



IN THE PIPELINE

TEXAS PIPELINE ASSOCIATION NEWSLETTER

FALL 2017



FROM THE CHAIRMAN

Welcome to the fall 2017 issue of *In the Pipeline*, the quarterly e-newsletter of the Texas Pipeline Association. Among the featured articles, we include a summary of the special legislative session and an update on the transition of the environmental regulations and policies to the Trump Administration, together with an important “environmental watch list” for members to keep an eye on. The next several months will be an important time surrounding environmental regulations; companies in the midstream industry will surely be affected by what develops.

I would be remiss if I did not mention the topic of eminent domain. As we all know, numerous bills were filed during this past legislative session that would have materially changed the eminent domain process and most likely prevented critical infrastructure projects being constructed on time and on budget. By the end of session, none of these bills had passed. However, landowner groups will continue to persevere to change the eminent domain process. To that end, our industry needs to continue to be mindful and emphasize best practices when dealing with landowners in order that we can continue to build the critical infrastructure required to accommodate the ongoing economic growth of our state.

Most importantly, our thoughts and prayers go out to the employees and families of our member companies that were affected by Hurricane Harvey. I have heard many stories of employees working tirelessly throughout the storm and its aftermath to keep midstream assets flowing, despite their own families being impacted by the storm. We are reminded during these challenging events of the enthusiastic spirit of our employees, as well as the paramount importance of pipelines and other midstream facilities, in keeping products flowing from the producing basins to refineries and petrochemical plants to supply natural gas and electricity to our homes.

In closing, thank you to all our contributing authors. I hope you enjoy and benefit from the topics covered in this issue.

Jim Cisarik,
Chairman
Texas Pipeline Association

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MESSAGE FROM THE PRESIDENT



Friends,

Since the last edition of *In the Pipeline*, the Texas Legislature completed a Special Session that included 20 issues set forth by Gov. Abbott to be considered. While the issues on the official call were not aimed specifically at the midstream industry, TPA closely monitored all the bills to ensure that no unintended consequences occurred.

While the special session ended up being limited to those specific 20 issues that you will read about in this edition of *In the Pipeline*, there was legislation filed outside of the call relating to the issue of condemnation that received a hearing in a House committee. TPA testified on the bill and it ended up being left pending in committee for the duration of the special session. While there was success in keeping any condemnation or eminent domain items out of the special session call, it is safe to assume that these issues will continue to percolate during the interim and could be revisited in any future legislative sessions.

TPA will remain on the front lines of any discussion to ensure that the necessary infrastructure to fuel Texas' economy is constructed and that we continue to share our story of the overwhelming positive relationship with landowners.

On the Texas environmental front, I am happy to report that TPA's Environmental Committee recently took a leading role in advocating final changes to the TCEQ area and mobile source emission credit rule. By meeting with TCEQ Commissioners and agency staff, desired changes were made, not only in the preamble of the rule, but also to the provisions of the rule itself. Notable changes that were acquired include the ability to group emission points at area sources to meet the minimum threshold for credit generation and the recognition of in-kind replacements as eligible sources in this program. These changes maximize the ability of industry sources to generate emission credits. This was a significant gain for our industry, which would not have been possible without the hard work and participation of TPA's Environmental Committee.

In closing, we want to express our sincere thanks to our member companies and their employees as to how our industry handled the impacts from Hurricane Harvey. Despite the overwhelming challenges, the performance of the midstream industry was nothing short of incredible. The sole reason for this achievement can only be attributed to the hard work of the employees. Throughout the remainder of the recovery process, our thoughts and best wishes will continue to go out to the families that were affected.

As always, many thanks to the contributors and folks behind the scenes who bring you *In the Pipeline*. It is our hope that you find it informational.

All my best,
Thure Cannon

85TH LEGISLATURE – 1ST CALLED SPECIAL SESSION RECAP

By Michael Garcia, Bill Messer, PC

Item in the Call	Chamber of Origin	2nd Chamber
Sunset (SB 20 and SB 60 sent to Governor)	HB 1: Passed House 7/25 HB 2: Passed House 7/28 SB 20: Passed Senate 7/20 SB 60: Passed Senate 7/20	HB 1: Referred to Sen. B&C 8/7 HB 2: Referred to Sen. B&C 8/3 SB 20: Signed by Governor 8/11 SB 60: Signed by Governor 8/11
Teacher Pay Raise/Benefits (Teacher Pay, SB 19 is dead; Benefits, HB 30 sent to Governor)	HB 24: Reported from H. Approp. 7/28 HB 198: Reported from H. Pub Ed. 8/10 SB 19: Passed Senate 7/26	HB 30: House Concurred in amdots 8/15 SB 19: House Calendar 8/15
School Finance Task Force	HB 191: Pending H. Pub. Ed. 8/1 SB 16: Passed Senate 7/25	HB 21: House Concurred in amdots 8/15 SB 16: Passed to 3rd Reading 8/14
School Vouchers for Special Needs Kids	HB 253: Pending in H. Pub. Ed. 8/1 SB 2: Passed Senate 7/25	SB 2: Reported from H. Pub. Ed. 8/8
Property Tax Reform	HB 3: Pending H. Ways & Means 7/25 HB 4: Reported H. Ways & Means 7/28 HB 32: Passed House 8/3 SB 1: Passed Senate 7/26	HB 32: Senate Postponed 8/16 SB 1: Postponed on 3rd reading 8/14
Caps on State Spending	HB 208: Recommitted to H. Approp 8/12 HJR 1: Reported from H. Approp. 8/10 SB 9: Passed Senate 7/26	SB 9: Sent to Calendars 8/14
Caps on Local Spending	HB 206: Referred to H. Urban Affairs 7/20 SB 18: Postponed 2nd Reading 8/16	
Local Reg of Trees (HB 7 Sent to Governor)	HB 7: Passed House 7/28 SB 14: Passed Senate 7/26	HB 7: House concurred in amdots 8/15 SB 14: Received in House 7/27
Speeding Up Local Gov Perm.	HB 164: Referred to H. Com. 7/24 SB 13: Passed Senate 7/26	SB 13: Pending H. State Affairs 8/9
Prevent Local Rule Changes Midway Through Projects	HB 188: Hearing H. Land & Res. 8/9 SB 12: Pending S. B&C 7/22	
Texting and Driving Preemption	HB 171: Pending H. Trans. 7/27 SB 15: Passed Senate 7/26	SB 15: Received in House 7/27
Bathroom	HB 46: Referred to H. State Affairs 7/20 HB 50: Referred to H. State Affairs 7/20 SB 3: Passed Senate 7/26	SB 3: Received in House 7/27
Collection of Union Dues	HB 156: Referred to H. State Affairs 7/20 SB 7: Passed Senate 7/26	SB 7: Received in House 7/27
No Tax Dollars for Abortion Providers	HB 14: Reported H. State Affairs 8/13 SB 4: Passed Senate 7/26	SB 4: Received in House 7/27
Pro-life Insurance Reform (HB 214 sent to Governor)	HB 214: Passed House 8/9 SB 8: Passed Senate 7/26	HB 214: Passed Senate 8/13 SB 8: Received in House 7/27
Abortion Reporting Requirements due to Health Complications (HB 13 sent to Governor)	HB 13: Passed House 7/28 HB 215: Passed House 8/4 SB 10: Passed Senate 7/25 SB 73: Passed Senate 7/25	HB 13: Passed Senate 8/11 HB 215: Passed Senate 8/15 SB 10: Received in House 7/27 SB 73: Received in House 7/27
Do-Not-Resuscitate (SB 11 sent to Governor)	HB 12: Pending in H. State Affairs 8/3 SB 11: Passed Senate 7/26	SB 11: Senate concurred in amdots 8/15
Mail-In Ballot Fraud (SB 5 sent to Governor)	HB 184: Reported from H. Elections 8/8 SB 5: Passed by Senate 7/26	SB 5: Signed by Governor 8/11
Extending Maternal Mortality Task Force	HB 9: Passed House 8/1 SB 17: Passed Senate 7/25	HB 9: Received in Senate 8/1 SB 17: Senate concurred in amdots 8/15
Municipal Annexation (SB 6 sent to Governor)	HB 6: Pending in H. Land and Res. 8/2 SB 6: Passed Senate 7/26	SB 6: Senate concurred in H Amdts 8/13

Color Code: ■ item on call, sent to Governor ■ item on call, partially sent to Governor ■ item on call, dead

TOP 5 TO PUT ON YOUR ENVIRONMENTAL WATCHLIST

By Celina Romero, Duggins Wren Mann & Romero, LLP

Since assuming office, President Trump set the stage for the U.S. Environmental Protection Agency (EPA) to make significant changes to existing environmental policies and regulations. Those early actions included the issuance of Executive Orders aimed at reducing regulatory burdens by:

- Directing federal agencies to rescind two existing rules for every new rule adopted;
- Establishing a Regulatory Reform Task Force, whose purpose is to evaluate regulations that eliminate jobs or inhibit job creation, and recommend their repeal, replacement or modification;
- Eliminating Obama-era social cost of carbon analysis used to evaluate the economic impact of new regulations; and
- Rescinding NEPA guidance that required the review of the impact of GHGs and climate change on federal actions, among others.

EPA has wasted no time setting in motion several actions that would accomplish some or all these goals. For example, Administrator Pruitt has already withdrawn the information collection request aimed at the collection of methane emissions from oil and gas sources that would have supported the development of methane rules for existing sources. Other key actions that Administrator Pruitt has put into motion are described below.

PARTIAL STAY OF COMPLIANCE DEADLINES FOR SUBPART 0000A

EPA has attempted by a couple of actions to delay the deadline to conduct an initial monitoring survey to identify leaks at well sites and compressor stations under this relatively new regulation. This rule took effect on Aug. 2, 2016 and required covered oil and gas sources to conduct an initial leak survey at well sites and compressor stations by June 3, 2017. EPA first issued a letter administratively suspending that compliance deadline for three months in response to petitions for reconsideration in the spring of 2017. It followed that letter by notice in the federal register, confirming its three-month administrative stay of the compliance date. However, about a month later, on July 3, 2017, the DC Circuit vacated the stay, finding that the Clean Air Act did not require reconsideration and, therefore, did

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“PIPELINE WEEK”

Did you know that more than 511,000 jobs nationwide are supported by pipelines? Or that for every mile of pipeline constructed, 24.1 oil jobs and 57.9 natural gas jobs are created? These and other facts were revealed during a “Pipeline Week” campaign spearheaded by Texans for Natural Gas (TNG), which commenced on Sept. 18. The organization’s social media advocacy campaign highlighted the midstream sector, with an emphasis on Texas.

TPA played a key role by conducting its own Twitter campaign to raise awareness of the TNG initiative and contributed to “Texas Pipelines: Keeping the Economy Pumping,” a white paper distributed to media outlets at the end of that week. Additionally, TPA’s very own Thure Cannon was featured in a campaign [video](#) in which he shared key messages about the industry.

The campaign proved that collaboration between other energy sector stakeholders is, and should continue to be, an important part of TPA’s outreach strategy.

IN FURTHER NEWS...

In July, Thure Cannon was featured on the [Global Energy Leaders podcast](#), sharing important facts about pipelines and how integral the Texas midstream sector is to the safe and efficient delivery of hydrocarbons to our nation’s homes and businesses.

IMPORTANT DATES

2018

Jan. 12: TPA Annual Meeting, Houston

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