Sec. 86.044. WEATHER EMERGENCY PREPAREDNESS. (a) The commission by rule shall require an operator of a gas well, compressor station or a gas processing plant to implement measures to prepare the well, compressor station or gas processing plant to operate during a weather emergency.

(b) The commission by rule shall require an operator of a gas well, compressor station or gas processing plant that experiences repeated or major weather-related forced interruptions of production to:

(1) contract with a person who is not an employee of the provider to assess the operator's weatherization plans, procedures, and operations; and

(2) submit the assessment to the commission.

(c) If the commission determines that a person has violated a rule adopted under this section, the commission shall notify the attorney general of the violation. The attorney general shall initiate a suit to recover a penalty for the violation in the manner provided by Subchapter G.

SECTION 6. Section 86.222, Natural Resources Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Notwithstanding Subsection (a), a person who violates a provision of a rule adopted under Section 86.044 is liable for a penalty of not more than \$1,000,000 for each offense.

Add a section on Pipelines.

Section 121.2015, Utilities Code, is amended by amending Subsection (a) and adding Subsections (d) and (e) to read as follows:

(a) The railroad commission shall adopt rules regarding:

(1) public education and awareness relating to gas pipeline facilities; ~~and~~

(2) community liaison for responding to an emergency relating to a gas pipeline facility; and

(3) measures gas pipeline facility operators must implement to prepare gas pipeline facilities to maintain service quality and reliability during extreme weather conditions.

(d) The commission by rule shall require a gas pipeline facility operator that experiences repeated or major weather-related forced interruptions of service to:

(1) contract with a person who is not an employee of the provider to assess the operator's weatherization plans, procedures, and operations; and

(2) submit the assessment to the commission.

(e) The commission shall assess an administrative penalty against a person who violates a rule adopted under Subsection (a)(3) in the manner provided by Subchapter E.

SECTION 22. Section 121.206, Utilities Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) Notwithstanding Subsection (b), the penalty for each violation may not exceed \$1,000,000 for a violation of a rule adopted under Section

121.2015(a)(3). Each day a violation continues may be considered a separate violation for the purpose of penalty assessment.