

BILL ANALYSIS

C.S.H.B. 866
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised regarding the structural integrity of pipelines made of cast iron, wrought iron, or bare steel. It has been suggested that pipelines made from these materials pose significant leak risks and serious safety concerns, as leaked natural gas can cause fires and explosions resulting in serious injury or death and irreversible damage to the environment. C.S.H.B. 866 seeks to address this issue by setting out provisions relating to the installation, removal, and replacement of certain gas pipelines.

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. 866 amends the Utilities Code to prohibit a distribution gas pipeline facility operator from installing as part of the operator's underground system a cast iron, wrought iron, or bare steel pipeline. The bill defines "distribution gas pipeline facility" as a pipeline facility that distributes natural gas directly to end-use customers.

C.S.H.B. 866 requires the Railroad Commission of Texas (RRC) by rule to require the operator of a distribution gas pipeline facility system to develop and implement a risk-based program for the removal or replacement of underground distribution gas pipeline facilities and annually remove or replace at least eight percent of such facilities posing the greatest risk in the system and identified for replacement under the program. The bill adds a temporary provision set to expire September 1, 2023, requiring a distribution gas pipeline facility operator to replace any known cast iron pipelines installed as part of the operator's underground system not later than December 31, 2021.

C.S.H.B. 866 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. The bill prohibits the RRC, in any proceeding to comply with the bill's requirements, from amending the requirements of a certain rule as that rule exists on the bill's effective date, except as required by a specified bill provision.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 866 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 a definition for "distribution gas pipeline facility." The substitute specifies that the system for which a distribution gas pipeline facility operator is prohibited from installing a cast iron, wrought iron, or bare steel pipeline is an underground system.

The substitute includes provisions requiring the RRC by rule to require the operator of a distribution gas pipeline facility system to develop and implement a risk-based program for the removal or replacement of underground distribution gas pipeline facilities and annually remove or replace at least eight percent of such facilities posing the greatest risk in the system and identified for replacement under the program.

The substitute, with respect to a temporary provision set to expire September 1, 2021, requiring an operator to replace any cast iron, wrought iron, or bare steel pipelines installed as part of the operator's facility with plastic pipelines no later than December 31, 2020, changes that provision by:

- specifying that the pipelines to be replaced are known cast iron pipelines installed as part of the operator's underground system;
- not including the requirement that the applicable pipelines be replaced with plastic pipelines;
- postponing the deadline for such replacement until December 31, 2021; and
- postponing the expiration of the temporary provision until September 1, 2023.

The substitute includes a provision prohibiting the RRC, in any proceeding to comply with the bill's requirements, from amending the requirements of a certain rule as that rule exists on the bill's effective date, except as required by a specified bill provision.