

BILL ANALYSIS

C.S.H.B. 864
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that the Railroad Commission of Texas (RRC) is the primary regulator of natural gas companies in Texas and is tasked with investigating natural gas incidents. It has been suggested that, when natural gas incidents occur, it is important that operators provide the RRC with reports that are thorough and fully inclusive of all facts regarding the incident because the RRC must be able to conduct full and complete investigations. C.S.H.B. 864 seeks to address this issue by establishing pipeline incident reporting requirements for distribution gas pipeline facility operators.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 864 amends the Utilities Code to require the Railroad Commission of Texas (RRC) by rule to require a distribution gas pipeline facility operator, after a pipeline incident involving the operator's pipelines, to notify the RRC of the incident before the expiration of one hour following the operator's discovery of the incident and to provide the following information to the RRC:

- the pipeline operator's name and telephone number;
- the location and time of the incident;
- the fatalities and personal injuries caused by the incident;
- the telephone number of the operator's on-site person;
- the cost of gas lost;
- estimated property damage to the operator and others;
- any other significant facts relevant to the incident, including facts related to ignition, explosion, rerouting of traffic, evacuation of a building, and media interest; and
- other information required under federal regulations to be provided to the Pipeline and Hazardous Materials Safety Administration or a successor agency after a pipeline incident or similar incident.

C.S.H.B. 864 requires the RRC to retain state records of the RRC regarding a pipeline incident

perpetually, requires the RRC to adopt the applicable rules not later than December 31, 2019, and defines "pipeline incident" as an event involving a release of gas from a pipeline that:

- under federal regulations, gives rise to a duty of a distribution gas pipeline facility operator to report the event to a federal agency; or
- results in one or more of the following consequences:
 - a death or a personal injury necessitating in-patient hospitalization;
 - estimated property damage greater than or equal to the greater of \$50,000, including loss to the operator, loss to others, or both, but excluding cost of gas lost, or an amount under federal regulations that gives rise to the duty of a distribution gas pipeline facility operator to report the event to a federal agency; or
 - unintentional estimated gas loss of three million cubic feet or more.

C.S.H.B. 864 defines "distribution gas pipeline facility" as a pipeline facility that distributes natural gas directly to end use customers and provides for the meaning of "state record" by reference.

C.S.H.B. 864 expands the types of violations of gas pipeline safety standards and rules for which the RRC may assess an administrative penalty to include a violation of any safety standard or other rule prescribed or adopted under provisions governing gas pipeline safety.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 864 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes language that requires a distribution gas pipeline facility operator to notify the RRC of a pipeline incident before the expiration of one hour following the operator's discovery of the incident.

The substitute includes as information an operator is required to provide to the RRC other information required under federal regulations to be provided to the Pipeline and Hazardous Materials Safety Administration or a successor agency after a pipeline incident or similar incident.

The substitute includes provisions requiring the RRC to retain state records of the RRC regarding a pipeline incident perpetually and providing for the meaning of "state record" and the definition of "distribution gas pipeline facility." The substitute revises the definition of "pipeline incident" with regard to the value of estimated property damage and includes as such an incident involving a release of gas from a pipeline that, under federal regulations, gives rise to a duty of a distribution gas pipeline facility operator to report the event to a federal agency.