

## CHAPTER 227

S.B. No. 576

## AN ACT

relating to the regulation of the compressed natural gas and liquefied natural gas industry.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Subchapters A through E, Chapter 116, Natural Resources Code, are amended to read as follows:

## SUBCHAPTER A. GENERAL PROVISIONS

Sec. 116.001. DEFINITIONS. In this chapter:

(1) "Commission" means the Railroad Commission of Texas.

(2) "Compressed natural gas" or "CNG" means natural gas *primarily consisting of methane in a gaseous state* that is compressed and used, stored, sold, transported, or distributed for use by or through a CNG system.

(3) "Liquefied natural gas" or "LNG" means natural gas *primarily consisting of methane in liquid or semisolid state*.

(4) "CNG cylinder" means a cylinder or other container designed for use or used as part of a CNG system.

(5) "LNG container" means a container designed for use or used as part of an LNG system.

(6) [(4)] "CNG system" means a system of safety devices, cylinders, piping, fittings, valves, compressors, regulators, gauges, relief devices, vents, installation fixtures, and other CNG [~~compressed natural gas~~] equipment intended for use or used in any building or public place by the general public or in conjunction with a motor vehicle or mobile fuel system fueled by compressed natural gas and any system or facilities [~~of equipment~~] designed to be used or used in the compression, sale, storage, transportation for delivery, or distribution of compressed natural gas in portable CNG cylinders, but does not include [a] natural gas facilities, equipment, or pipelines [~~pipeline~~] located upstream of the inlet of a [the] compressor devoted entirely to compressed natural gas.

(7) "LNG system" means a system of safety devices, containers, piping, fittings, valves, compressors, regulators, gauges, relief devices, vents, installation fixtures, and other LNG equipment intended for use or used with a motor vehicle fueled by liquefied natural gas

and any system or facilities designed to be used or used in the liquefaction, sale, storage, transportation for delivery, or distribution of liquefied natural gas.

(8) [(5)] “Motor vehicle” means any [a] self-propelled vehicle licensed for highway use or used on a public highway.

(9) [(6)] “Compressed natural gas cargo tank” means a container built in accordance with A.S.M.E. or D.O.T. specifications and used to transport compressed natural gas for delivery.

(10) “Liquefied natural gas cargo tank” means a container built in accordance with A.S.M.E. or D.O.T. specifications and used to transport liquefied natural gas for delivery.

(11) “Mobile fuel system” means a CNG or LNG system to supply natural gas fuel to an auxiliary engine other than the engine used to propel the vehicle or for other uses on the vehicle.

(12) “Motor fuel system” means a CNG or LNG system to supply natural gas as a fuel for an engine used to propel the vehicle.

(13) “Registrant” means any individual exempt from the licensing requirements as established by rule of the commission who is required to register with the commission, any person qualified by examination by the commission, or any person who applies for registration with the commission. Registrant includes an employee of a licensee who performs CNG-related or LNG-related activities.

Sec. 116.002. EXCEPTIONS. This chapter does not apply to:

(1) the production, transportation, storage, sale, or distribution of natural gas that is not included in the definition of compressed natural gas or liquefied natural gas; [øf]

(2) the production, transportation, storage, sale, or distribution of natural gas that is subject to commission jurisdiction under the Gas Utility Regulatory Act (Article 1446e, Revised Statutes) or the Cox law (Title 102, Revised Statutes);

(3) pipelines, fixtures, and other equipment used in the natural gas industry that are not used or designed to be used as part of a CNG or LNG system; or

(4) pipelines, fixtures, equipment, or facilities to the extent that they are subject to the safety regulations promulgated and enforced by the commission pursuant to Chapter 117, Natural Resources Code, or Article 6053-1, Revised Statutes.

## SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

Sec. 116.011. ADMINISTRATION. The commission shall administer and enforce this chapter and rules and standards adopted under this chapter relating to compressed natural gas and liquefied natural gas.

Sec. 116.012. RULES AND STANDARDS. To protect the health, safety, and welfare of the general public, the commission shall adopt necessary rules and standards relating to the work of compression and liquefaction, storage, sale or dispensing, transfer or transportation, use or consumption, and disposal of compressed natural gas or liquefied natural gas [compressed natural gas work and operations].

Sec. 116.013. NATIONAL CODES. The commission may adopt by reference in its rules all or part of the published codes of nationally recognized societies as standards to be met in the design, construction, fabrication, assembly, installation, use, and maintenance of CNG or LNG [compressed natural gas] components and equipment.

Sec. 116.014. FEES. (a) Fees collected by the commission under Section 116.034 of this code for training, examinations, and seminars must be deposited in a special fund in the state treasury designated as the CNG and LNG [compressed natural gas] examination fund. The commission shall use money in this fund to pay the cost of training, examinations, and seminars sponsored [furnished] or administered by the commission.

(b) Except as provided by Subsection (a) of this section, money collected by the commission as fees under this chapter shall be deposited in the general revenue fund.

Sec. 116.015. ENTRY ON PROPERTY; INSPECTION AND INVESTIGATION. (a) An employee, agent, or inspector of the commission may enter the premises of a licensee

~~[property of a person licensed]~~ under this chapter or any building or other premises open to the public or inspect any CNG or LNG system or motor vehicle equipped with CNG or LNG equipment at any reasonable time for the purpose of determining and verifying ~~[and may inspect any motor vehicle equipped with compressed natural gas equipment to determine if the licensee is complying with or if the motor vehicle is in]~~ compliance with this chapter and rules of the commission adopted under this chapter.

(b) Any authorized representative of the LPG division may enter any building or premises where an accident has occurred in which CNG or LNG was a probable cause for purposes of investigating the cause, origin, and circumstances of such accident. The LPG division may request that any state or local authority having jurisdiction take appropriate action as may be necessary for preservation of property and premises.

### SUBCHAPTER C. LICENSING AND REGISTRATION

Sec. 116.031. LICENSE REQUIREMENT. (a) Unless otherwise provided in this chapter or by commission rule, a person shall be required to obtain a license from the commission to engage in any of the following activities ~~[a person has obtained a license from the commission under this chapter, the person may not engage in the following work]:~~

(1) ~~[cylinder]~~ work that includes the manufacture, assembly, repair, testing, sale, installation, or subframing of CNG cylinders or LNG containers for use in this state;

(2) systems work that includes the sale, installation, modification, or servicing ~~[service, or repair]~~ of CNG or LNG systems for use in this state, including the installation, modification, or servicing by any person, except a political subdivision, of a CNG or LNG motor fuel system or mobile fuel system on a vehicle used in the transportation of the general public; or

(3) product work that includes the sale, storage, transportation for delivery, or dispensing of CNG or LNG ~~[compressed natural gas]~~ in this state.

(b) A license obtained by a partnership, corporation, or other legal entity extends to the entity's employees who are performing CNG or LNG ~~[compressed natural gas]~~ work, provided that each employee is qualified and registered as required by rules adopted by the commission.

(c) No license is required by an original vehicle manufacturer or a subcontractor of such manufacturer for the installation and sale of a new CNG or LNG system when such system is installed on a new original vehicle fueled by CNG or LNG.

(d) The commission by rule may provide for the annual registration of all individuals performing CNG-related or LNG-related activities who are exempt from the licensing requirements of the commission. Employees of a political subdivision are not required to be licensed or registered under this chapter.

Sec. 116.032. LICENSE ~~[CATEGORIES]~~ AND REGISTRATION FEES. (a) The commission shall adopt rules establishing registration fees and license categories and license fees to be charged for application for and issuance and renewal of a license or registration ~~[licenses in each category].~~

(b) The commission may establish fees for each category of license. A license fee may not exceed \$1,000.

Sec. 116.033. APPLICATION AND RENEWAL PROCEDURES. The commission shall adopt rules establishing procedures for submitting and processing applications for issuance and renewal of licenses and for registration.

Sec. 116.034. EXAMINATION AND SEMINAR REQUIREMENTS. (a) The commission shall adopt rules providing the training, examination, and seminar attendance requirements for persons who are required or who wish to be licensed or registered under this chapter.

(b) The commission may adopt a reasonable fee to cover the cost of any training, examination, or seminar required by and sponsored ~~[furnished]~~ or administered by the commission.

(c) Before a license *or registration* may be issued, the person to be licensed *or registered* must satisfactorily complete the training, examinations, and seminars required by the commission.

Sec. 116.035. DENIAL OF LICENSE. The commission may deny issuance or renewal of a license *or registration* to any person who fails to qualify under the requirements of this chapter and rules adopted by the commission under this chapter. The commission shall give written notice to an applicant for the issuance or renewal of a license *or for registration* of the denial of the license *or registration* and the reasons for denial.

Sec. 116.036. INSURANCE REQUIREMENT. (a) ~~All licensees [A person licensed under this chapter]~~ must acquire and maintain appropriate workers' compensation *or coverage for its employees under policies of work-related accident, disability, and health insurance, including coverage for death benefits, from an insurance carrier authorized to provide coverage in this state and other insurance coverage* required by the commission in the amounts required by the commission.

(b) *Notwithstanding Subsection (a) of this section, a state agency or institution, county, municipality, school district, or other governmental subdivision may submit evidence of workers' compensation coverage by self-insurance if permitted by the Texas Workers' Compensation Act (Article 8308-1.01 et seq., Vernon's Texas Civil Statutes).*

(c) The commission shall adopt rules establishing specific requirements for insurance coverage under this chapter *and evidence of such coverage*. The types and amounts of insurance coverage required by the commission shall be based on the type and category of licensed activity.

(d) [(e)] The commission may not issue or renew a license, and a licensee may not perform any licensed activity unless the insurance coverage required by the commission's rules is in effect and evidence of that coverage is filed with the commission as required by commission rule.

(e) *Every motor vehicle operated in this state as a conveyance for a CNG or an LNG cargo tank must meet motor vehicle insurance requirements established by the commission.*

Sec. 116.037. SUSPENSION AND REVOCATION OF LICENSE. (a) The commission shall notify a licensee *or registrant* in writing if it finds probable violation or noncompliance with this chapter or the rules adopted under this chapter.

(b) The notice shall specify the particular acts, omissions, or conduct comprising the alleged violation and shall designate a date by which the violation must be corrected or discontinued.

(c) The licensee *or registrant* shall report timely compliance or shall request extension of time for compliance if considered necessary.

(d) If a licensee *or registrant* objects to the complaint or requirements under this section, or if the commission determines that the licensee *or registrant* is not proceeding adequately to compliance, then, on written request of the licensee *or registrant* or order of the commission, a public hearing must be conducted.

(e) If the commission or division determines that the probable violation or noncompliance constitutes an immediate danger to the public health, safety, and welfare, it shall require the immediate cessation of the probable violation or noncompliance and proceed with a hearing.

(f) If the commission finds that the licensee *or registrant* has violated or failed to comply with or is violating or failing to comply with this chapter or a rule adopted under this chapter, the commission may suspend the license *or registration* for a definite period not to exceed 90 days or may revoke the license.

(g) Any party to a proceeding before the commission is entitled to judicial review under the substantial evidence rule.

Sec. 116.038. STAGGERED RENEWAL OF LICENSES. *The commission by rule may adopt a system under which license and registration fees required by Section 116.032 of this code expire on various dates during the year. For the year in which the license and registration expiration dates are changed, license and registration fees payable on a specified date shall be prorated on a monthly basis so that each licensee shall pay only that portion of the license and registration fees that is allowable to the number of months during*

*which the license and registration is valid. On renewal of the license and registration on the new expiration date, the total license and registration fees are payable.*

#### SUBCHAPTER.D. MOTOR VEHICLE REGULATION

Sec. 116.071. REGISTRATION RULES. The commission shall adopt rules relating to the registration of motor vehicles that are equipped with a *CNG or LNG* [~~compressed natural gas~~] cargo tank [tanks] and motor vehicles used principally to transport compressed natural gas or *liquefied natural gas* in portable cylinders or containers.

Sec. 116.072. REGISTRATION. (a) Each motor vehicle that is equipped with a *CNG or LNG* [~~compressed natural gas~~] cargo tank and each motor vehicle used principally to transport *CNG or LNG* [~~compressed natural gas~~] in portable cylinders or containers must be registered with the commission as provided by commission rules.

(b) The commission may not impose a fee for registration under this section on a motor vehicle owned by a county.

(c) *The commission by rule shall establish a reasonable, nonrefundable registration and transfer fee for each CNG or LNG cargo trailer, semitrailer, bobtail, and cylinder-delivery unit registered or transferred as follows:*

(1) *the registration fee established by the commission shall not be less than \$100 nor more than \$500; and*

(2) *the transfer fee established by the commission shall not be less than \$25 nor more than \$100.*

Sec. 116.073. SAFETY RULES. The commission shall adopt safety rules relating to the transportation of compressed natural gas and *liquefied natural gas* in this state.

Sec. 116.074. COOPERATION OF THE DEPARTMENT OF PUBLIC SAFETY. The Department of Public Safety shall cooperate with the commission in administering and enforcing this chapter and rules of the commission relating to regulation of motor vehicles required to be registered under this subchapter.

~~Sec. 116.075. [SUSPENSION AND REVOCATION OF REGISTRATION. (a) The commission shall notify a registrant in writing if it finds probable violation or noncompliance with this chapter or the safety rules adopted under this chapter.~~

~~[(b) The notice shall specify the particular acts, omissions, or conduct comprising the alleged violation and shall designate a date by which the violation must be corrected or discontinued.~~

~~[(c) The registrant shall report timely compliance or shall request extension of time for compliance if considered necessary.~~

~~[(d) If a registrant objects to the complaint or requirements under this section, or if the commission determines that the registrant is not proceeding adequately to compliance, then, on written request of the registrant or order of the commission, a public hearing must be conducted.~~

~~[(e) If the commission or division determines that the probable violation or noncompliance constitutes an immediate danger to the public health, safety, and welfare, it shall require the immediate cessation of the probable violation or noncompliance and proceed with a hearing.~~

~~[(f) If the commission finds that the registrant has violated or failed to comply with or is violating or failing to comply with this chapter or a rule adopted under this chapter, the commission may suspend the registration for a definite period not to exceed 90 days or may revoke the registration.~~

~~[(g) Any party to a proceeding before the commission is entitled to judicial review under the substantial evidence rule.~~

[Sec. 116.076.] APPLICATION OF OTHER LAWS. This chapter and the rules adopted under this chapter do not modify, amend, or repeal any laws of this state relating to the regulation of motor carriers.

## SUBCHAPTER E. MISCELLANEOUS PROVISIONS

Sec. 116.101. MALODORANTS. Compressed natural gas must be odorized as provided by Section 2, Article 6053, Revised Statutes, as amended.

Sec. 116.102. TESTING LABORATORIES. The commission shall adopt rules relating to testing of *CNG and LNG* [~~compressed natural gas~~] equipment and to the qualifications required of the persons who are to perform those tests.

Sec. 116.103. WARNING TAGS. (a) An employee, agent, or inspector of the commission may declare unsafe or dangerous for service any motor vehicle required to be registered under this chapter *or any CNG or LNG equipment or system* [~~compressed natural gas equipment, or CNG system~~] that is defective or that does not otherwise conform to the safety requirements of this chapter and the rules adopted under this chapter and shall attach a warning tag to the motor vehicle, equipment, or system in a conspicuous location.

(b) A person may not sell, furnish, deliver, or supply compressed natural gas *and liquefied natural gas* for use or consumption by or through a motor vehicle or system in a public place or operate a motor vehicle having *CNG or LNG* [~~compressed natural gas~~] equipment to which a warning tag is attached.

(c) A warning tag may be removed on approval of the commission or by a person designated by the commission to remove the tag. A warning tag may not be removed by any person who is not authorized to remove the tag by the commission.

SECTION 2. This Act takes effect September 1, 1993.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on April 7, 1993, by a viva-voce vote; passed the House on May 6, 1993, by a non-record vote.

Approved May 20, 1993.

Effective Sept. 1, 1993.