



Texas Independent Producers and Royalty Owners Association
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www.tipro.org

October 7, 2022

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

Re: Proposed Amendments to §3.65, relating to Critical Designation of Natural Gas Infrastructure

Dear Rules Coordinator:

The Texas Independent Producers and Royalty Owners Association (TIPRO) is a trade association representing the interests of nearly 3,000 producers and royalty owners. Collectively, our members produce approximately 90 percent of the oil and natural gas in Texas and own mineral interests in millions of acres across the state.

On behalf of TIPRO, please find below our comments regarding proposed amendments to §3.65, Critical Designation of Natural Gas Infrastructure (SWR 65) being developed by the Railroad Commission of Texas (the Commission).

TIPRO appreciates the Commission providing more certainty to the term “energy emergency.” Tying an energy emergency to a Level 1 or Level 2 Energy Emergency Alert (EEA) issued by a reliability coordinator of a power region in Texas ensures all operators are able to determine with certainty when an energy emergency occurs. TIPRO suggests the Commission consider providing an ‘official’ Notice to Operators when an EEA1 or EEA2 is issued. As the Commission serves as the industry’s regulator, it is most appropriate that the industry receive notice from its direct regulatory authority when a specific event occurs that triggers certain rules.

A much-needed change, TIPRO is grateful for the Commission’s amendments to SWR 65 excluding gas wells producing an average of 250 Mcf of natural gas per day or less and oil leases producing an average of 500 Mcf of natural gas per day or less from being auto-designated as critical. This change and the exemption of marginally producing wells from critical status and potential weatherization requirements reduces unnecessary, burdensome costs on small operators while still capturing facilities producing nearly 80% of all natural gas produced in Texas, per the RRC’s March 2022 production data. With this change, SWR 65 accomplishes the intent of Senate Bill 3 to increase natural gas supplies and grid reliability during a weather emergency, while preventing premature shut-ins of marginal producing wells.

TIPRO is thankful the Commission recognized an error in the original language under SWR 65, requiring facilities on the electricity supply chain map (the map) to be designated as critical without consideration of whether they meet the natural gas production thresholds for critical facilities established in the rule. The correction in the proposed amendments to SWR 65, allowing for an exemption from filing Form CI-D for a non-critical facility that is included on the map, is consistent with the intent of Senate Bill 3 in that the facility's inclusion on the map is determined by whether it provides, processes, or transports natural gas for natural gas-fired power generation rather than its critical designation under SWR 65. Furthermore, we agree that removing facilities that produce under the thresholds proposed in the amendments to SWR 65 will increase the likelihood that those facilities will continue to produce natural gas during a weather emergency.

The elimination of the original language under subsection (e) and the Commission's affirmation of which facilities are eligible for an exception rather than listing the facilities that are not eligible, provides clarity to operators around the exception process. The express exceptions provided under new subsection (e) are prudent, and again, will help to increase natural gas supplies and grid reliability during a weather emergency. TIPRO recommends that the Commission take it one step further and consider exempting any facility that meets a critical infrastructure designation under section (b) but is not identified on the map. These facilities should be eligible for exception irrespective of any other factors. In addition, TIPRO suggests the Commission consider allowing for the ability to request an exception if a facility is included on the map but can prove an exception is warranted.

TIPRO greatly appreciates the work of the Texas Legislature and the Commission in addressing these important issues. If you should have any questions, I can be reached directly at 512-477-4452, or via email at elonganecker@tipro.org. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Edwin Longanecker".

Ed Longanecker
President
Texas Independent Producers and Royalty Owners Association