

SUBJECT: Creating the Electricity Supply Chain Security and Mapping Committee

COMMITTEE: Energy Resources — committee substitute recommended

VOTE: 9 ayes — Goldman, Anchia, Craddick, Darby, Geren, T. King, Leman, Longoria, Reynolds

0 nays

2 absent — Herrero, Ellzey

WITNESSES: For — Tom Glass, Protect the Texas Grid; Todd Staples, Texas Oil and Gas Association; (*Registered, but did not testify:* Lauren Spreen, Apache Corporation; Mike Meroney, BASF Corporation; Julie Williams, Chevron; Stan Casey, ConocoPhillips; Teddy Carter, Devon Energy; Daniel Womack, Dow, Inc.; Shannon Meroney, Enel North America; Shayne Woodard, FreeportLNG—DCP Midstream and Enbridge Energy; Julie Moore, Occidental Petroleum; Ben Shepperd, Permian Basin Petroleum Association; Mark Gipson, Pioneer Natural Resources; Jason Modglin, Texas Alliance of Energy Producers; Chris Noonan, Texas Chemical Council; Ryan Paylor, Texas Independent Producers & Royalty Owners Association (TIPRO); Thure Cannon, Texas Pipeline Association)

Against — None

On — Liz Jones, AECT; Cyrus Reed, Lone Star Chapter Sierra Club; Michele Richmond, Texas Competitive Power Advocates (TCPA); Julia Harvey, Texas Electric Cooperatives, Inc.; Russell T. “Russ” Keene, Texas Public Power Association; (*Registered, but did not testify:* Thomas Gleeson, Public Utility Commission of Texas; Edgar Chavez, Natalie Dubiel, Paul Dubois, and Mark Evarts, Railroad Commission)

DIGEST: CSHB 14 would create the Texas Electricity Supply Chain Security and Mapping Committee to map the state's electricity supply chain and natural gas delivery system, identify related critical infrastructure sources, establish best practices to prepare facilities to maintain service in an

extreme weather event and recommend oversight and compliance standards for those facilities, and designate priority service needs to prepare for, respond to, and recover from an extreme weather event.

The bill would define "electricity supply chain" to mean 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.

"Natural gas delivery system" would mean 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.

Powers and duties. The committee would have to meet at least quarterly and would be required to:

- map the state's electricity supply chain 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 critical infrastructure sources, the Public Utility Commission (PUC), and the independent organization certified by the PUC to perform certain functions related to the electric grid and electricity market in the ERCOT power region (ERCOT organization) to ensure that electricity and natural gas supplies were 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.

The PUC would have to create, maintain, and update at least annually a database identifying critical infrastructure sources with priority electricity needs to be used during an extreme weather event.

Membership. The committee would be composed of:

- the executive directors of both the PUC and the Railroad Commission (RRC);
- the president and the CEO of the ERCOT organization; and
- the chief of the Texas Division of Emergency Management (TDEM).

The PUC executive director would serve as the chair of the committee, and the RRC executive director would serve as the vice chair.

A member who was an ex officio member from a state agency would be reimbursed for expenses related to committee responsibilities from money appropriated for that purpose in the agency's budget. Other members could receive reimbursement from money appropriated for that purpose.

Report. The committee would have to submit a report to the governor, the lieutenant governor, the House speaker, and the Legislature on its activities and findings by January 1, 2022. The report would have to include certain items related to the committee's powers and duties.

The report would be public information except for portions considered confidential under state or federal law.

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 14 would ensure that the state was better prepared for energy needs during future weather emergencies by requiring the mapping of the state's electricity supply chain and natural gas delivery system to designate priority electricity service needs.

A lack of coordination between natural gas producers, electric providers, and state regulatory bodies has been cited as contributing to the extended

power outages faced by millions of Texans during Winter Storm Uri. During the storm, power was shut off to some natural gas facilities because they were not registered as critical load serving electric generation, affecting the natural gas supply to some electricity generation facilities. CSHB 14 would address this issue by providing information critical for ensuring the efficient flow of electricity to natural gas production facilities and thus the flow of natural gas to electric generators. The bill would facilitate regular communication between the Public Utility Commission, the Railroad Commission, the ERCOT organization, and the Texas Division of Emergency Management and create a database of critical infrastructure sources with priority electricity needs.

The bill would require the committee to provide recommendations to best prepare facilities in the electricity supply chain for future extreme weather events. While such recommendations certainly could include weatherization, the bill should not be any more prescriptive to allow the committee to establish best practices for each unique component of the electricity supply chain and the natural gas system.

CRITICS
SAY:

CSHB 14 would not go far enough to ensure Texas' electricity supply chain was prepared for future extreme weather emergencies. Although the committee could recommend weatherization as part of best practices for facilities to maintain service during an extreme weather event, the bill should specifically require the committee to look at weatherization of natural gas facilities as part of its duties.

OTHER
CRITICS
SAY:

The committee created under CSHB 14 would be too narrowly focused on extreme weather threats to Texas' electricity system. To ensure a resilient electricity supply chain, the committee should address all potential threats, both natural and manmade.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact to general revenue of \$565,418 through fiscal 2022-23.