

BILL ANALYSIS

Senate Research Center
82R707 TJS-D

S.B. 312
By: Seliger
Natural Resources
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, electric cooperatives are taking steps to incorporate renewable energy resources into their portfolios and need back-up generation due to the intermittent nature of renewable resources. To address this reliability challenge, quick-start gas-fired generators can be used to respond rapidly during periods of intermittent wind; however, these generators require immediate availability of the fuel source. Typically the natural gas pipeline requires advance notice of the quantity needed and absent such notice the gas might not be available. A solution to this problem for electric cooperatives is the ability to maintain a supply of natural gas in an underground gas storage facility. To offset the cost of back-up generation and maintenance of underground storage facilities, it would be helpful if the cooperatives could provide short-term gas to other entities in the event of a surplus. However, under current law, if an electric cooperative contracts with a third party to provide gas in storage, it would be classified as a gas utility.

S.B. 312 amends the Utilities Code and the Natural Resources Code to permit electric cooperatives to operate underground gas storage facilities and offer short-term gas storage services to other parties. These facilities would remain subject to the Texas Railroad Commission regulation, permitting, safety, testing, monitoring, and reporting requirements for underground gas storage facilities. This bill would not impair the current permitting, safety, and operational requirements or change or obviate current reporting requirements.

As proposed, S.B. 312 amends current law relating to the exemption of certain electric cooperatives from certain regulations.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 101.003(7), Utilities Code, to redefine "gas utility."

SECTION 2. Amends Subchapter A, Chapter 121, Utilities Code, by adding Section 121.008, as follows:

Sec. 121.008. CERTAIN STORAGE FACILITIES OWNED BY ELECTRIC COOPERATIVES EXCLUDED. Provides that an electric cooperative, as that term is defined by Section 11.003 (Definitions), or its subsidiary, that sells electricity at wholesale is not a gas utility or subject to regulation as a gas utility solely because it provides gas storage services for hire if the gas storage facility is predominantly operated to support the integration of renewable resources. Prohibits such a gas storage facility from having a working gas capacity of greater than five billion cubic feet.

SECTION 3. Amends Section 111.001(2), Natural Resources Code, to redefine "public utility."

SECTION 4. Amends Section 111.003, Natural Resources Code, by adding Subsection (c), as follows:

(c) Provides that the provisions of this chapter, and any common law requirements or limitations applicable to a common carrier, do not apply to an underground storage facility owned or operated by an electric cooperative, as that term is defined by Section 11.003, Utilities Code, or its subsidiary, that sells electricity at wholesale and offers or provides gas storage services to the public for hire if the gas storage facility is predominantly operated to support the integration of renewable resources. Prohibits such a gas storage facility from having a working gas capacity of greater than five billion cubic feet.

SECTION 5. Effective date: upon passage or September 1, 2011.