November 17, 2021

Rules Coordinator
Railroad Commission of Texas
Office of General Counsel
1701 N. Congress
Austin, Texas 78701

Re: Texas Competitive Power Advocates' Supplemental Comments on Proposed New 16 TAC §3.65 and Proposed Rules to §3.107 to Implement HB 3648 and SB 3.

Texas Competitive Power Advocates ("TCPA") respectfully submits the attached Supplemental Comments in response to the Railroad Commission of Texas's ("RRC" or "Commission") Proposed New 16 Texas Admin. Code ("TAC") §3.65 and Proposed Amendments to 16 TAC §3.107 to Implement HB 3648 and SB 3 (the "Proposed Rules"). TCPA previously filed comments on November 1, 2021 (TCPA's "Initial Comments"). TCPA reaffirms its Initial Comments in their entirety and files these Supplemental Comments to address: (1) recommended additions to the Commission's Table of Critical Customer Information (Table CCI), and (2) a proposed merger and refinement of prioritization tiers.

TCPA recognizes that the Commission has not proposed a tiered approach for prioritization within the critical facility designation in this rulemaking, and TCPA supports the Commission's developing guidance for prioritizing among critical facilities outside of any rulemaking in order to assist with load shed plan development. The attached supplemental comments include a discussion of TCPA's input on the evolving prioritization guidance because it informs the decision of what data collection information should be included in the Table CCI, which was released in draft for comment alongside the Rule 3.65 rulemaking.

TCPA appreciates the opportunity to comment on this rulemaking and looks forward to continued participation in the process and to provide any additional information that may be helpful to the Commission.

Sincerely,

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Texas Competitive Power Advocates' Supplemental Comments In Response to the Railroad Commission of Texas's Proposed New 16 TAC §3.65 and Proposed Amendments to 16 TAC §3.107 to Implement HB 3648 and SB 3

I. Data Requests

The following data requests are essential to correctly mapping the supply chain and for properly determining prioritization tiers, and TCPA recommends that they be included in the Commission's Table CCI.

1. **Pipeline facility:**
    - What product does the pipeline transport (liquids, oil, wet gas, dry gas, etc.)?
    - What other facilities does this pipeline interconnect with (specific pipelines, generation facilities, LDC lines, storage facilities, etc.)?
    - What is the pipeline's maximum flow rate capacity (Mcf/day or bbl/day)?
    - What is the pipeline's operating pressure range (include lowest and normal)?
    - Provide the daily gas transportation throughput (Mcf/day) and pipeline pressures for the period from February 7, 2021 through February 20, 2021.
    - This information will help quantify how much of capacity is used to deliver gas to LDCs and electric generation on the historical max hour for each location. Furthermore, a facilities map will be needed to demonstrate the end use or the downstream pipeline's end use. Finally, it should be made clear that this facility type includes gathering systems.

2. **Gas processing plant:**
    - What specific pipeline facilities does this facility interconnect with (which wet gas gathering system or pipelines; dry natural gas pipelines; and liquids pipelines do you connect to)?
    - Is liquid off-take transported by pipeline or delivered to tanks for storage?
    - What is highest output within the last calendar year (Mcf/day)?
    - What is the average output over the last 5 year period (Mcf/day)?
    - What is the minimum incoming pressure?
    - Provide the daily gas processing throughput volumes(Mcf/day) for the period from February 7, 2021 through February 20, 2021.

3. **Underground natural gas storage:**
    - What specific pipeline facilities does this facility interconnect with?
    - What human needs consumption facilities does this storage facility deliver to (generators, LDCs)?
    - What is the storage facility's daily w/d capacity at 50%, 70%, 90% storage inventory considering ratchets? (This should represent February inventory expectations) (NOT max w/d).
    - What is the storage facility's minimum inventory level?
    - Provide the daily withdrawal volumes (Mcf/day) for the period from February 7, 2021 through February 20, 2021.

4. **Liquid hydrocarbon storage facility**:
    - What pipeline facilities does this facility interconnect with (e.g., pipelines, processing plants)?
    - What human needs consumption facilities does this storage facility deliver to?
    - What is the storage capacity and bbl/day injection?
    - Provide the daily withdrawal volumes (bbl/day) for the period from February 7, 2021 through February 20, 2021.

5. **Gas well:**
    - What specific facilities are connected to the well (Gathering system (pipeline), processing plant, and water disposal)?
    - Provide the most recent average daily gas production (Mcf/day) by wet gas, dry gas, and oil production.
    - Provide the daily gas production (Mcf/day) by wet gas, dry gas, and oil production for the period from February 7, 2021 through February 20, 2021.

6. **Oil well:**
    - What specific facilities are connected to the well (Gathering system (pipeline), processing plant, and water disposal)?
    - Provide the most recent average daily gas production Mcf/day) by wet gas, dry gas, and oil production.
    - Provide the daily gas production (Mcf/day) by wet gas, dry gas, and oil production for the period from February 7, 2021 through February 20, 2021.

7. **Gas control center:**
    - Describe the specific facilities controlled by the gas control center, including production fields, pipelines, storage facilities, or other facilities.
    - How much gas capacity does the facility control (this should equal the sum of the components of the facilities it controls)?
    - Provide the daily gas volumes recorded for the period from February 7, 2021 through February 20, 2021.

8. **Other facility**:
    - What specific facilities are connected (pipeline, storage, processing and treating, etc.)?
    - What is the design or average daily volume of the facility?
    - Provide the daily volumes (Mcf/day) for the period from February 7, 2021 through February 20, 2021.

II. Proposed Merger and Refinement of Prioritization Tiers

TCPA recommends an interim solution for the winter of 2021-22 and a more holistic solution for subsequent winters. The interim solution should allow for flexibility by TDUs due to the short time frame but encourage maximum net delivery of fuel to electric generation in an emergency when and where possible. The holistic solution should map specific critical infrastructure to specific feeders. It should look at the relative dry gas contribution to groupings of feeders (i.e., all feeders required to support a particular production well's operation) compared to the electricity consumption. Feeder separation should be evaluated to isolate critical equipment to the extent possible.

In the tier descriptions below, the base text is the Joint TDUs' current proposal, the single-underlined text incorporates suggestions from oil/gas sector comments, and double-underlined and strike-out reflect TCPA's suggested refinements.

Interim solution:

Tier 1:

(i) facilities that directly or indirectly materially contribute to the provision of natural gas to electric generation or gas local distribution company critical pipelines or pipeline facilities, including compressor stations and control centers, to meet its highest level of curtailment priority pursuant to an applicable tariff or Commission requirement (ERCOT-identified black start facilities, such as natural gas electric generators and associated pipelines)(associated control centers for the facilities in this tier should also be included as a tier priority).

(ii) natural gas transportation and storage facilities;

~~(iii) liquids transportation and storage facilities; and~~

- Natural gas pipelines and pipeline facilities, including electric compressor stations – 3.65(b)(3).
- LDC critical pipelines and pipeline facilities, including electric compressor stations - 3.65(b)(4).
- Natural gas storage facilities – 3.65(b)(5).
- ~~Natural gas liquids transportation and storage facilities – 3.65(b)(6)~~
- ~~Gas Processing Plants (Capacity of 200 mmcf/day and greater) – 3.65(b)(2)~~
- ~~Natural Gas wells [3.65(b)(1)] and associated facilities, including saltwater disposal wells [3.65(b)(7)] scaled by most accessible (no treating required) and/or largest to smallest production volume, subject to the minimum production threshold described below.~~
- ~~Gas wells producing > 5000 mcf /day~~

- ~~Oil wells producing casinghead gas [3.65(b)(1)] and associated facilities, including saltwater disposal wells [3.65(b)(7)], scaled by largest to smallest production volume rates, subject to the minimum production threshold described below. Because oil wells producing casinghead gas requires more processing these should be prioritized after gas wells.~~

- ~~Oil wells producing > 5000 mcf /day~~

Tier 2:

~~Remaining~~ Critical production facilities in the gas supply chain (such as production, produced water, salt water disposal, and processing) that provide or support substantial volumes of gas production and/or processing ~~but do not fall within Tier 1. These facilities may become critical in load-shed scenarios of extreme depth or duration where the availability of natural gas is expected to be an issue. The Joint TDUs recommend further delineation of those highest to least yielding gas facilities within this tier. (associated control centers for the facilities in this tier should also be included as a tier priority).~~

- ~~Gas Processing Plants (Capacity of 100 to 199 mmcf/day) – 3.65(b)(2)~~
- ~~Natural Gas wells 3.65(b)(1) and associated facilities, including saltwater disposal wells [3.65(b)(7)] scaled by most accessible (no treating required) and largest to smallest production volume, subject to the minimum production threshold described below.~~
    - ~~*Gas wells prod. <5000 > 1,000 mcf /day, then those prod. <1000 > 250 mcf /day*~~
    - ~~Oil wells producing casinghead gas [3.65(b)(1)] and associated facilities, including saltwater disposal wells [3.65(b)(7)], scaled by largest to smallest production volume rates, subject to the minimum production threshold described below.~~
    - ~~*Oil wells producing <5000 > 1,000 mcf /day, then wells producing <1000 > 250 mcf /day*~~
- Natural Gas wells [3.65(b)(1)] producing greater than 5,000 Mcf per day* and associated facilities, including saltwater disposal wells [3.65(b)(7)].

- Oil wells producing greater than 5,000 Mcf per day* of casinghead gas [3.65(b)(1)] and associated facilities, including saltwater disposal wells [3.65(b)(7)]. Because oil wells producing casinghead gas requires more processing these should be prioritized after gas wells.

- Gas Processing Plants (Capacity of 200 MMcf/day and greater*) – 3.65(b)(2) and their downstream natural gas liquids transportation and storage facilities required to have power to run– 3.65(b)(6).

** For purposes of these Supplemental Comments, TCPA has adopted the 5,000 Mcf per day and 200 MMcf/day recommendations found in the oil and gas sector comments. The ultimate goal, however, should be to capture approximately 50% of daily production and processing in Tier 2, TDUs should be given flexibility in achieving those goals.*

Tier 3:

Remaining critical facilities in the gas supply chain (such as production, produced water, salt water disposal, and processing) that provide or support substantial volumes of gas production and/or processing but do not meet the Mcf thresholds described in Tier 2. ~~Premises that do not fall within Tiers 1 or 2 and include facilities that do not provide or support substantial volumes of gas production under a minimum production threshold discussed below and/or processing, metering facilities, and similar support facilities or equipment. Facilities within Tier 3 will likely be included in load shed in most scenarios, but the proactive identification and categorization of these facilities will allow for efficient restoration if load -shed conditions warrant. (associated control centers for the facilities in this tier should also be included as a tier priority).~~

- ~~Gas Processing Plants (Capacity of 100 or less mmcf/day) – 3.65(b)(2)~~
- ~~Gas producing oil or gas wells of 50 mcf/day or greater.~~

- Natural Gas wells [3.65(b)(1)] producing greater than 1,000 Mcf per day** and associated facilities, including saltwater disposal wells [3.65(b)(7)].

- Oil wells producing greater than 1,000 Mcf/day** of casinghead gas [3.65(b)(1)] and associated facilities, including saltwater disposal wells [3.65(b)(7)]. Because oil wells producing casinghead gas requires more processing these should be prioritized after gas wells.

- Gas Processing Plants (Capacity of 100-199 MMcf/day and greater**) – 3.65(b)(2) and their downstream natural gas liquids transportation and storage facilities required to have power to run– 3.65(b)(6).

*** For purposes of these Supplemental Comments, TCPA has adopted the 1,000 Mcf per day and 100-199 MMcf/day recommendations found in the oil and gas sector comments. The ultimate goal, however, should be to capture approximately 80% of daily production and processing, TDUs should be given flexibility in achieving those goals.*

Tier 4:

Premises that do not fall within Tiers 1, 2, or 3 and include facilities that do not provide or support substantial volumes of gas production under a minimum production threshold discussed below and/or processing, metering facilities, and similar support facilities or equipment. Facilities within Tier 4 will likely be included in load shed in most scenarios, but the proactive identification and categorization of these facilities will allow for efficient restoration if load - shed conditions warrant. Associated control centers for the facilities in this tier should also be included as a tier priority. ~~*(Needed only if a minimum threshold of production is established under the RRC rules related to who is expected to file a form CI-D and request critical*~~

~~*designation. If no minimum threshold is established, then these wells could be prioritized in Tier 3.)*~~

~~*Tier 4 facilities would be the lowest producing oil and gas wells in the state and would generally not be considered critical based on production volume. However, these facilities could in certain circumstances be an asset that would be producing gas for an LDC or natural gas electric generator. This is more common in certain rural production areas such as those in the Panhandle.*~~

~~Gas from oil or gas wells of less than 50mcf/day.~~

- Gas Processing Plants (Capacity of 100 or less MMcf/day) – 3.65(b)(2).
- Gas producing oil or gas wells of less than 1,000 Mcf/day.

Tier 5:

Needed only if a minimum threshold of production is established under the RRC rules related to who is expected to file a form CI-D and request critical designation. If no minimum threshold is established, then these wells could be prioritized in Tier 4.

Tier 5 facilities would be the lowest producing oil and gas wells in the state and would generally not be considered critical based on production volume. However, these facilities could in certain circumstances be an asset that would be producing gas for an LDC or natural gas electric generator. This is more common in certain rural production areas such as those in the Panhandle.

- Gas from oil or gas wells of less than 50 Mcf/day.

Other considerations:

Non-critical facilities:
Non-critical facilities should not be prioritized and should have a Form CI-X on file as these facilities would not or could not be prioritized during a load-shed event.

Entities Not Prepared to Operate:
• Any request for an exception should be reviewed to ensure the basis for the exclusion comports with the rule and has good cause.
• Once mapping is completed, we do not anticipate facilities identified as critical on the map would be eligible for an exception unless there is a change operationally or commercially that justifies a change in the future.

Net Negative Assessment: The large number of oil wells which produce casinghead gas necessitates a cost-benefit analysis of the electricity needed to continue operations versus the

amount of natural gas production which can be used to produce a megawatt of electricity. As the state continues to further assess and identify the most critical assets in the system, it is recommended that a net negative criteria or assessment be developed to ensure that during a load shed event the benefits of the gas produced outweighs the electricity used and is a net overall benefit to the electricity system.

III. Long-Term Solution on Prioritization Tiering

The holistic solution should map critical infrastructure to the electric feeders. It should look at the relative dry gas contribution to groupings of feeders (i.e., all feeders required to support a particular production well) compared to the electricity consumption. Feeder separation should be evaluated to isolate critical equipment to the extent possible.

For example, the feeder grouping for a production well would include the wells, the water disposal, the gathering system, the processing plant, the liquid pipelines coming from the processing plant, and the dry gas pipelines coming out of the processing plant. This system should be considered one grouping as the production is potentially not available without each of these pieces. The grouping should be expanded to include all production wells associated with a particular processing plant. The long-term solution methodology should be flexible based on what the mapping groupings to electricity demand data shows.