



# Issues in Texas Liquids Pipeline Regulation: Shipper Complaints as a Tool to Regulate the Texas Market

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## Presentation overview

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- What does the Railroad Commission of Texas do?
- How does the Railroad Commission regulate liquids pipelines?
- What are the key regulatory obligations of a Texas common carrier liquids pipeline?
- How have recent cases before the Commission impacted those obligations?

# What does the Railroad Commission of Texas do?

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- Commission has jurisdiction over:
  - Production of oil and gas
  - Disposal of certain oil and gas waste
  - Gas and liquids pipeline economic regulation and safety
  - Gas local distribution rates and safety
  - Surface mining for coal and uranium
  - Propane distribution

# Who are the Railroad Commissioners?

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- Chair Christi Craddick (Lawyer – Capitol insider)
- Commissioner Ryan Sitton (Engineer, head of oil and gas engineering company)
- Commissioner Wayne Christian (former legislator, limited oil and gas experience)
- Staggered six-year terms
- Rotating chair

## Limited common carrier pipeline regulatory framework

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- Statutes:
  - TNRC Chapter 81: Jurisdiction over all common carrier pipelines defined in TNRC Chapter 111 (Enabling statute and scope of jurisdiction)
  - TNRC Chapter 111: The Texas Common Carrier Act
- Regulations:
  - Selected provisions of 16 Tex. Admin. Code, Chapter 3.
  - Regulations more well developed for gas than liquids
  - No rulemakings to address huge growth in liquids pipelines – desire to avoid regulatory burden
  - Regulatory certainty?

## How does the Commission “regulate” liquids pipelines

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- *Laissez-faire* regulation?
- NO institutional resources devoted to Commission oversight of commercial activity
  - Tariffs
  - Rates
  - Capacity
- ENTIRELY complaint-driven regulation
  - limited institutional policy or commercial perspective
  - ad hoc decisions shaping liquids pipeline regulation
  - no participation by Commission staff
- BUT don't bring any complaints!

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