SUBJECT: Requiring PUC and RRC to jointly address electrical hazards at well sites

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 14 ayes — King, Hernandez, Anchía, Darby, Y. Davis, Geren, Guillen, Hull, McQueeney, Metcalf, Raymond, Smithee, Thompson, Turner

0 nays

1 absent — Phelan

WITNESSES: For — Michael Lozano, Permian Basin Petroleum Association; Kamil Cook, Public Citizen Texas; Craig Cowden, James Henderson, Joe Leathers, Texas & Southwestern Cattle Raisers Association; Jason Abraham; Mikal Watts (*Registered, but did not testify*: Samantha Omey, ExxonMobil; Jimmy Carlile, Fasken Oil and Ranch; Cyrus Reed, Lone Star Chapter Sierra Club; Travis McCormick, Panhandle Producers and Royalty Owners Association; Walt Baum, Powering Texans; Katie Coleman, Texas Association of Manufacturers; Charlie Leal, Texas Farm Bureau; Rob Hughes, Texas Forestry Association; Ryan Paylor, Texas Independent Producers & Royalty Owners Association (TIPRO); Jennifer Owen, Texas Land & Mineral Owners Association; Tulsi Oberbeck, Texas Oil and Gas Association; Mance Zachary, Vistra Corporation)

Against — None

On — Mark Bell, Association of Electric Companies of Texas; Natalie Dubiel, Travis Baer, Railroad Commission of Texas (*Registered, but did not testify*: Connie Corona, Public Utility Commission of Texas; Chuck Allen, Texas State Fire Marshal's Office)

BACKGROUND: Natural Resources Code sec. 91.019 requires an oil and gas well operator to construct, operate, and maintain an electrical power line serving a well site or other surface facility in accordance with the National Electrical Code published by the National Fire Protection Association.

DIGEST:

CSHB 143 would require the Railroad Commission (RRC) to notify the Public Utility Commission (PUC) and the operator of an oil and gas well site or surface facility within three days if, during an inspection of the facility or on the receipt of a written notice by a landowner or lessee, RRC discovered a condition involving electrical equipment that:

- did not meet standards for construction, operation, and maintenance of electric lines in accordance with Natural Resources Code sec. 91.019; and
- posed a risk of causing a fire or injury to a person.

Notification to PUC would have to describe the condition and note whether the well was abandoned. To resolve the condition, RRC and PUC, in collaboration, would be required to:

- notify the landowner of the condition and the actions PUC and RRC planned to take to resolve it no more than 10 days after PUC received the notice;
- request that the state fire marshal or a local government authority inspect the conditions at the well site;
- require the operator to mitigate any dangerous conditions identified by the state fire marshal or local government authority;
- request that the electric utility providing service to the site investigate the condition and disconnect electric service if necessary; and
- take any other action they considered necessary and appropriate to resolve the condition.

If electric service was disconnected, the utility would be required to restore service upon receiving notice by RRC that the condition had been resolved.

The bill would amend Natural Resources Code sec. 91.109 to also require operators to construct, maintain, or operate an electric line according to standards from the Texas Administrative Code regarding reports on

infrastructure improvement and maintenance, storm hardening, and vegetation management if the operator was a utility engaged in maintaining an electric transmission or distribution system.

The bill would take effect September 1, 2025.

SUPPORTERS SAY:

By establishing new requirements for collaboration between PUC and RRC regarding safety conditions at oil and gas well sites, CSHB 143 would help prevent wildfires like those that destroyed over 1 million acres of the Texas Panhandle in February 2024. Most fires in the Texas Panhandle ignite due to electrical issues at well sites, and the largest and most destructive wildfires during the outbreak were caused by electrical equipment that had not been properly maintained. Cutting off power to wells upon determination of dangerous electrical conditions would prevent ignition and, consequently, prevent the loss of land, livestock, structures, and life associated with wildfires.

The bill would help close the regulatory gap between PUC and RRC by requiring collaboration between the two entities in addressing electrical hazards at well sites. Since PUC has jurisdiction over electric utilities and RRC has jurisdiction over oil and gas operators, collaboration between the two agencies to address such safety concerns is necessary.

In response to the February 2024 fires, PUC and RRC established a memorandum of understanding to limit fire risk by shutting off power to sites where RRC found electrical hazards. CSHB 143 would codify this memorandum, giving the agencies statutory authority to collaboratively request that an electric utility cut power. Past communication has been insufficient to address issues before wildfires ignited, and the bill would ensure that PUC and RRC continued to collaborate to address these issues in the future.

By directing PUC and RRC to ask electric utilities to shut off power to certain hazardous well sites, CSHB 143 also would allow the agencies to further penalize bad operators by cutting off a source of revenue.

CRITICS SAY:

CSHB 143 could do more to increase accountability and capacity for RRC and PUC to respond to safety hazards at well sites. Although RRC and PUC currently have a memorandum of understanding with provisions similar to those in the bill, many violations of safety standards remain, raising concerns about whether the agencies have sufficient resources and capacity to address these issues.

In addition, the bill would require the responsible electric utility to investigate the well itself before disconnecting service. This additional investigation would be unnecessary because the initial RRC investigation should be sufficient to determine if power needs to be cut.