



Railroad Commission Winter Storm Uri Regulation and Outreach

Natalie Dubiel
Attorney, Office of General Counsel



Introduction



- Winter Storm Uri
- Commission action during Uri
 - Emergency Order
 - Regulatory asset authorization
 - Disconnect suspension
- Commission action post-Uri
 - Critical Infrastructure rules
 - Weatherization rules
 - High gas costs securitization
 - Curtailment rules

Winter Storm Uri in Texas



- February 2021.
- Historic load shed by electric utilities.
- Significant cloud cover; reduced wind.
- Isolated instances of record snowfall accumulations.
 - While freezing rain and freezing drizzle both occurred, total freezing precipitation accumulations did not exceed a one-in-50 year event.

Winter Storm Uri in Texas



- The duration of the cold was notable — many climate stations across the state broke records for the highest number of consecutive days below freezing.
- When analyzing hourly temperature observations, February 2021 event was the record longest duration of hours below freezing for 12 stations.
- Nearly 6,000 daily temperature records were broken.

RRC During Winter Storm Uri



- Friday, Feb. 12
 - RRC Staff met with PUCT and ERCOT Staff.
 - RRC held Emergency Open Meeting and issued an *Emergency Order*.
 - Amended standing Curtailment Order found in Docket No. 489.
 - *Emergency Order* elevated the priority of delivery of natural gas to human needs customers and electric generation.



- Saturday, Feb. 13
 - Commission issued *Notice to Local Distribution Companies* authorizing each LDC to record in a regulatory asset their extraordinary expenses, including gas cost, associated with the 2021 winter weather event.

RRC During Winter Storm Uri



- Wednesday, Feb. 17
 - RRC issued a second *Emergency Order* extending the original *Emergency Order* through Tuesday, Feb. 23.



- Wednesday, Feb. 24
 - RRC issued *Notice to Local Distribution Companies* recommending that LDCs temporarily suspend disconnections of residential and small commercial customers for nonpayment of charges for gas services incurred during February 2021.

RRC During Winter Storm Uri



- 87th Legislature's response to Uri:
 - Senate Bill 3
 - Rule 3.65 Critical Infrastructure Designation
 - Rule 3.66 Weatherization
 - House Bill 3648
 - Rule 3.65 Critical Infrastructure Designation
 - House Bill 1520
 - Securitization of High Gas Costs

Rule 3.65 – Critical Designation



- Required by Senate Bill 3 and House Bill 3648.
- Designates certain natural gas facilities as critical.
- Final rule adopted by Commissioners on November 30, 2021.
- Rule effective December 20, 2021.

Rule 3.65 – Critical Designation



- Rule 3.65 is about the ability of critical facilities to receive electric power during an Energy Emergency.
- Rule 3.65 establishes a process through which an electric utility receives important information about a facility, increasing the likelihood that the facility will continue to receive power during an Energy Emergency.

Rule 3.65 – Critical Designation



- Two Types of Critical Facilities:
 - (1) Critical Gas Supplier; and
 - (2) Critical Customer.
- These facilities are designated critical in an *energy emergency*.

Rule 3.65 – Critical Designation



The following facilities are critical gas suppliers:

1. Gas wells producing gas in excess of 15 Mcf/day;
2. Oil leases producing casinghead gas in excess of 50 Mcf/day;
3. Gas processing plants;
4. Natural gas pipelines and pipeline facilities including associated compressor stations and control centers;
5. Local distribution company pipelines and pipeline facilities including associated compressor stations and control centers;
6. Underground natural gas storage facilities;
7. Natural gas liquids transportation and storage facilities; and
8. Saltwater disposal facilities including saltwater disposal pipelines.

***Currently has amendments proposed

Rule 3.65 – Critical Designation



Exception process but only for certain facilities. Certain types of facilities are not eligible for an exception:

- a facility included on the electricity supply chain map;
- gas wells or oil leases producing gas or casinghead gas in excess of 250 Mcf/day;
- gas processing plants;
- natural gas pipeline facilities that directly serve local distribution companies or electric generation;
- local distribution company pipeline facilities;
- underground natural gas storage facilities;
- natural gas liquids storage and transportation facilities; and
- a saltwater disposal facility that supports a facility listed above.

***Currently has amendments proposed

Rule 3.66 – Weather Standards



- Required by Senate Bill 3.
- Proposed at open meeting on 6/28/2022.
- Relating to Weather Emergency Preparedness Standards.
- Comment period ended 8/15/2022.
- Adopted on 8/30/2022.

Rule 3.66 – Weather Standards



- Applies to Gas Supply Chain Operators and Gas Pipeline Operators
- Gas Supply Chain Operators
 - Designated Critical
 - On Electricity Supply Chain Map
- Gas Pipeline Facility Operators
 - Directly serving power generation
 - On Electricity Supply Chain Map

Rule 3.66 – Weather Standards



- Requires operators to implement weather emergency preparation measures intended to:
 - (1) ensure sustain operations during a weather emergency;
 - (2) correct known weather-related forced stoppages that prevented sustained operations previous cold weather.

Rule 3.66 – Weather Standards



- Guidance document provided with:
 - List of weatherization methods for consideration.
 - Table of extreme weather data from State Climatologist.
- Compliance required by December 1.

Rule 3.66 – Weather Standards



- Will be performing inspections
 - Standard
 - Targeted
- Requires reporting of weather-related forced stoppages.
- Includes a classification table for court use in assessing penalties.

Curtailment Rulemaking



- Rule 7.455.
- Adopted at open meeting on 4/12/2022.
- Details:
 - Largely mimics Emergency Order from Uri.
 - Supersedes Docket 489 and existing gas utility unique curtailment programs.
 - Rule effective September 1, 2022.

Curtailment Rulemaking



- Priorities:
 - (A) firm deliveries to human needs customers and firm deliveries of natural gas to local distribution systems which serve human needs customers;
 - (B) firm deliveries to electric generation facilities;
 - (C) firm deliveries to industrial and commercial users of the minimum natural gas required to prevent physical harm and/or ensure critical safety to the plant facilities, to plant personnel, or the public when such protection cannot be achieved through the use of an alternate fuel;
 - (D) firm deliveries to small industrials and regular commercial loads that use less than 3,000 Mcf per day;

Curtailment Rulemaking



- (E) firm deliveries to large industrial and commercial users for fuel or as a raw material where an alternate fuel or raw material cannot be used and operation and plant production would be curtailed or shut down completely when natural gas is curtailed;
- (F) firm deliveries to large industrial and commercial users for fuel or as a raw material where an alternate fuel or raw material can be used and operation and plant production would be curtailed or shut down completely when natural gas is curtailed; and
- (G) firm deliveries to customers that are not covered by the priorities listed in subparagraphs (A) - (F) of this paragraph.

RRC Outreach



- RRC throughout Uri communicated with industry as much as possible.
 - Twice-daily calls through much of the storm.
 - Convened the Texas Energy Reliability Council (TERC), now codified by S.B. 3.
- Post-Uri, has continued outreach.
 - Trainings
 - Rulemakings
 - Workshops

Thank you!



- Natalie.Dubiel@rrc.texas.gov