

SUBJECT: Designating certain premises as critical load premises for electric service

COMMITTEE: Energy Resources — committee substitute recommended

VOTE: 8 ayes — Goldman, Herrero, Craddick, Ellzey, T. King, Leman, Longoria, Reynolds

0 nays

3 absent — Anchia, Darby, Geren

WITNESSES: For — (*Registered, but did not testify:* Martha Landwehr, BASF Corporation; Daniel Womack, Dow, Inc.; Cyrus Reed, Lone Star Chapter Sierra Club; Jessica Oney, NRG; Shera Eichler, Oncor Cities Steering Committee; William Stevens, Panhandle Producers and Royalty Owners Association; Jason Modglin, Texas Alliance of Energy Producers; Katie Coleman, Texas Association of Manufacturers; Sam Gammage, Texas Chemical Council; Ryan Paylor, Texas Independent Producers & Royalty Owners Association (TIPRO); Tulsı Oberbeck, Texas Oil and Gas Association; Thure Cannon, Texas Pipeline Association; Tricia Davis, Texas Royalty Council)

Against — None

On — Joel Yu, Enchanted Rock; (*Registered, but did not testify:* Thomas Gleeson, Public Utility Commission)

DIGEST: CSHB 3915 would require the Public Utilities Commission of Texas (PUC) by rule to establish a process for a transmission and distribution utility to designate and prioritize the designation of certain premises as critical load premises and adopt criteria for determining eligibility for the designation and priority. PUC would be required to coordinate with other agencies that have primary jurisdiction over entities that own or operate premises that could be designated as critical load premises.

The eligibility criteria would have to allow for premises used for the

following activities to be eligible for designation as critical load premises:

- upstream natural gas production;
- midstream natural gas transportation;
- fuel production;
- nitrogen, hydrogen, and water supply; and
- telecommunications.

The bill would require PUC to submit an annual report to the Legislature regarding critical load premises designations, including analysis of the implementation and results of the designation. PUC would be required to submit the first report by January 1, 2022.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021. If the bill took effect immediately, PUC would be required to adopt the required rules by September 1, 2021. If the bill took effect September 1, 2021, PUC would be required to adopt the required rules by November 1, 2021.

**SUPPORTERS
SAY:**

CSHB 3915 would address issues that became apparent during Winter Storm Uri regarding the natural gas supply chain and related communications issues by making certain facilities related to natural gas and telecommunications eligible for designation as critical load premises.

During the storm, private and governmental entities across the state failed to effectively communicate and consider the effect of shutting off power to natural gas facilities. This failure resulted in the shutdown of natural gas facilities that help provide essential services to the state. By making these facilities eligible for designation as critical load premises, the bill would help to ensure that critical infrastructure in Texas remains operational during disasters or other emergencies.

The expansion of facilities designated as critical load premises could result in the diversion of electricity resources to these facilities, but the essential services provided by facilities listed in the bill justifies this

designation. Natural gas and telecommunications facilities provide essential support to critical public health and safety operations across the state. The potential for harm to the public created by the shutdown of these facilities justifies the diversion of electricity resources.

**CRITICS
SAY:**

CSHB 3915 would increase the number of facilities that are eligible for designation as critical load premises, which could harm the ability of utilities to effectively manage load sharing and could result in the burden of power outages being shifted to residential communities to an unreasonable degree.