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TEXAS LEGISLATIVE & REGULATORY UPDATE

Presented by

Jessica L. Morgan
Husch Blackwell, LLP
Austin, TX

Jennifer Littlefield
Haynes and Boone, LLP
Austin, TX

**HUSCH
BLACKWELL**

haynesboone

GAS MARKET DEVELOPMENTS

Legislative Action: House & Senate Interim Committee Charges

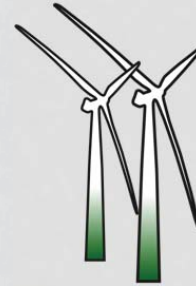
- Gas Reliability Infrastructure Program
 - The House Energy Resources Committee heard testimony on the Interim Charge to examine the effectiveness of GRIP, which allows gas utilities to file up to six annual interim rate updates to recover invested capital without undergoing a full rate proceeding.
 - Created by the legislature in 2003
 - Opponents of the current practice want to see changes made to the statute that parallel the interim rate process for electric utilities.



GAS MARKET DEVELOPMENTS

Legislative Action: House & Senate Interim Committee Charges

- Landowner Rights & Wind Leases
 - The House Energy Resources Committee heard testimony on the Interim Charge to evaluate whether landowner rights are currently adequately protected during the process of decommissioning wind facilities.
 - Recommendations for wind leases:
 - Designated clean-up
 - Removal bonding



GAS MARKET DEVELOPMENTS

Legislative Action: House & Senate Interim Committee Charges

- Frac Sand Mining Industry
 - The House Energy Resources Committee heard testimony on the Interim Charge to evaluate the evolution of frac sand mining in the Permian Basin and how it may impact county infrastructure and oil and gas development.
 - Legislators expressed interest in legislation that will facilitate public-private partnerships to assist counties in developing transportation infrastructure without increasing state funding.



GAS MARKET DEVELOPMENTS

Regulatory Enactments

- Rule making Implement HB 1818 Sunset Bill Provisions
- 16 Tex. Admin. Code (TAC) § 3.70, *Pipeline Permits Required*
 - Authorizes RRC to establish pipeline safety and regulatory fees
- 16 TAC § 18.1, *Scope, Applicability, and General Provisions*
 - Provides RRC damage prevention authority over pipelines

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GAS MARKET DEVELOPMENTS

Regulatory Enactments



- Adopted Rules (Cont'd.)
- 16 TAC § 18.4 and § 18.11, *Excavator Obligation to Avoid Damage to Underground Pipelines and Reporting Requirements*
 - Implements requirements imposed by the Pipeline and Hazardous Materials Safety Administration
 - Requires notifications upon occurrence of excavator damage to pipelines

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