



TEXAS OIL & GAS ASSOCIATION | SINCE 1919

Alan L. Smith
Chairman

D. Todd Staples
President

January 7, 2022

Chairman Wayne Christian
Commissioner Christi Craddick
Commissioner Jim Wright
1701 N. Congress
Austin, Texas 78701

RE: Proposed Amendments to §7.455, relating to Curtailment Standards and Repeal of §7.305, relating to Curtailment Program

Mr. Chairman and Commissioners:

Thank you for the hard work and attention the Railroad Commission of Texas has been dedicating to the implementation of various pieces of legislation resulting from the Winter Storm Uri (Uri) event. As the oldest statewide organization representing all aspects of the oil and gas industry in Texas, the Texas Oil and Gas Association has a membership which provides a broad perspective regarding the natural gas supply chain, and we appreciate the opportunity to comment.

As with any weather season and anticipated weather event, our members worked overtime in preparation of Uri by prioritizing assets, deploying resources and personnel, and reinforcing seasonal preparations already in place before the storm. Ultimately, Uri was a catastrophic event which impacted every facet of the state. Like so many other businesses that did not have the necessary power to maintain a safe working environment, many in our industry were forced to temporarily cease operations.

However, our members worked to the best of their ability to continue the delivery of gas accordingly. The Commission's emergency order that temporarily modified the natural gas utility curtailment priorities was needed. Therefore, our members agree that amendments should be made to Order 489 issued in January 1973. In regard to the proposed amendments to §7.455, we have the following comments:

§7.455. Curtailment Standards

7.455(a)(2)

Pipelines offer their customers different levels of services. A customer may elect and transact for firm service, a service that is not subject to a prior claim by another customer or class of service, which reserves to that customer a portion of the pipeline's capacity subject to curtailment events beyond the pipeline's control. A customer may elect and transact interruptible service, a service that may be interrupted at any time and from time to time for any reason, whether or not caused by an event of force majeure and without liability to the pipeline, which provides the customer a limited claim on the pipeline's capacity, subject to curtailment events beyond the pipelines control and interruptions based on

events within the pipeline's control. We believe that additional clarity would be beneficial within the definition of Curtailment Event.

Curtailment Event – When a gas utility determines that its ability to deliver firm scheduled or confirmed gas may become inadequate to support continuous service to its customers on its system and it reduces deliveries to one or more customers. A decision to not offer or schedule interruptible service to interruptible customers does not constitute a curtailment event.

7.455(c)(3)

We appreciate that RRC recognizes that certain pipelines are subject to intrastate and interstate regulation. We suggest additional clarity within this proposed rule, which currently requires gas utilities to utilize “all” transportation capacity in a manner directed by the Texas Administrative Code. We believe that (c)(3) should be modified to make clear that RRC is providing direction about “all intrastate” transportation capacity.

(3) gas utilities shall utilize all of the Intrastate transportation capacity within their control to provide service to human needs customers who contract for Firm Service until such needs have been met if such capacity is necessary or useful to meet those needs.

7.455(d)(1)(C)

Refining is tangentially affected, but only in an amount required to prevent harm or ensure critical safety. Our members believe the rules need to account for an additional provision of natural gas in an amount sufficient to maintain motor fuel production capacity to support emergency response since during emergency events it is critical that motor fuel be available.

One of the following approaches have been recommended:

1. A new (C) before the existing (C) prioritizing firm deliveries of natural gas to motor fuel producers supporting critical infrastructure or emergency response
2. A new addition to existing (C) as follows: “. . . firm deliveries of natural gas to industrial and commercial users of the minimum natural gas required to ensure an adequate supply of motor fuel to critical infrastructure or emergency response or to prevent physical harm . . .”

7.455(d)(1)(I)

The proposed amendments provide a service priority based on a variety of characteristics that are known to the user of natural gas but are not known or verifiable by a pipeline company. We suggest that RRC clarify that the pipeline is entitled to rely on representations by its customers and their priority status and has no obligation to conduct investigation into those representations before prioritizing service.

- (I) When applying the Standards and Priorities of this Section a gas utility may solely rely on the representations of its customers and/or their end users regarding the nature of customers' deliveries. A gas utility has no duty to investigate such representations.

Railroad Commission

RE: Proposed Rulemaking: §7.455 and §7.305

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Thank you for the opportunity to discuss the proposed rules and we appreciate your dedication to the state of Texas.

Sincerely,

A handwritten signature in black ink, appearing to read "Tulsi Oberbeck". The signature is fluid and cursive, with a prominent initial "T" and a long, sweeping underline.

Tulsi Oberbeck

Director of Government & Regulatory Affairs