



# INTERIM REPORT

## TO THE 88<sup>TH</sup> TEXAS LEGISLATURE

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HOUSE COMMITTEE ON ENERGY RESOURCES  
JANUARY 2023



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**HOUSE COMMITTEE ON ENERGY RESOURCES  
TEXAS HOUSE OF REPRESENTATIVES  
INTERIM REPORT 2022**

**A REPORT TO THE  
HOUSE OF REPRESENTATIVES  
88TH TEXAS LEGISLATURE**

**CRAIG GOLDMAN  
CHAIRMAN**

**COMMITTEE CLERK  
COLIN G. DAVIS**

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Committee On  
Energy Resources

January 6, 2023

Craig Goldman  
Chairman

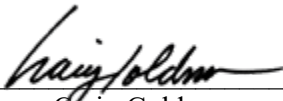
P.O. Box 2910  
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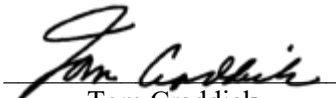
The Honorable Dade Phelan  
Speaker, Texas House of Representatives  
Members of the Texas House of Representatives  
Texas State Capitol, Rm. 2W.13  
Austin, Texas 78701

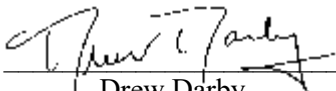
Dear Mr. Speaker and Fellow Members:

The Committee on Energy Resources of the Eighty-seventh Legislature hereby submits its interim report including recommendations and drafted legislation for consideration by the Eighty-eighth Legislature.

Respectfully submitted,

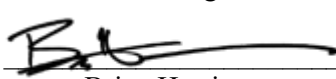
  
Craig Goldman

  
Tom Craddick

  
Drew Darby

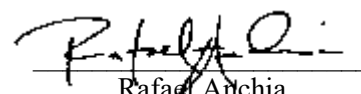
  
Tracy King

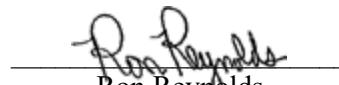
  
Oscar Longoria

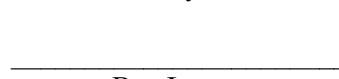
  
Brian Harrison

  
Abel Herrero

  
Charlie Geren

  
Rafael Anchia

  
Ron Reynolds

  
Ben Leman

Abel Herrero  
Vice-Chairman

Members: Abel Herrero, Tom Craddick, Drew Darby, Charlie Geren, Tracy King, Rafael Anchia, Oscar Longoria, Ron Reynolds, Brian Harrison, Ben Leman



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## INTRODUCTION

At the beginning of the 87th Legislative Session, the Honorable Dade Phelan, Speaker of the Texas House of Representatives, appointed eleven members to the House Committee on Energy Resources ("the Committee")

The Committee membership includes the following appointees:

Craig Goldman, Chair  
Abel Herrero, Vice Chair  
Tom Craddick  
Drew Darby  
Charlie Geren  
Tracy King  
Rafael Anchia  
Oscar Longoria  
Ron Reynolds  
Brian Harrison  
Ben Leman

Pursuant to House Rule 3, Section 11 (87th Legislature), the Committee Shall have jurisdiction over all matters pertaining to:

- (1) the conservation of the energy resources of Texas;
- (2) the production, regulation, transportation, and development of oil, gas, and other energy resources;
- (3) mining and the development of mineral deposits within the state;
- (4) the leasing and regulation of mineral rights under public lands;
- (5) pipelines, pipeline companies, and all others operating as common carriers in the state;
- (6) electric utility regulation as it relates to energy production and consumption;
- (7) identifying, developing, and using alternative energy sources;
- (8) increasing energy efficiency he conservation of the energy resources of Texas;
- (2) the production, regulation, transportation, and development of oil, gas, and other energy resources;
- (3) mining and the development of mineral deposits within the state;
- (4) the leasing and regulation of mineral rights under public lands;
- (5) pipelines, pipeline companies, and all others operating as common carriers in the state;
- (6) electric utility regulation as it relates to

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energy production and consumption;  
(7) identifying, developing, and using alternative energy sources;  
(8) increasing energy efficiency throughout the state;  
(9) the coordination of the state's efforts related to the federal designation of threatened and endangered species as it relates to energy resources in the state; and  
(10) the following state agencies: the Railroad Commission of Texas, the Texas representative for the Interstate Oil and Gas Compact Commission, the Office of Interstate Mining Compact Commissioner for Texas, the State Energy Conservation Office, and the Office of Southern States Energy Board Member for Texas. throughout the state;  
(9) the coordination of the state's efforts related to the federal designation of threatened and endangered species as it relates to energy resources in the state; and  
(10) the following state agencies: the Railroad Commission of Texas, the Texas representative for the Interstate Oil and Gas Compact Commission, the Office of Interstate Mining Compact Commissioner for Texas, the State Energy Conservation Office, and the Office of Southern States Energy Board Member for Texas.

During the interim, Speaker Phelan issued five interim charges to the Committee to study and report back with facts, findings, and recommendations. This includes a joint interim charge with the House Committee on State Affairs. Appreciation is extended to those who testified, submitted written responses and materials.

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## House Committee on Energy Resources Interim Study Charges

- CHARGE I:** Monitor the agencies and programs under the Committee's jurisdiction and oversee the implementation of relevant legislation passed by the 87th Legislature. Conduct active oversight of all associated rulemaking and other governmental actions taken to ensure the intended legislative outcome of all legislation, including the following:
- **HB 1520**, relating to extraordinary costs incurred by gas utilities relating to Winter Storm Uri and the authority to issue bonds and impose fees and assessments;
  - **HB 3648**, which requires the designation of certain natural gas facilities as critical customers or critical gas suppliers during energy emergencies; and
  - **SB 3**, relating to preparing for, preventing, and responding to weather emergencies and power outages. (Joint charge with Committee on State Affairs)
- CHARGE II:** Assess efforts made by the Railroad Commission and the Texas Energy Reliability Council to weatherize infrastructure and ensure reliability of the natural gas delivery system during times of disaster.
- CHARGE III:** Examine ways to increase the production of oil and gas within the state. Review state and local regulations that could directly impact the exploration or production of oil and gas and make recommendations for increasing Texas' energy independence.
- CHARGE IV:** Explore options for expanding the state's underground natural gas storage capacity, including using excess storage capacity for carbon capture opportunities and the creation of a strategic natural gas reserve for the state.

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**CHARGE V:** Evaluate innovative and emerging energy sources. Identify and make recommendations to address legislative or regulatory obstacles to the use, development, and deployment of viable innovative and emerging energy sources.

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## CHARGE I: WINTER STORM URI

*Monitor the agencies and programs under the Committee's jurisdiction and oversee the implementation of relevant legislation passed by the 87th Legislature. Conduct active oversight of all associated rulemaking and other governmental actions taken to ensure the intended legislative outcome of all legislation, including the following:*

- **HB 1520**, relating to extraordinary costs incurred by gas utilities relating to Winter Storm Uri and the authority to issue bonds and impose fees and assessments;
- **HB 3648**, which requires the designation of certain natural gas facilities as critical customers or critical gas suppliers during energy emergencies; and
- **SB 3**, relating to preparing for, preventing, and responding to weather emergencies and power outages. (Joint charge with Committee on State Affairs).

### BACKGROUND

In February 2021, Winter Storm Uri caused Texas to experience the most severe and prolonged cold weather event in the State's history. During the perfect storm of *once in a lifetime* occurrences, systemic deficiencies and vulnerabilities in the Texas electric grid were exposed and their effects felt across the state. These issues were subsequently addressed in the passage of House Bill 1520, House Bill 3648, and Senate Bill 3. Each piece of this legislation is a result of thousands of hours of testimony, input, research, and conversations had with people across the State and nation.

### SUMMARY OF COMMITTEE ACTION

#### House Bill 1520

The Texas House of Representatives Committee on Energy Resources held a public hearing in Midland, Texas on October 4th, 2022 to discuss this charge. The Committee welcomed invited testimony and electronically submitted public comments.

Texas Railroad Commissioner Christi Craddick testified on House Bill 1520. The committee received some electronically submitted public comments on these charges.

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## **Findings**

Commissioner Craddick explained that operators who wanted to participate were required to submit applications by July 30th, 2021. As part of the application process, each section was audited and reviewed so that an appropriate determination could be made.

## **House Bill 3648**

The Texas House of Representatives Committee on Energy Resources held a public hearing in Midland, Texas on October 4th, 2022 to discuss this charge. The Committee welcomed invited testimony and electronically submitted public comments.

Texas Railroad Commissioner Christi Craddick, Vincent DiCosimo with the Texas Pipeline Association, Ben Shepperd with the Permian Basin Petroleum Association, and Todd Staples with the Texas Oil and Gas Association all testified on this charge during the hearing. The Committee did not receive any electronically submitted public comment on this charge.

## **Findings**

Commissioner Craddick testified that the Railroad Commission has worked hard on implementing this legislation. They have received hundreds of comments on their proposed rulemakings. Their goal is to implement rulemaking that allows for the most efficient and reliable use of energy and energy infrastructure in Texas.

Vincent DiCosimo testified on behalf of the Texas Pipeline Association. His testimony displayed that that everything which needed to be done to combat shortfalls from Winter Storm Uri is being addressed. A key component of the shortfall was the lack of awareness regarding critical designation. As a result of House Bill 3648, that level of awareness has dramatically increased. This allows gas to meet the market more efficiently and helps meet the customer's needs.

Ben Shepperd testified on behalf of the Permian Basin Petroleum Association and reiterated the testimony of those who spoke before him. He explained that electric generation facilities rely on natural gas so it is imperative to maintain continuous service. He also testified that through the severe cold and hot weather events that Texas has encountered since Uri and prior to October 2022, there has been no natural gas related power outage.

Todd Staples testified on behalf of the Texas Oil and Gas Association. He testified

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that House Bill 3648 resulted in improvements to Texas's energy infrastructure. These improvements are continuing to be built on

### **Senate Bill 3**

The Texas House of Representatives Committee on Energy Resources held a joint hearing with the Committee on State Affairs on September 13th, 2022 to discuss and hear testimony on Senate Bill 3. During this almost 7 hour hearing, the Committee heard from multiple agencies, associations, and industry on how Senate Bill 3 has impacted and improved their operations and preparedness. Additionally, over 40 public comments from a variety of individuals across the state were submitted to the committee.

### **Findings**

Testimony on SB 3 was heard from the Public Utility Commission; Electric Reliability Council of Texas (ERCOT); The Railroad Commission of Texas; Texas Energy Reliability Council (TERC); Lower Colorado River Authority; State Energy Plan Advisory Committee; Texas Competitive Power Advocates (TCPA); Texas Pipeline Association; American Petroleum Institute; Texas Oil and Gas Association; Texas Alliance of Energy Producers; Texas Competitive Power Advocates; Texas Electric Cooperatives; Texas Solar Power Association; Jupiter Power; Texas Energy Storage Coalition; Texas Association of Manufacturers; Texas Public Power Association; CenterPoint Energy; and Oncor Electric Delivery.

Peter Lake testified on behalf of the Public Utility Commission. Despite record-breaking demands that the grid encountered this summer, ERCOT was able to fulfill the needs of their customers without having to enter emergency conditions. The success of this new reliability-based model results from more tools being provided that increase communication and reliability between the interested entities.

Brad Jones testified on behalf of ERCOT and explained that weather reliability efforts have significantly improved the grid reliability. Since the implementation of these efforts, Texas has faced several significant weather events without extreme outages from grid failure. One of the reasons for this success is ERCOT bringing more power reserves online while adopting a conservative operations approach to grid reliability. Notably, the communication and coordinated work effort between ERCOT, TERC, natural gas and electric industries has contributed to the advancements in reliability.

Christi Craddick testified on behalf of The Railroad Commission of Texas.

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Commissioner Craddick informed the committee that an additional 100 employees have been hired to facilitate rule implementation and compliance. This includes overseeing that facilities are properly weatherizing for sustained operations by correcting past discrepancies, performing self-assessments, inspections, and trainings. Additionally, the Railroad Commission continues to work on developing an electricity map in conjunction with the PUC and ERCOT so that information and data relating to the grid can be properly and efficiently communicated.

Nim Kidd testified on behalf of the Texas Energy Reliability Council (TERC). He explained that through the thirteen meetings TERC has had in the past year, two work groups have been created. The first is focused on addressing the immediate electric needs of Texas, while the second focuses on the charter and bylaws. In addition to these two working groups, there are three TERC committees which address communications, supply chain, and provide recommendations. TERC continues to hold and facilitate calls to continue improving communication and coordination between those involved in the energy and electric markets.

Thomas Oney testified on behalf of the Lower Colorado River Authority and the State Energy Plan Advisory Committee. The State Energy Plan Advisory Committee was created by SB 3 and has held two public hearings. A draft plan was created with input from over twenty-five entities from energy and electric industries. This plan was then revised and modified to be formally adopted as the State Energy Plan. This plan expresses the continued need for collaboration and communication between the PUC and Railroad Commission to eliminate obstructions to important operational data regarding the State's energy needs and status.

Paul Sierer testified on Behalf of Texas Competitive Power Advocates (TCPA). He explained that transparency and efficiency are integral in allowing power producers to operate and invest in the market. While there is high transparency in the natural gas market, Sierer asserts that the same transparency is lacking within the intrastate storage market and that this lack of transparency negatively impacts consumers by impacting reliability and efficiency. Pipelines are integral to Texas energy reliability and accessibility. To address these concerns, companies will need to invest in the pipeline system and are more inclined to do so if transparency is increased.

Vincent DiCosimo testified on behalf of the Texas Pipeline Association (TPA). TPA articulated that the return for companies who invest in intrastate pipelines is more risky than investments made into the interstate pipeline system. As a result, the risk of investment to the intrastate system falls on the pipeline industry rather than ratepayers. TPA suggests researching marketplace practices to enhance and improve the current system rather than imposing regulations.



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Dean Foreman testified on behalf of the American Petroleum Institute (API). Foreman discussed how the energy market is extremely important to the Texas economy. While the intrastate pipeline system allows the Permian Basin to function as one of the most reliable fuel sources in the country, the problems it encounters can be resolved using market-based options rather than the imposition of additional regulations. API asserts that overregulating the market would result in the loss of a major sector of the Texas economy.

Todd Staples testified on behalf of the Texas Oil and Gas Association (TXOGA). He explained that the unique design of the market, system, and infrastructure allows successful delivery of energy to both domestic and global consumers. While there were shortfalls with the system during Winter Storm Uri, TXOGA believes that SB 3 corrected those issues. Staples explained that as of October 2022, the corrections made through SB 3 have created a natural gas supply chain that is prepared for winter weather. The system is winter ready, but disruptions are an expected challenge which will likely never be fully eliminated. Although these disruptions will be encountered, market tools allow customers to have their gas needs fulfilled and that any aggressive measures such as the implementation of a gas desk or market monitor are not needed. Ultimately, the consumer must pre-plan and pre-purchase to ensure they have adequate gas supplies.

Jason Modglin testified on behalf of Texas Alliance of Energy Producers (TAEP). TAEP's primary issue is the prevention of new legislation which could ultimately cause adverse affects on the industry, reducing overall gas production. TAEP supports entities such as the Public Utilities Commission and Texas Railroad Commission collaborating on a supply chain map to prioritize gas delivery to electric generators. This includes the additional critical designation by ERCOT of more natural gas producers. As a result of rulemaking released in response to Winter Storm Uri, the natural gas and electric industries have improved their communications, creating a positive effect on the reliability of the Texas energy grid.

Michele Richmond testified on behalf of the Texas Competitive Power Advocates (TCPA). TCPA explained the importance of investment into the market and that providing regulatory certainty is the best way to attract new investors to the market. The market is currently continuing to adjust post SB 3, and TCPA iterates that reliability should be achieved through a competitive market rather than external actions dictating production. Using reliability unit commitments creates an economically and industrially inefficient model which forces older, more vulnerable generation units to come online. This creates an environment where without market certainty, companies are unsure regarding the efficiency of retiring older units or

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reinvesting in newer units. This "reliability must run" designation, prevents units from being retired even if it is more cost-effective. An inefficient model without regulatory certainty, also creates hesitancy that deters investment.

Julia Harvey testified on behalf of Texas Electric Cooperatives (TEC). Harvey explains that while the designation of critical natural gas load as priority in a loadshed event is essential, TEC faced administrative hurdles in managing and processing the amount of requests received. To achieve the intended goal of securing energy infrastructure, robust and consistent weatherization is needed. Although electric utilities have the burden of designating these facilities as critical, they are not experts in this field, which can result in ineffective approvals. In addition to receiving more guidance on how to make these decisions, TEC requests that the definition of a critical volatility must be narrowed and the burden of making these designations should be shared with another entity such as the Texas Railroad Commission.

Tonya Miller testified on behalf of the Texas Solar Power Association (TSPA). TSPA explains that costs for new reliability services should be properly and transparently assigned based on cost causation. As solar companies continue to invest in Texas, it is important to note that any requirement for solar to purchase output from competitors would impact the economic value of solar and undermine grid reliability. Further, emerging markets such as battery storage should be allowed to participate and contribute to addressing grid concerns.

Caitlin Smith testified on behalf of Jupiter Power and the Texas Energy Storage Coalition. Texas Energy Storage Coalition primarily represents standalone battery energy storage projects and operators. Batteries can be utilized in response to grid emergencies, providing an increase in energy affordability. This operational flexibility helps store energy when the system is at full capacity and deliver energy when needed. Texas Energy Storage Coalition stresses the need for regulatory certainty in market redesign so that continued investment will create more innovation in battery storage within Texas.

Katie Coleman testified on behalf of the Texas Association of Manufacturers (TAM). Coleman explained that the best reliability at the lowest cost is how the current system is designed. To encourage new gas generator investment through this pay for performance model, TAM requests that the model be enhanced rather than completely redesigned. Enhancements not only provide more regulatory certainty, but also improve cost effectiveness for market participants. While critical load designation is important, its efficiency could be improved by creating a seasonal designation that only applies during the winter when natural gas supply issues would

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be encountered.

Shelly Botkin testified on behalf of the Texas Public Power Association (TPPA). Concerns regarding the Phase II market changes are held by TPPA and their members. As a result, TPPA asserts that the PUC should consider the weight of costs, benefits, transparency, reliability, and methodology when implementing new systems. Additionally, it is imperative to receive comments from stakeholders and the public. Ultimately, the economic impacts that the consumer will experience from attaining reliability must be balanced.

Jason Ryan testified on behalf of CenterPoint Energy. CenterPoint is an electric transmission and distribution entity located in Houston. As Houston and their customer base continue to grow, CenterPoint has to rely on importing energy from other parts of the State to meet their demand. As this demand increases, so does the importance of grid reliability, load management, and customer compensation for going offline as needed. Having these tools and a load management program which resulted from PUC rulemaking as directed by SB 3 has been extremely valuable. CenterPoint also believes that loadshedding should be based on seasonal usage so that customers are properly affected.

James Greer testified on behalf of Oncor Electric Delivery (Oncor). Greer explains that SB 3 has vastly improved the level of preparedness for extreme weather events. Although this improvement is positive, two additional areas should be further developed. The first are being that PUC should require ERCOT to fully consider actual load, forecast of load growth, and load that has already been placed in the interconnection queue. Additionally, CCN processing time should be reduced to a timeframe of six to nine months. These recommendations will help improve resilience and ensure that the needs of Texas's future demand will be met.

## **RECOMMENDATIONS**

The Committee recommends that stakeholders, industry, agency, and the legislature continue to monitor developments with the Texas energy grid and market. It is imperative to assess any shortfalls or weaknesses that any event exacerbates within the State's energy infrastructure. If a discrepancy is found, communication between the aforementioned entities is key in properly, adequately, and efficiently finding a solution.

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## **CHARGE II: NATURAL GAS WEATHERIZATION**

*Assess efforts made by the Railroad Commission and the Texas Energy Reliability Council to weatherize infrastructure and ensure reliability of the natural gas delivery system during times of disaster.*

### **BACKGROUND**

During Winter Storm Uri in February 2021, vulnerabilities in Texas' natural gas infrastructure contributed to producers being unable to fulfill their obligations. These vulnerabilities resulted in a natural gas which was unable to be produced, delivered, and converted into energy in a time of crisis. Senate Bill 3 was passed in response to these challenges. The Texas Railroad Commission and Texas Energy Reliability Council were tasked with weatherizing their infrastructure to help mitigate the potential effects that a prolonged cold weather event could have on the production and delivery of natural gas. Sections, 5, 6, 21, and 22 of Senate Bill 3 required the Texas Railroad Commission to implement changes relating to weatherization, enforcement and penalties, service quality and reliability gas supply chain facility operators.

### **SUMMARY OF COMMITTEE ACTION**

The Texas House of Representatives Committee on Energy Resources held a public hearing in Midland, Texas on October 4th, 2022 to discuss this charge. The Committee welcomed invited testimony and electronically submitted public comments.

Texas Railroad Commissioner Christi Craddick, Vincent DiCosimo with the Texas Pipeline Association, Ben Shepperd with the Permian Basin Petroleum Association, and Todd Staples with the Texas Oil and Gas Association all testified on this charge during the hearing. The Committee did not receive any electronically submitted public comment on this charge.

### **FINDINGS**

The Committee found that the Railroad Commission is actively working to efficiently and properly initiate rulemakings which accomplish the goals set for them through Senate Bill 3. During their rulemaking process, the Railroad Commission has received extensive comments from both individuals and industry. Testimony shows that as these rulemakings are released, industries which participate and contribute to the natural gas supply chain are adjusting their practices to ensure compliance with these changes.

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## **CHARGE III: INCREASING OIL AND GAS PRODUCTION WITHIN TEXAS**

*Examine ways to increase the production of oil and gas within the state. Review state and local regulations that could directly impact the exploration or production of oil and gas and make recommendations for increasing Texas' energy independence.*

### **BACKGROUND**

As Texas's population continues to grow at an exponential rate, so does the State's energy demand. Individual, municipal, and industrial needs require vast amounts of energy which are generated through a variety of methods. Utilizing oil and natural gas as an energy and economic source creates widespread benefits to not only the state, but the country. The hydrocarbon industry is responsible for a major sector of the Texas economy. Increasing the production of oil and natural gas in Texas is imperative to achieving energy independence and economic stability. State and local regulation must be reviewed to ensure that Texas continues to provide a regulatory climate that responsibly fosters growth and stability for an industry that has global impacts.

### **SUMMARY OF COMMITTEE ACTION**

The Texas House of Representatives Committee on Energy Resources held a public hearing in Midland, Texas on October 4th, 2022 to discuss this charge. The Committee welcomed invited testimony and electronically submitted public comments. Jason Modglin with Texas Alliance of Energy Producers, Ben Shepperd with the Permian Basin Petroleum Association, and Todd Staples with the Texas Oil and Gas Association all testified on this charge during the hearing. The Committee received two public comments on this charge.

### **FINDINGS**

Through testimony, the Committee found that oil and gas is critical to meeting the energy needs of Texas. As the State continues to prosper, the oil and gas industry must continue to expand. Even with the introduction of alternative energy sources, expanding oil and gas production and storage capabilities will remain a key component in achieving energy independence and stability. Texas hosts one of the largest oil and gas industries in the world, not only when considering hydrocarbon reserves, but also when analyzing economic development, growth, and job creation this industry supports.

To ensure this industry is robust enough to meet demand, Texas must continue to

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find ways to incentivize growth and innovation. Testimony revealed that one of the biggest problems with oil and gas production in Texas is the availability of tubular goods as a result of federal policy limiting importation of steel pipe. This limitation has already proven to hinder this industry and a curtailment of goods such as steel not only harms the industry but also has resonating effects on Texas jobs, economy, and stability.

Supply chain complications are just part of the problem. Texas must continue to create a regulatory environment that does not curtail growth and investment into this industry. An overregulated oil and gas sector would have negative implications that will be felt globally. Continuing to review state and local regulations to ensure that these policies are responsible, appropriate, and not overly burdensome will continue allowing Texas to be a global leader in oil and gas production and innovation.

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## **CHARGE IV: EXPANDING UNDERGROUND NATURAL GAS STORAGE CAPACITY**

*Explore options for expanding the state's underground natural gas storage capacity, including using excess storage capacity for carbon capture opportunities and the creation of a strategic natural gas reserve for the state.*

### **BACKGROUND**

As Texas continues to become a global leader in natural gas production, storage facilities become an integral part in maintaining this hegemony. While Texas continues to operate and benefit from the continued use of conventional natural gas storage facilities, expanding the State's underground storage capacity provides additional benefits. Carbon capture storage technology utilizes rock formations and structures to store carbon dioxide and other greenhouse emissions through injection. Utilizing this technology will create a new industry in Texas, which will help foster jobs, contribute to the economy, provide investment opportunities for industries which are already familiar with similar processes, and allow a curtailment of carbon dioxide and other greenhouse gas emissions from being introduced into the atmosphere.

### **SUMMARY OF COMMITTEE ACTION**

The Texas House of Representatives Committee on Energy Resources held a public hearing in Midland, Texas on October 4th, 2022 to discuss this charge. The Committee welcomed invited testimony and electronically submitted public comments. Vincent DiCosimo with the Texas Pipeline Association, and Todd Staples with the Texas Oil and Gas Association testified on this charge during the hearing. The Committee received a public comment on this charge.

### **FINDINGS**

The Committee was presented with brief testimony on this charge; however, the Committee finds that expanding the state's underground storage capacity for natural gas and carbon capture provides extensive benefits to Texas. As the State continues to be a leader in natural gas production and exportation, natural gas storage capacity must be expanded to satisfy the rising demand. By utilizing existing infrastructure to store natural gas underground, industry is able to increase their efficiency, create jobs and provide global benefits to countries who rely on Texas natural gas exportation. The benefit of using underground storage for carbon capture opportunities creates additional jobs, boosts the economy, and provides an important

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benefit to the environment.



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## **CHARGE V: EVALUATE INNOVATIVE AND EMERGING ENERGY SOURCES**

*Evaluate innovative and emerging energy sources. Identify and make recommendations to address legislative or regulatory obstacles to use, development, and deployment of viable innovative and emerging energy sources.*

### **BACKGROUND**

Texas, along with the entire global population is experiencing exponential growth. With this growth comes an exponential increase in energy demand. Texas must be prepared for an increase in energy demand and by evaluating innovative and emerging energy sources, that goal can be accomplished.

### **SUMMARY OF COMMITTEE ACTION**

The Texas House of Representatives Committee on Energy Resources held a public hearing in Midland, Texas on October 4th, 2022 to discuss this charge. The Committee welcomed invited testimony and electronically submitted public comments. Todd Staples with the Texas Oil and Gas Association testified on this charge during the hearing. The Committee received twenty-two electronically submitted public comments on this charge.

### **FINDINGS**

Todd Staples with the Texas Oil and Gas Association briefly testified on this issue. He explained that as Texas grows, it is imperative that conventional energy resources are continuously developed. In addition to investing into conventional energy, it is also important that Texas research and invest into emerging energy sources. Growth is inevitable and having a diverse energy supply consisting of both conventional and emerging energy sources is key to maintaining energy stability. Not only does investing in emerging energy sources create a range of positive benefits, but by evaluating innovative energy sources, the State can continue to be a leader across all energy markets. Staples explains that one of these innovative and emerging markets is carbon capture. During this process, underground pore space is utilized to store carbon dioxide. Staples recommends that for this market to be fully developed, the legislature must properly define pore space ownership in statute. By continuing to evaluate innovative and emerging energy sources, Texas will experience both economic and environmental benefits.





