



January 7, 2022

Rules Coordinator
Office of General Counsel
Railroad Commission of Texas
P.O. Box 12967
Austin, TX 78711-2967

Re: Proposed Amendments to 16 TAC §7.455

Dear Rules Coordinator:

ONEOK WesTex Transmission LLC (OWT) submits this letter in response to the Railroad Commission's request for comments on proposed amendments to 16 Texas Administrative Code §7.455, relating to Curtailment Standards. OWT is a natural gas transmission pipeline that provides intrastate and Natural Gas Policy Act §311 service in the Texas Panhandle, Waha Hub and Permian Basin. OWT's system is connected to approximately 20 gas processing plants, 20 interstate pipelines, four intrastate pipelines and to the ONEOK Texas Gas Storage facility in Loop, Texas.

OWT commends the work of the Commission and its Staff in developing these proposed amendments. We know firsthand that Commission Staff have worked carefully and diligently with stakeholders in understanding all of the various facets of curtailment. In OWT's view, the amendments are an improvement on the existing curtailment regime and better reflect the modern state of natural gas transportation in Texas. OWT respectfully proposes three comments to improve further these amendments.

Coordination of Federal and State Jurisdiction

In many ways, OWT is similarly situated to other intrastate transmission pipelines – it provides firm and interruptible transportation between physical and virtual market points. However, OWT has a particular and unique interest in the curtailment standards promulgated by the Railroad Commission. For years, OWT actively sought guidance from the Federal Energy Regulatory Commission (FERC) and the Railroad Commission about whether, and if so, how intrastate interests may affect interstate interests when curtailment of service priorities is deemed necessary by a regulator wishing to provide protection for human needs. At the conclusion of that process, FERC clarified that even when a state regulator may

determine curtailment priorities are necessary to protect human needs, the state regulator's jurisdiction may not impede FERC's jurisdiction over interstate service.

OWT appreciates the Railroad Commission's care in recognizing that pipelines like OWT are subject to intrastate and interstate regulation. See e.g., "Existing language in §7.455 is removed because interstate pipelines and Natural Gas Policy Act §311(b) pipelines are subject to the jurisdiction of the Federal Energy Regulatory Commission." November 8, 2021, Memorandum on Proposed Amendments (Memo) at page 5, lines 8-9. Consistent with this approach, OWT suggests additional clarity would be helpful within proposed §7.455(c)(3), which currently requires gas utilities to utilize "all" transportation capacity in a manner directed by the Texas Administrative Code. See Memo at page 8, line 17. OWT believes the directive of (c)(3) should be modified to make clear that the Railroad Commission is providing direction about "all intrastate" transportation capacity.

Verification

The proposed amendments provide for 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 like OWT. For example, when OWT delivers to a meter that provides service that is further divided among other users downstream of that meter, OWT does not know which customer downstream of the meter is using what amount of delivered gas and for what purpose. Similarly, OWT has no information about, and would not be able to verify, claims from a user about how much natural gas is needed to "prevent physical harm and/or ensure critical safety" to plant facilities as identified in priority (1)(C), see, Memo page 9, line 3, or whether natural gas is being used in lieu of available alternate fuels as described in priorities (1)(E) and (F), see, *id.* at lines 8-13. As a result, and to ensure seamless service during a curtailment event, OWT asks that the Commission clarify that the pipeline is entitled to rely on representations by its customers about their priority status and has no obligation to conduct investigation into those representations before prioritizing service. OWT believes this type of statement would fit most naturally as §7.455(d)(1)(I).

(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.

Interruption is not Equivalent to Curtailment

As noted above, OWT offers its customers (also called shippers) different levels of service based on the customer's assessment of its economic interests. A customer may elect firm service, which reserves to that customer a portion of OWT's capacity, subject to curtailment events beyond OWT's control. Alternatively, a customer may elect interruptible service, which provides the customer with a limited claim on OWT's capacity, subject to curtailment events beyond OWT's control, *and* interruptions based on events within OWT's control. Importantly, OWT determines, using its discretion, when it will offer interruptible service

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and when it will interrupt customers who have elected interruptible service, based on events that may be within its control.

As with the multi-jurisdictional challenge, OWT believes the Commission has clearly considered the different types of service in its proposed amendments. *See, e.g.* Memo at page 3, lines 3-7. OWT believes further clarity would be beneficial within the definition of Curtailment Event in §7.455(a)(2). In particular, OWT would like to see that definition read:

Curtailment event – When a gas utility determines that its ability to deliver 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.

OWT is available to discuss any questions the Commission may have about its comments. We appreciate the collaborative leadership the Commission has shown on this important issue.

Sincerely,



Anne T. Billingsley
Director – Government Relations

cc:

Enclosures