

BILL ANALYSIS

C.S.H.B. 14
By: Goldman
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Preparation for extreme temperatures, both hot and cold, is no longer a seasonal responsibility. The supply and demand of the state's electric and gas supplies are fluid, which is why consistent communication between relevant market actors is critical to anticipate future needs and prepare for extreme weather events. When Winter Storm Uri, which paralyzed the state's power grid for a week in February of this year, fades from memory, there will remain a need to ensure that this communication and relevant policy planning activities do not fall by the wayside. C.S.H.B. 14 seeks to ensure that the state is better prepared for energy needs during future extreme weather emergencies by creating the Texas Electricity Supply Chain Security and Mapping Committee.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 14 amends the Utilities Code to create the Texas Electricity Supply Chain Security and Mapping Committee for the following purposes:

- mapping the state's electricity supply chain and natural gas delivery system;
- identifying critical infrastructure sources in the electricity supply chain and natural gas delivery system;
- establishing best practices to prepare facilities that provide electric and natural gas service to maintain service in an extreme weather event and recommending oversight and compliance standards for those facilities; and
- designating priority service needs to prepare for, respond to, and recover from an extreme weather event.

C.S.H.B. 14 sets out the membership of the committee, which is as follows:

- the executive directors of both the Railroad Commission of Texas (RRC) and the Public Utility Commission of Texas (PUC);
- the president and CEO of the independent organization that is certified by the PUC to perform certain essential market functions for the ERCOT power region; and
- the chief of the Texas Division of Emergency Management.

The bill authorizes each member to designate a personal representative from their respective organization to represent them on the committee but specifies that the member is responsible for the acts and omissions of their designated representative. The bill designates the PUC executive director as the committee chair and the RRC executive director as the vice chair and

further provides for the committee's administration and operation, including the provision of staff.

C.S.H.B. 14 requires the committee to do the following:

- map the state's electricity supply chain in order to designate priority electricity service needs during extreme weather events;
- identify and designate the sources in the electricity supply chain necessary to operate critical infrastructure;
- develop a communication system between the critical infrastructure sources, the PUC, and the certified ERCOT organization to ensure that electricity and natural gas supplies are prioritized to those sources during an extreme weather event; and
- establish best practices to prepare facilities that provide electric and natural gas service to maintain service in an extreme weather event and recommend oversight and compliance standards for those facilities.

C.S.H.B. 14 requires the PUC to create, maintain, and annually update a database identifying the critical infrastructure sources with priority electricity needs to be used during an extreme weather event. The bill makes the information maintained in the database confidential and exempt from disclosure under state public information law.

C.S.H.B. 14 requires the committee to submit a report covering its activities and findings to the governor, lieutenant governor, speaker of the house of representatives, and legislature not later than January 1, 2022, and sets out certain requirements for the content of the report. The bill establishes that the report is public information, except for portions considered confidential under state or federal law.

C.S.H.B. 14 defines "electricity supply chain" and "natural gas delivery system" as follows:

- "electricity supply chain" means facilities and methods used for producing, processing, or transporting natural gas for delivery to electric generation facilities and critical infrastructure necessary to maintain electricity service; and
- "natural gas delivery system" means facilities and methods used for producing, processing, or transporting natural gas for delivery to distribution gas pipeline facilities and critical infrastructure necessary to maintain natural gas service.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 14 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.

Both the original and substitute set out a list of purposes for which the committee is established, but the substitute revises the purposes set out by the original as follows:

- includes mapping the state's natural gas delivery system in Texas in addition to mapping the electricity supply chain, whereas the original is limited only to mapping the electricity supply chain;
- includes identifying critical infrastructure sources in the natural gas delivery system in addition to the electricity supply chain, whereas the original is limited only to identifying such sources in the electricity supply chain;
- provides for the committee to establish best practices to prepare facilities that provide electric and natural gas service to maintain service in an extreme weather event and recommend oversight and compliance standards for those facilities, whereas the original

provided for the committee to make recommendations on measures to prepare facilities that provide electric and gas service to maintain service in such an event; and

- specifies that the original purpose to designate priority service needs in extreme weather events applies with respect to needs to prepare for, respond to, and recover from an extreme weather event.

The substitute updates the powers and duties established for the committee in the original to reflect the change in purpose from making recommendations on preparation measures to establishing best practices and recommending oversight and compliance standards. Additionally, the substitute requires that the communication system developed by the committee ensure that both natural gas supplies and electricity supplies are prioritized to critical infrastructure sources during an extreme weather event, whereas the original only required prioritization of electricity supplies.

The substitute includes a provision not in the original making the information maintained in the database confidential and exempt from disclosure under state public information law.

The substitute revises the required contents of the committee's report as follows:

- whereas the original required the report to provide a detailed map of the electricity supply chain, the substitute requires the report to provide an overview of the committee's findings regarding mapping that supply chain; and
- includes a requirement not in the original that the report include a list of the established best practices and recommended oversight and compliance standards.

The substitute includes a provision not in the original establishing that the report is public information except for portions of the report considered confidential under state or federal law.

The substitute includes definitions of "electricity supply chain" and "natural gas delivery system" that are not in the original.