

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1750
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1750 would require the Public Utility Commission of Texas (PUC), the Railroad Commission of Texas (RRC), and the Texas Division of Emergency Management to establish rules to require the facilities in their respective jurisdictions to create a severe weather emergency preparedness plan.

The entities required to create a plan would include power generation companies, ERCOT, and entities engaged in the production, transport, gathering, storage, or shipping of natural gas used for electric generation.

The plans would be required to address severe cold weather, weather design limits on equipment, staffing during severe weather events, curtailment priorities, recovery of operational capacity, and identification of critical loads necessary to maintain continuous production of electricity and natural gas.

The entities would also create a communications plan that describes the procedures and threshold conditions for initiating a communication about a potential severe weather event with the coordinating agencies, other coordinated entities, ERCOT, the public, the media, and customers.

The coordinating agencies would jointly review the emergency plans and prepare a report on power generation preparedness and determine whether the electric and gas systems are capable of withstanding extreme weather patterns and make recommendations to improve upon the emergency plans, including the identification of weatherization and emergency operations standards.

An agency could require an entity subject to its jurisdiction to file an updated emergency operations plan if it finds that the emergency plan on file does not contain enough information to determine whether the entity can provide adequate services.

Each agency shall submit a report to the lieutenant governor, the speaker of the house of representatives, and the members of the legislature not later than September 30 of each even-numbered year.

The PUC and RRC shall each notify the coordinated entities under their jurisdictions of any potential deficiencies in their emergency operations plans, including winter weatherization and emergency operations standards recommended, and each entity shall respond to such notice in writing within 30 days.

The PUC and RRC may impose an administrative penalty on entities subject to their respective jurisdictions for failure to timely submit an emergency operations plan or respond to a notice of potential deficiency.

C.S.S.B. 1750 amends current law relating to extreme weather preparedness of critical electric and natural gas infrastructure and authorizes administrative penalties.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 2 (Section 86.044, Natural Resources Code) and SECTION 4 (Section 186.008, Utilities Code) of this bill.

Rulemaking authority previously granted to the Railroad Commission of Texas is modified in SECTION 3 (Section 121.2015, Utilities Code) of this bill.

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 4 (Section 186.008, Utilities Code) of this bill.

Rulemaking authority is expressly granted to the Texas Division of Emergency Management in SECTION 4 (Section 186.008, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Provides that the legislature finds that Winter Storm Uri revealed the interconnectedness of the gas and power industries in the face of extreme weather and resolves to protect the citizens of this state from similar events by requiring coordinated enforcement by relevant regulatory bodies.

SECTION 2. Amends Subchapter C, Chapter 86, Natural Resources Code, by adding Section 86.044, as follows:

SECTION 86.044. EXTREME WEATHER EMERGENCY PREPAREDNESS. (a) Defines "extreme weather emergency."

(b) Requires the Railroad Commission of Texas (RRC) by rule to require an operator of a gas well to implement measures to prepare the well to operate during an extreme weather emergency.

SECTION 3. Amends Section 121.2015(a), Utilities Code, as follows:

(a) Requires RRC to adopt rules regarding certain topics, including rules regarding measures gas pipeline facilities are required to implement to prepare gas pipeline facilities to maintain service quality and reliability during an extreme weather emergency, as defined by Subsection 86.044, Natural Resources Code.

SECTION 4. Amends Subchapter A, Chapter 186, Utilities Code, by adding Section 186.008, as follows:

Sec. 186.008. WINTER WEATHER EMERGENCY PREPAREDNESS AND COORDINATION. (a) Defines, in this section:

(1) "Coordinating agency" to mean the Public Utility Commission of Texas (PUC), the RRC, or the Texas Division of Emergency Management;

(2) "Coordinated entity" to mean a power generation company as defined by Section 31.002 (Definitions), the independent organization, or an entity engaged in the transport, storage, or shipping of natural gas to or for a power generation company; and

(3) "Independent organization" to mean the independent organization certified under Section 39.151 (Essential Organizations) for the ERCOT power region.

(b) Requires the PUC and RRC each by rule to require each coordinated entity subject to the agency's jurisdiction to establish and submit to the respective agency a winter preparedness emergency operations plan. Requires that the rules require the winter preparedness emergency operations plans to include:

- (1) a plan for operating during extremely cold weather;
- (2) a plan that addresses any known critical failure points of the entity, including any effects of weather design limits;
- (3) a plan for operating during an emergency shortage of water or other critical supplies;
- (4) a plan for identifying potentially extreme weather events;
- (5) a plan for staffing during extreme weather events;
- (6) natural gas curtailment priorities and procedures, if applicable;
- (7) a description of priorities for recovery of operational capacity or restoration of service, as applicable;
- (8) identification of critical loads necessary to maintain production of electricity or natural gas;
- (9) a communications plan that describes the procedures and threshold conditions for initiation of communication about a potential extreme weather event with the coordinating agencies, other coordinated entities, the public, the media, and customers; and
- (10) an affidavit from an owner, partner, officer, manager, or other official with responsibility for the entity's operations affirming that all relevant operating personnel of the entity are familiar with the contents of the emergency operations plan and that the personnel will follow the plan, except to the extent deviations are appropriate under the circumstances during an emergency.

(c) Authorizes an emergency operations plan to be combined or coordinated with other preparedness reporting requirements, including requirements regarding other weather scenarios, natural disasters, cybersecurity events, physical security events, and pandemics. Authorizes a coordinating agency to authorize a coordinated entity to submit for the purposes of this section a plan required to be submitted to the agency under another provision of law if the plan includes the information required by this section to be included in an emergency operations plan.

(d) Requires the coordinating agencies to analyze jointly emergency operations plans developed by coordinated entities in each even-numbered year and prepare a weather emergency preparedness report on power generation and natural gas weatherization preparedness in this state. Requires the coordinating agencies, in preparing the report, to:

- (1) review the emergency operations plans on file with each of the coordinating agencies;
- (2) analyze and determine the ability of the electric grid and natural gas system to withstand extreme weather events in the upcoming biennium;
- (3) consider the anticipated weather patterns for the upcoming biennium; and
- (4) make recommendations on improving emergency operations plans and procedures to ensure the continuity of electric and natural gas service, including identifying and defining potentially appropriate weatherization and emergency operations standards, that may:

(A) differentiate between existing and new facilities; and

(B) consider geography, suitable alternatives, cost-effectiveness, and other practical constraints.

(e) Authorizes a coordinating agency to require a coordinated entity subject to the agency's jurisdiction and this section to file an updated emergency operations plan if the coordinating agency finds that an emergency operations plan on file does not contain sufficient information to determine whether the coordinated entity can provide adequate services.

(f) Authorizes each coordinating agency to adopt rules relating to the implementation of the report described by Subsection (d).

(g) Requires the coordinating agencies to submit the report described by Subsection (d) to the lieutenant governor, the speaker of the Texas House of Representatives, and the members of the legislature not later than September 30 of each even-numbered year. Authorizes the coordinating agencies to combine a report required by this section with a report required to be produced by a coordinating agency by another provision of law when making the submission required by this subsection.

(h) Provides that an emergency operations plan submitted to a state agency under this section is confidential under Chapters 418 (Emergency Management) and 552 (Public Information), Government Code, and any other applicable law, and is not subject to disclosure under Chapter 552, Government Code. Requires that the information, if portions of a plan are directly referenced in the report described by Subsection (d), be in a redacted form for public inspection with the confidential portions removed. Requires a coordinated entity in the ERCOT power region to provide the entity's entire plan to the independent organization. Requires the independent organization to maintain the confidentiality of the plan.

(i) Requires the PUC and RRC each to notify coordinated entities under their respective jurisdictions of any potential deficiencies in entity emergency operations plans and to describe any applicable winter weatherization and emergency operations standards recommended by the coordinating agencies. Requires a coordinated entity, not later than the 30th day after the date the coordinated entity receives notice under this subsection, in writing to acknowledge to the PUC or RRC, as applicable, that the entity received the notice.

(j) Authorizes the PUC and RRC, after notice and opportunity for hearing, to impose an administrative penalty on a coordinated entity subject to the agency's jurisdiction for failure to submit an emergency operations plan or respond to a notice of potential deficiency by the required time.

SECTION 5. Requires RRC to adopt rules as required by Section 86.044, Natural Resources Code, as added by this Act, and Section 121.2015(a), Utilities Code, as amended by this Act, not later than November 1, 2021.

SECTION 6. Requires the PUC and RRC, not later than January 1, 2022, to adopt the rules required by Section 186.008, Utilities Code, as added by this Act.

SECTION 7. Requires RRC to implement this Act only if the legislature appropriates money specifically for that purpose. Provides that if the legislature does not appropriate money specifically for that purpose, RRC is authorized, but is not required, to implement this Act using other appropriations available for the purpose.

SECTION 8. Effective date: September 1, 2021.