



IN THE PIPELINE

TEXAS PIPELINE ASSOCIATION NEWSLETTER

SUMMER 2023

FROM THE CHAIRMAN

I hope all of you are enjoying some family time and a break or two. As I sit to write this column, I am reminded of the song, *Summer in the City* by The Lovin' Spoonful. As you may recall, the opening line is "Hot town, summer in the city." Now one might think this applies only to the weather – which is certainly record-breaking and creating extreme operating conditions for all of our teams – but it is also just as applicable to the capital city.

As the 88th Texas Legislative Session ended and the first special session and then second special session commanded legislators' time, it was certainly a "hot town": 76 vetoes, property taxes and impeachments. Reflecting on the regular session, much has been written already so I will simply sum it up as a successful one for our pipeline industry.

Fall and football are around the corner and another special session is possible, with an emphasis on school choice and border security. However, between now and then, we must focus on operational readiness in extreme conditions to keep the lights and AC on in Texas. As we continue to hit record temperatures, our teams continue to produce, transport and process the very energy that provides stability for the grid, ensures economic prosperity for the state and delivers national security for our nation. We are proud of every one of them.

Fall will also be a time for local and special elections and the set up for the 2024 races. It's a bit over 200 days to the primary election. Note the important dates below. It's important to our industry that every individual of every company becomes involved at some level in the process. Our TPA PAC is one of the many ways to support our industry and the legislators who value us.

Lastly, as we continue to deal with the summertime weather and we have our teams in the field constantly in harm's way, may we all remember a line in the chorus: "Despite the heat, it'll be alright."

Wear high SPF and God bless you all, your teams and your families.

KEY DATES

- Sep. 5, 2023: Senate trial of impeachment begins
- Sep. 6, 2023: Deadline to file to run in House District 2 special election
- Oct. 23, 2023: Early voting begins for House District 2 special election
- Nov. 7, 2023: Special election for House District 2 to fill the unexpired term
- Nov. 7, 2023: Constitutional amendment election
- Feb. 5, 2024: Last day to register to vote in the primary
- Feb. 20, 2024: First day of early voting
- March 1, 2024: Last day of early voting
- March 5, 2024: Primary election

Vincent DiCosimo, Targa Resources
Chairman, Texas Pipeline Association

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PRESIDENT'S MESSAGE



Welcome to the summer edition of ITP! It was wonderful to see everyone who attended the summer Board Meeting at the Omni Barton Creek Resort & Spa this past month. I hope you and your family got to enjoy the beautiful venue while you were there!

While the temperatures may have kept some from playing golf, I enjoyed seeing members enjoy the pool and have a little R&R during the heat of summer. It was also great to see and hear from our friend Shayne Woodard, Director of Legislative Affairs in the Office of the Governor, at the Board Meeting. In his famous Shayne flare, he gave an excellent recap of the property tax relief legislation passed during the second special session and spoke to the upcoming priorities of the Governor. Thank you, Shayne, for visiting with us! And while we miss you being directly on our team, we are fortunate to have you as a friend in your position. And we can all thank Sheryl for planning such a successful Board Meeting. I look forward to another exciting family venue next summer.

In this issue of ITP, there is an excellent recap from the past legislative session and subsequent special sessions. As you will notice, our industry had a successful session, thanks to our collaborative effort of visiting with legislators. Many hours were dedicated to educating and informing members on the Texas intrastate pipeline industry and how we serve our producers and end-user customers. This was especially true as it related to the TPA member companies that supply natural gas to electric generators. While numerous proposals sought to tweak or outright change the successful Texas

business model, the fundamental way Texas pipelines do business remained intact. As we know, Texas has the largest, most flexible pipeline industry in the nation, which benefits all of Texas through our free-market principles. A big "JOB WELL DONE" to all those involved in our advocacy efforts. Your hard work and industry expertise made the difference.

There is still work to be done in the near future, as there will be another called special session sometime in the fall. While we do not anticipate that pipeline issues will be added to the call, I've always been one to respect Gideon J. Tucker's adage of "No man's life, liberty or property are safe while the legislature is in session." And with the end of the regular legislative session, it kicked off campaign season for elected officials. It is sure to be a busy political season. I encourage you and your companies to be active in the process. You can do this by volunteering for a campaign or contributing to Tex-Pipe PAC or to candidates directly. I assure you that your efforts make a big difference with policymakers and are a great way to share our message about the pipeline industry.

Enjoy this edition of ITP and, as always, please reach out to us if we may be of assistance! Thanks again for all you do for Texas pipelines!

All my best,
Thure Cannon

TEXAS TECH STUDY SHOWS THE ENORMOUS ECONOMIC IMPACT OF TEXAS PIPELINES

The Texas midstream industry is a powerhouse that contributes to the state's economic output, jobs and government revenues, according to a new study conducted by the Center for Energy Commerce at Texas Tech University and commissioned by the Texas Pipeline Association (TPA).

The *2022 Analysis of the Current and Future Economic Impact of the Texas Oil and Gas Pipeline Industry* study shows that through ongoing operations and construction in 2022 alone, the Texas oil and gas pipeline industry provided:

- More than \$60.5 billion in economic output;
- More than \$34 billion in additional gross state product;
- Nearly \$3.6 billion in state and local government revenues;
- More than 234,000 jobs; and
- An estimated \$12,250 in property tax revenues generated per mile of a pipeline for a typical Texas county.

In 2022, the total economic impact from Texas pipeline operations and construction includes:



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2022 Analysis of the Current and Future Economic Impact of the Texas Oil and Gas Pipeline Industry. Texas Tech University study, Commissioned by the Texas Pipeline Industry, May 2022.



The projected statewide jobs impact from the operations and construction of pipelines will continue to grow.



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2022 Analysis of the Current and Future Economic Impact of the Texas Oil and Gas Pipeline Industry. Texas Tech University study, Commissioned by the Texas Pipeline Industry, May 2022.

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The strength of the midstream industry is expected to continue. According to the study, over the next 40 years the pipeline industry is conservatively expected to generate cumulative economic impacts of:

- \$1.86 trillion in economic output;
- \$1.05 trillion in additional gross state product;
- \$110.34 billion in state and local government revenues;
- Nearly 525,000 jobs; and
- \$377,000 in cumulative property tax revenues generated per mile of a pipeline for a typical Texas county.

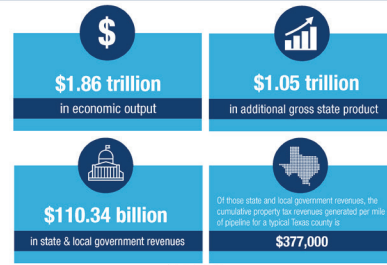
**in today's dollars*

“The 2022 Analysis of the Current and Future Economic Impact of the Texas Oil and Gas Pipeline Industry study shows that the Texas midstream industry is an economic powerhouse, delivering billions of dollars to state and local coffers and providing hundreds of thousands of well-paying jobs,” said Thure Cannon, president of TPA. “Without the network of natural gas gathering and transmission lines and storage facilities, Texas would not only be deprived of the vital fuels and hydrocarbons it needs to grow and thrive, but also the revenues, taxes and jobs that bolster the state’s economy.”

“THE STUDY SHOWS THAT THE TEXAS MIDSTREAM INDUSTRY IS AN ECONOMIC POWERHOUSE, DELIVERING BILLIONS OF DOLLARS TO STATE AND LOCAL COFFERS AND PROVIDING HUNDREDS OF THOUSANDS OF WELL-PAYING JOBS.”

Pipelines transport a variety of energy products, including natural gas, crude oil and refined petroleum materials that are used for heating homes, generating electricity, fueling vehicles and manufacturing a wide range of consumer goods. Without pipelines, it would be difficult to transport these products efficiently, cost-effectively and safely, which would ultimately

Over the next 40 years, the Texas pipeline industry will generate cumulative economic impacts of:



**in today's dollars.*

TEXAS PIPELINE ASSOCIATION texaspipelines.com 2022 Analysis of the Current and Future Economic Impact of the Texas Oil and Gas Pipeline Industry, Texas Tech University study, Commissioned by the Texas Pipeline Industry, May 2023.

A typical Texas county receives an estimated **\$12,250 in property taxes per year for each mile** of pipeline located in the county.

TEXAS PIPELINE ASSOCIATION texaspipelines.com 2022 Analysis of the Current and Future Economic Impact of the Texas Oil and Gas Pipeline Industry, Texas Tech University study, Commissioned by the Texas Pipeline Industry, May 2023.

result in higher energy costs and decreased availability of the hydrocarbon products that Texans and all Americans rely on every single day.

“The Texas midstream industry will be a crucial player on the global playing field far into the future, while delivering trillions of dollars in economic benefit and more than half a million jobs to the state,” said study author Bradley Ewing, PhD, who holds the McLaughlin Endowed Chair of Free Enterprise and is Professor of Energy Commerce in the Rawls College of Business at Texas Tech University. “It is clear that pipelines are of great benefit to the residents and businesses of this growing state.”

For more information, visit the [2022 Analysis of the Current and Future Economic Impact of the Texas Oil and Gas Pipeline Industry study](#).

RECENT ENVIRONMENTAL LAW DEVELOPMENTS

By Don Lewis, Duggins Wren Mann & Romero, LLP

The past few months have seen a continuation of federal efforts to impose additional environmental rules and restrictions on the energy industry, including pipeline companies.

Notable developments include a new leak detection and repair proposal issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA), which seeks to reduce methane emissions from transmission, distribution and gathering pipelines, as well as underground natural gas storage facilities and liquefied natural gas facilities. The proposal would impose a number of new and

more stringent leak survey and patrolling requirements, including requirements newly extended to rural gathering lines.

The U.S. Environmental Protection Agency (EPA) has also been active, including issuing two sets of proposed revisions to the greenhouse gas reporting rules. The first proposal, issued in May, would create a new Subpart B that would require companies to report quantities of purchased electricity and thermal energy products and would establish a number of detailed reporting requirements regarding individual electricity meters. The second,

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announced in July, would amend the Petroleum and Natural Gas Systems source category (subpart W) by addressing gaps in current reporting requirements to better reflect total methane emissions; adding or revising emissions calculation methodologies to ensure that reporting is based on empirical data; and revising current requirements to improve verification and data transparency.

The courts have gotten in the way of some federal regulatory efforts. For example, in a potentially important legal development, the Fifth Circuit Court of Appeals issued a ruling in May that stayed the effectiveness of EPA's interstate transport federal implementation plan (FIP) for Texas and Louisiana. EPA's FIP established NOx emissions limits for reciprocating internal combustion engines involved in pipeline transportation of natural gas in Texas and other states, beginning in 2026, but the Fifth Circuit's May order expressed significant skepticism, as an initial matter, as to the legality of EPA's actions. That case is ongoing and bears watching.

In addition, EPA (with the U.S. Army Corps of Engineers) has been busy responding to the United States Supreme Court's decision in *Sackett v. EPA*, which clarified the law regarding whether wetlands constitute "waters of the United States" (WOTUS) subject to federal requirements. *Sackett* rejected the expansive "significant nexus" test that formed the basis for much of the agencies' most recent WOTUS definition, and as such the decision should have the effect of narrowing the scope of WOTUS going forward. The latest in a long line of WOTUS definitions is expected from EPA and the Corps of Engineers this September.

Finally, the U.S. Fish and Wildlife Service (FWS) has issued rule proposals that would restore species protections that had been

limited under the Trump Administration, including proposals that would expand FWS' ability to designate critical habitat for listed species and that would reinstate the "blanket" 4(d) rule, which extends the protections applicable to endangered species to those species that are newly listed as threatened. Another notable development is a federal lawsuit, led by the state of Texas, challenging the legality of FWS' final rule designating the Lesser Prairie Chicken as endangered and threatened.

NEW STATE LAWS

At the state level, the recent session of the Texas Legislature produced a number of new environmental laws. The TCEQ Sunset Bill extended the commission in existence until 2035 and made various changes to commission procedures and policies, including raising the maximum penalty for violations from \$25,000 to \$40,000 per day for a limited number of violations. Other new laws forbid a municipality from holding an election on a climate charter unless the legislature has first approved the proposed charter; limit TCEQ's duty to investigate potentially frivolous citizen complaints; prohibit the state from assisting the federal government in enforcing federal law regarding oil and gas operations if the federal requirement does not exist under Texas law (although the state may continue to implement federal law by executing authority delegated to the state by a federal agency); prevent local governments from regulating greenhouse gas emissions; and require TCEQ to estimate the contribution of foreign emissions at federal air monitors in Texas nonattainment areas with the possibility of revising the state implementation plan to account for such foreign emissions.

As always, we will keep you informed of further developments on these and other issues relevant to the pipeline industry.

TPA COMMITTEE HOSTS TOUR TO HELP EDUCATE TCEQ REGULATORS

By Melanie Roberts, Targa Resources

In a unique effort to help educate Texas regulators, TPA's Environmental Committee hosted members of TCEQ's new Emission Events Review Section at Targa Resources and Western Midstream facilities in the Permian Basin. TCEQ officials visited a gas processing plant, a gathering compressor station and an oil handling facility as part of an ongoing dialogue between TPA and TCEQ on helping the agency better understand member operations. This includes educating regulators on the challenges that companies face with respect to emissions from upset events caused by malfunctions, as well as unplanned maintenance, startup or shutdown (MSS) activities for which affirmative defenses from enforcement are necessary.



Bill Little, Targa Resources Area Manager, Delaware Operations, presents to TCEQ officials, followed by a tour of Targa's Wildcat Gas Plant.



The TPA Environmental Committee invited TCEQ officials to visit several of its member facilities, including Targa Resource's Hana Compressor Station, to learn more about midstream operations.

88TH LEGISLATIVE SESSION RECAP

By Anne T. Billingsley, ONEOK, Inc.

The Texas Pipeline Association (TPA), its member companies and its representatives in Austin were extremely busy this spring. While the regular session and two special sessions have passed, most of us involved at the capitol are looking to take a break before the work picks up again in September.

This session was unique and multi-faceted. The Texas Legislature had the largest budget ever appropriated in state history, topping a new record of \$32.69B. The House of Representatives made an unprecedented move the last two days of session and voted to impeach Texas Attorney General Ken Paxton (R-Collin). The vote was 121-23 to suspend the attorney general and refer him to the Senate for trial on charges of bribery, abuse of office and obstruction. It was the first such impeachment since 1975. The Senate will function as jury in the trial, with proceedings beginning on Sept. 5. In addition, House members voted unanimously to expel one of their colleagues, State Rep. Bryan Slaton (R-Royse City), for inappropriate conduct.

In usual fashion, the Senate conducted its business early on (within the first two months) by passing “hot topic” pieces of legislation, including border security, property taxes, school choice/vouchers and gender reassignment.

The state budget appropriated \$32.3B in all funds for the 2024-2025 fiscal biennium, of which \$144.1 million came from general revenue and another \$6.8B from general revenue dedicated. One item in the budget that would interest the midstream industry is \$5B to support the construction, maintenance and modernization of dispatchable electric generating facilities, contingent on enactment of legislation that establishes the Texas Energy Fund following Winter Storm Uri (2021).

TPA monitored the revival of the expired program geared towards tax abatement relief within Chapter 313 of the Texas Tax Code. House Bill 5 passed and established the Texas Jobs, Energy, Technology and Innovation (JETI) Act, an economic development program through school tax limitation by reductions of taxable value for school district maintenance and operations ad valorem taxes. The initiative is designed to bring consistency and stability to the program and its participants. Companies can apply and use the program as a tool to create new, high-paying, permanent construction jobs. The state can use it to gain a competitive economic incentive for attracting large-scale economic development projects.

Electricity market design changes dominated much of the conversation in the session, reflecting continued fallout of Winter Storm Uri (February 2021). The Public Utility Commission (PUC) recommended the Performance Credit Mechanism (PCM), an additional payment for electric generators. The oil and natural gas industry banded together with other industries and consumer groups to fend off implementation of the PCM without legislative guardrails and a \$1B cap on the amount of money spent. The bill also directed ERCOT to procure the Dispatchable Reliability Reserve Service (DRRS), which is an ancillary service to provide targeted, reliable dispatchable resources.

The House and Senate will return for a third special session on Tuesday, Sept. 5 for the Senate trial of Attorney General Paxton’s impeachment proceedings, as well as a school choice/voucher legislative debate. The Governor can add other issues to the special session during the 30-day period of called session.

TPA NEWS BRIEFS TPA ONE-PAGERS NOW INCLUDE ECONOMIC STUDY STATS

Let’s brag on the Texas midstream industry. To help you do so, TPA has updated its three one-pagers to reflect the Association’s recently released Texas Tech study, which found that the industry is an economic powerhouse. [Pipelines 101](#), [Why Pipelines Matter to You](#) and [Economic Impact of the Pipeline Industry](#), as well as other TPA collateral materials, can be downloaded directly from the TPA website.



TPA IN THE NEWS

BELOW ARE SOME RECENT MENTIONS OF TPA IN THE NEWS.
NOTE: SOME PUBLICATIONS MAY REQUIRE A SUBSCRIPTION.



TPA Coverage: [Economic powerhouse: Texas Tech study highlights strength of Texas pipelines](#), CBS7 News, June 22, 2023



TPA Coverage: [Tech study details economic impact of Texas pipelines](#), Midland Reporter-Telegram, June 17, 2023



TPA Coverage: [University study shows economic impact of Texas pipelines](#), The Highlander, June 16, 2023



TPA Coverage: [Texas Tech study shows the enormous economic impact of Texas pipelines](#), BIC Magazine, June 16, 2023



TPA Coverage: [Texas Tech study shows the enormous economic impact of Texas pipelines](#), yahoo! news, June 15, 2023



TPA Coverage: [‘Powerhouse’ Texas Pipeline Industry Contributes Billions to Economic Output](#), Pipeline & Gas Journal, June 15, 2023



TPA Coverage: [Texas Tech study shows the enormous economic impact of Texas pipelines](#), Odessa American, June 15, 2023



TPA Coverage: [Texas Tech study shows economic impact of Texas pipelines](#), World Pipelines, June 14, 2023



TPA Comment: [Pipeline representatives react to proposed emissions rules](#), Midland Reporter-Telegram, May 13, 2023

TWEET THIS!

HELP SPREAD THE WORD. IF YOU'RE ON X, PLEASE TAKE A FEW MINUTES TO SHARE THESE PRO-INDUSTRY TWEETS!

Texas Pipeline Assoc @TexasPipelines · Jul 6 ...
"As Texas leads the U.S. in energy production, natural gas companies in the Permian Basin produce some of the cleanest natural gas in the world."
@HeartlanderNews #pipelines #natgas #Texas #energy #jobs #Permian #txlege #emissions



heartlandernews.com
Natural gas production in Permian Basin region astride Texas, New M... (The Center Square) – Gross natural gas withdrawals from the Permian Basin in west Texas and southeastern New Mexico set an annual ...

Texas Pipeline Assoc @TexasPipelines · Jun 26 ...
US LNG project approvals on track for record new volumes #Texas #pipelines #permitting #LNG #natgas



reuters.com
US LNG project approvals on track for record new volumes
U.S. liquefied natural gas (LNG) developers are on track to approve three export projects capable of processing 5.1 billion cubic feet per ...

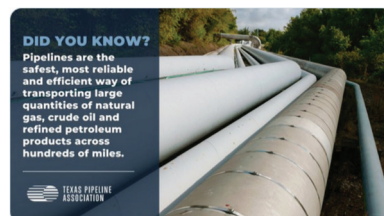
Texas Pipeline Assoc @TexasPipelines · Jun 22 ...
CBS 7's Alexandra MacIa reports: Economic powerhouse: Texas Tech study highlights strength of Texas pipelines. #pipelines #economy #jobs #Odessa #Midland #infrastructure #natgas #LNG #oil #economy #Texas #Texas @CBS7News bit.ly/3CtGtd



Texas Pipeline Assoc @TexasPipelines · Jun 9 ...
Why do so many businesses choose to operate in Texas? The state's abundant natural gas supply, a large, integrated pipeline network and free-market business principles are among the top reasons. #txlege #pipelines #natgas #energy #Texas #midstream



Texas Pipeline Assoc @TexasPipelines · May 12 ...
#FunFactFriday
#pipelines #Texas #txlege #natgas #oil #safety #infrastructure #energy #environment



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CenterPoint Energy

Jamie Welch

Kinetik

Paul Williams

ARM Energy

TPA 2023/24 BOARD MEETINGS

Thursday, October 5, 2023

Plano,

Atmos' Vaughan Center

Friday, January 26, 2024

Houston,

C. Baldwin, Curio Collection
by Hilton

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