

SUBJECT: Creating the Texas Energy Disaster Reliability Council

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 12 ayes — Paddie, Hernandez, Deshotel, Harless, Howard, Hunter, P. King, Lucio, Metcalf, Raymond, Shaheen, Slawson

0 nays

1 absent — Smithee

WITNESSES: For — JP Urban, AECT; Chance Sparks, American Planning Association Texas Chapter; Katie Coleman, Texas Association of Manufacturers; Michele Richmond, Texas Competitive Power Advocates (TCPA); (*Registered, but did not testify*: Kathy Green, AARP; Jeffrey Clark, Advanced Power Alliance; Greg Macksood, Devon Energy; Daniel Womack, Dow, Inc.; Luke Metzger, Environment Texas; Tristan Castañeda, Exelon; Cyrus Reed, Lone Star Chapter Sierra Club; Tom Oney, Lower Colorado River Authority (LCRA); Shera Eichler, Oncor Cities Steering Committee and Texas Coalition for Affordable Power; Danielle Delgadillo, South Texas Electric Cooperative (STEC); Jason Modglin, Texas Alliance of Energy Producers; Joshua Houston, Texas Impact; Ryan Paylor, Texas Independent Producers & Royalty Owners Association (TIPRO); Shana Joyce, Texas Oil and Gas Association; Thure Cannon, Texas Pipeline Association; Russell T. “Russ” Keene, Texas Public Power Association; Mance Zachary, Vistra Corporation)

Against — None

On — (*Registered, but did not testify*: Thomas Gleeson, Public Utility Commission of Texas; Thomas Parkinson)

BACKGROUND: Government Code sec. 418.004 defines a "disaster" as the occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or man-made cause, including fire, flood, earthquake, wind, storm, wave action, oil spill or other water

contamination, volcanic activity, epidemic, air contamination, blight, drought, infestation, explosion, riot, hostile military or paramilitary action, extreme heat, cybersecurity event, or other public calamity requiring emergency action, or energy emergency.

DIGEST: CSHB 13 would establish the Texas Energy Disaster Reliability Council to:

- prevent extended power outages caused by disasters;
- implement procedures to manage emergencies caused by disasters;
- maintain records of critical infrastructure facilities to maintain service in a disaster;
- coordinate the delivery of fuel to providers of electric generation service in a disaster;
- monitor supply chains for the electric grid to minimize service disruptions; and
- make recommendations on methods to maintain the reliability of the ERCOT grid during a disaster, including methods for maintaining the reliability of natural gas supply networks.

The bill would add to the existing statutory definition of "disaster" to include an extended power outage.

Membership. The council would consist of the following six members:

- the presiding officer and the executive director of the Public Utility Commission;
- the chairman and the executive director of the Railroad Commission of Texas;
- the CEO of the ERCOT organization; and
- the chief of the Texas Division of Emergency Management, who also would serve as the presiding officer.

To carry out its functions, the council could coordinate with the U.S. Department of Energy, the U.S. Department of Homeland Security, the

North American Electric Reliability Corporation, other federal and state agencies, members of the electric or natural gas industries, and grid security experts.

Meetings. The council would be required to hold meetings during the weeks of March 1 and September 1 each year. In addition, the council would have to convene as soon as reasonably possible during or in anticipation of a disaster to address an actual or potential extended power outage and to coordinate fuel supplies and minimize the duration of the outage.

Meetings and information obtained or created by the council would not be subject to state open meetings or public disclosure requirements.

Report. By November 1 of each even-numbered year, the council would have to submit a report to the Legislature on the reliability and stability of the electric supply chain that included recommendations on methods to strengthen the supply chain and to decrease the frequency of extended power outages caused by a disaster.

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.

SUPPORTERS
SAY:

CSHB 13 would help the state mitigate the human cost of disasters by bridging the gap between industries that are crucial to providing electricity to Texans.

The lack of communication and coordination between the electricity and natural gas industries has been identified as one of several key issues that played a role in the extended power outages that millions of Texans faced during the recent winter storm. Currently, the only coordination occurs through an unofficial working group, the Texas Energy Reliability Council (TERC), made up of representatives from the Public Utility Commission, the Railroad Commission, the ERCOT organization, and other industry professionals. By formalizing TERC and creating clear

lines of communication and authority, the bill would enable the electricity and natural gas system to better respond to a disaster and prevent the foreseeable consequences of any resulting power outages.

The bill also would help ensure the efficient flow of electricity to natural gas production facilities and thus the flow of natural gas to electric generators by requiring the council to maintain records of critical infrastructure facilities. It has been reported that power was shut off to natural gas facilities because they were not registered on lists of critical infrastructure, affecting the natural gas supply to some electricity generation facilities and further decreasing energy supply. As Texas continues to grow and more critical infrastructure is built, it will be increasingly important to have a central repository for this information to help prevent service outages to any critical infrastructure in the future.

**CRITICS
SAY:**

CSHB 13 should include the Texas Commission on Environmental Quality (TCEQ) and the Texas Department of Transportation (TxDOT) on the Texas Energy Disaster Reliability Council. As an agency with oversight over certain regulated entities, TCEQ should be involved in anticipation of and during an emergency to mitigate negative impacts to the environment following a disaster. TxDOT should be included on the council to ensure that roads were accessible and that transportation infrastructure was able to facilitate the efficient flow of resources between the electricity and natural gas industries during a disaster.

The bill also should add representatives from the manufacturing community to the list of entities the council could consult. Manufacturing sites could play a role in both energy supply and demand during emergencies. For example, during the recent winter storm, manufacturing sites dropped offline to help with load shed, while other sites had generation resources that could have been used to aid grid reliability.