



October 8, 2021

The Honorable Wayne Christian, Chair, Railroad Commission of Texas
The Honorable Christi Craddick, Commissioner, Railroad Commission of Texas
The Honorable Jim Wright, Commissioner, Railroad Commission of Texas

Dear Commissioners,

This session SB 3 was passed to strengthen the resiliency of the natural gas supply chain and its interdependency with electric power generation in Texas. To achieve this goal, SB 3 directed the Railroad Commission of Texas (Commission) to develop rules to ensure natural gas infrastructure that is critical to supporting power generation is prioritized during a load shed event. During last week's Senate Business and Commerce Committee hearing, serious concerns were raised that the Critical Designation of Natural Gas Infrastructure rules as proposed by the Commission fail to achieve the intended purpose. As the author of SB 3, this letter is meant to provide further clarification to the intent of this legislation as it pertains to the Commission's proposed rules.

In the aftermath of Winter Storm Uri, it became abundantly clear that failure to properly identify and weatherize critical natural gas infrastructure contributed to widespread power outages across the state. SB 3 contained several provisions to rectify these issues, including requiring the Commission to designate portions of the natural gas supply chain that support electric power generation as critical in order to minimize shutting off natural gas supplies to generators during load shed events. However, the Commission's proposed rules contemplate designating all natural gas infrastructure assets as critical without regard to whether these assets directly support electric generation.

While all of these resources may be important to the overall natural gas supply chain, they are not all critical to the delivery of gas to power generators. Rather than designating all facilities as critical, the Commission should start at the natural gas power generation units and work backwards through the supply chain to prioritize what portions of the natural gas supply chain are most directly essential to electric generation. This will ensure Transmission and Distribution Utilities (TDUs) have the information necessary to judiciously manage load shed during emergency events.

To further ensure the availability of natural gas resources, SB 3 also requires weatherization of assets designated as critical. Recognizing that not all portions of the natural gas supply chain are vital to the delivery of natural gas to electrical power generators, SB 3 included an exception provision. The intent of this provision was to exclude components of the natural gas system that

provide minimal benefit to electrical generation. However, as written, the rules allow any operator to opt out of the critical designation weatherization requirements, including those that may support power generation units. Under no circumstances should a component of the natural gas supply chain that is directly tied to electric power generation be allowed to opt out of the critical designation requirements, and subsequent weatherization.

The Commission should use its best judgement and expertise in its initial rulemaking for critical infrastructure designation. It should utilize tiered prioritization as appropriate, refining the designations as further information from stakeholders, completion of the mapping process, and build out of the natural gas supply chain are brought forth.

In summary, SB 3 requires the Commission to identify the portions of the natural gas supply chain with the most direct impact on electrical power generation to be designated as critical. At the same time, the bill also directs critically designated assets to meet certain weatherization requirements, without exception. In order to attain an overall more resilient and reliable electrical system, I strongly urge the Commission to revise its proposed Critical Designation of Natural Gas Infrastructure rules to better align with the intent of SB 3.

Thank you for your continued service to the state. Should you have any questions, please do not hesitate to contact my office.

Sincerely,



Senator Charles Schwertner



Senator Donna Campbell



Senator Brandon Creighton



Senator Nathan Johnson



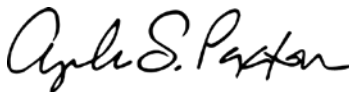
Senator Lois Kolkhorst



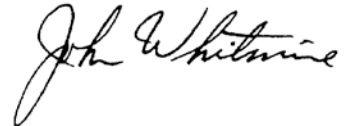
Senator José Menéndez



Senator Robert Nichols



Senator Angela Paxton



Senator John Whitmire

cc: Wei Wang, Executive Director