

BILL ANALYSIS

Senate Research Center
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S.B. 1462
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Natural Resources
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Industry authorities explain that gathering lines run from a well site to a compressor station and other well sites and note that such lines located before the point of sale are not regulated and are not subject to construction specifications. Gathering lines can be located outside a municipality or within the city limits of a designated residential or commercial area, and some concerns have been raised about the condition of many of these lines. For example, interested parties point out that a Class I gathering line in Eastland County was repurposed from crude to natural gas and that this line goes through Lake Leon, which is the major source of water for Eastland County. The parties are concerned that the line is in poor condition and needs to be inspected. To address such safety issues, S.B. 1462 seeks to allow the Railroad Commission of Texas (railroad commission) to inspect certain gathering lines.

S.B. 1462 amends the Natural Resources Code to grant the railroad commission, except as otherwise provided by federal law, jurisdiction over all pipeline transportation of hazardous liquids or carbon dioxide and over all hazardous liquid or carbon dioxide pipeline facilities, including the movement of hazardous liquids or carbon dioxide through gathering lines in rural locations or production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of those facilities. The bill requires the railroad commission by rule to establish factors for determining whether the railroad commission will regulate a pipeline or a facility under such jurisdiction and sets out requirements for such factors.

S.B. 1462 amends the Utilities Code to authorize the railroad commission, to the extent consistent with federal law, by rule to determine which facilities and activities are subject to certain gas pipeline safety standards and practices subject to the power of the railroad commission based on risk factors set out in the bill.

As proposed, S.B. 1462 amends current law relating to the power of the Railroad Commission of Texas to adopt and enforce safety standards and practices applicable to the transportation by pipeline of certain substances and to certain pipeline facilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Railroad Commission of Texas (railroad commission) in SECTION 4 (Section 117.0125, Natural Resources Code) and SECTION 6 (Section 121.201, Utilities Code) of this bill.

Rulemaking authority previously granted to the railroad commission is modified in SECTION 3 (Section 117.012, Natural Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Section 117.011, Natural Resources Code, to read as follows:

Sec. 117.011. JURISDICTION UNDER DELEGATED FEDERAL AUTHORITY.

SECTION 2. Amends Subchapter B, Chapter 117, Natural Resources Code, by adding Section 117.0111, as follows:

Sec. 117.0111. ADDITIONAL JURISDICTION. (a) Provides that for the purposes of this section, notwithstanding Section 117.001(3), "transportation of hazardous liquids or carbon dioxide" means the movement of hazardous liquids or carbon dioxide by pipeline, or their storage incidental to movement, except that it does not include production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of those facilities.

(b) Provides that the Railroad Commission of Texas (railroad commission) has jurisdiction, except as otherwise provided by federal law, over all pipeline transportation of hazardous liquids or carbon dioxide and over all hazardous liquid or carbon dioxide pipeline facilities, including the movement of hazardous liquids or carbon dioxide through gathering lines in rural locations or production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of those facilities.

SECTION 3. Amends Sections 117.012(b) and (c), Natural Resources Code, as follows:

(b) Provides that rules the railroad commission adopts under the jurisdiction granted under Section 117.011 on safety standards, rather than providing that rules that adopt safety standards, do not apply to movement of hazardous liquids or carbon dioxide through gathering lines in rural locations or production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of those facilities.

(c) Requires that the safety standards adopted by the railroad commission in its rules under the jurisdiction granted under Section 117.011 be compatible with those standards established by the United States secretary of transportation under the Hazardous Liquid Pipeline Safety Act of 1979 (Pub.L.No. 96-129).

SECTION 4. Amends Subchapter B, Chapter 117, Natural Resources Code, by adding Section 117.0125, as follows:

Sec. 117.0125. RULES UNDER ADDITIONAL JURISDICTION. Requires the railroad commission by rule to establish factors for determining whether the railroad commission will regulate a pipeline or facility under the jurisdiction granted under Section 117.0111. Requires that the factors include:

- (1) the date of installation of the pipeline or facility;
- (2) the environment surrounding the pipeline or facility;
- (3) the age of the pipe or facility;
- (4) the pipe material, grade, and specified minimum yield strength;
- (5) operating characteristics of the pipeline or facility;
- (6) the composition of the fluid being transported; and
- (7) the distance between the pipeline or a facility and:
 - (A) a building;
 - (B) the border of a municipality, unincorporated community, or other commercial or residential area;
 - (C) an outdoor area of public assembly such as a playground, recreation area, or outdoor theater; and

(D) a bay area, offshore area, navigable waterway, source of drinking water, or other environmentally or unusually sensitive area.

SECTION 5. Amends the heading to Section 121.201, Utilities Code, to read as follows:

Sec. 121.201. SAFETY RULES: RAILROAD COMMISSION POWER UNDER DELEGATED FEDERAL AUTHORITY.

SECTION 6. Amends Section 121.201, Utilities Code, by adding Subsection (f), as follows:

(f) Authorizes the railroad commission to determine by rule, to the extent consistent with federal law, which facilities and activities are subject to safety standards and practices subject to the power of the railroad commission under Subsection (a) (authorizing the railroad commission to prescribe and require certain rules and to make reports and certifications) based on risk factors including:

- (1) the date of installation of the pipeline or facility;
- (2) the environment surrounding the pipeline or facility;
- (3) the age of the pipe or facility;
- (4) the pipe material, grade, and specified minimum yield strength;
- (5) operating characteristics of the pipeline or facility;
- (6) the composition of the fluid being transported; and
- (7) the distance between the pipeline or a facility and:
 - (A) a building;
 - (B) the border of a municipality, unincorporated community, or other commercial or residential area;
 - (C) an outdoor area of public assembly such as a playground, recreation area, or outdoor theater; and
 - (D) a bay area, offshore area, navigable waterway, source of drinking water, or other environmentally or unusually sensitive area.

SECTION 7. Requires the railroad commission, not later than December 1, 2013, to adopt rules to implement the changes in law made by this Act to Chapter 117 (Hazardous Liquid or Carbon Dioxide Pipeline Transportation Industry), Natural Resources Code, and Chapter 121 (Gas Pipelines), Utilities Code.

SECTION 8. Effective date: September 1, 2013.