

RRC Natural Gas Competition Study

The Railroad Commission shall conduct a study that:

- 1. Examines and determines the extent to which viable competition exists in the Texas natural gas pipeline industry from the wellhead to the burner tip;*
 - 2. Recommends solutions to bring market competition to any non-competitive segments of the industry; and*
 - 3. Assesses the effectiveness of current laws, regulations, enforcement and oversight in addressing any abuses of pipeline monopoly power and makes recommendations for any necessary changes.*
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PHASE 1: Background analysis (October 1, 2005 through November 30, 2005)

- Review past gas gathering surveys, including, but not limited to, industry and Railroad Commission surveys.
 1. Identify the level of competition that exists by region.
 2. Compile prioritized list of the key issues/complaints identified in the survey results.
 3. Summarize current jurisdiction of the Railroad Commission regarding gas gathering.
- Review the open-access process implemented by the FERC in the 1990s.
- Compare the FERC open-access process and tariff data requirements to those of the RRC.
- Review of complaints – informal & formal filed with the RRC.
- Review of testimony filed in 79th Legislative session regarding gas gathering legislation.
- Gather production and pricing data by RRC district or county from RRC and Comptroller data sources.

PHASE 2: Encourage affected parties to use the formal and informal complaint processes and workshop input to establish facts from which to

define issues and to make recommendations. (October 1, 2005 through March 31, 2006)

- Use the legislative study mandate as an impetus for all affected parties to provide the factual data needed to identify issues.
- Schedule workshops to include all RRC Districts.
 1. Establish a dialogue between the RRC and entities representing all sectors of the natural gas industry.
 2. Explain the study.
 3. Encourage affected parties to use the informal complaint process.
 4. Gather factual data and request input regarding possible solutions.
 5. Commissioner participation as schedules allow.
 6. Workshop locations:
 - San Antonio (RRC Districts 1, 2, & 4)
 - Houston (RRC Districts 3 & 6)
 - Dallas (RRC Districts 5 & 9)
 - Abilene (RRC Districts 7B & 7C)
 - Midland (RRC Districts 8 & 8A)
 - Amarillo (RRC District 10)
- Send a letter to all affected associations asking them to encourage their members to attend one of the scheduled workshops and to advise their members to use the informal and formal complaint processes to establish a base of facts, to develop data to identify issues, and to recommend policy.
- Advise all operators through the strip-out notice of the workshops and that we need factual cases to help formulate policy.
- Make the complaint process easier to find on the website by adding a link on the home page.
- Expedite informal and formal complaints and gather data for use in the study.

- When sufficient data have been gathered and analyzed, develop policy options and/or questions to address identified issues.

PHASE 3: Develop solutions/recommendations. (April through June 2006)

- Establish a “Blue Ribbon” panel.
 1. Panel will consist of nine members.
 2. Each RRC Commissioner will nominate three (3) members, and the RRC Chairman will select the Chair with concurrence by the other two Commissioners.
- Specific policy questions would be posed to the panel requesting that they develop proposals to address each of the posed questions.
- Commissioners evaluate panel recommendations and develop draft policy.
- Staff prepares “draft” report, based on Commissioner’s decisions

PHASE 4: Report publication/comments. (July through September 2006)

- “Draft” report will be posted in Texas Register and RRC website, with a reasonable time allotted for public comments.
- Comments will be reviewed and Commissioners will make decisions on comments

PHASE 5: Final Report. (October, 2006)

- Staff will prepare the Final Report including specific action items and recommendations.
- Present Final Report for approval at a future RRC conference to provide for submission no later than November 1, 2006.
- When approved, provide copies to the Governor’s office, Lieutenant Governor’s office, Speaker’s office, and the Legislative Budget Board.
- Post approved Final Report on RRC website.