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**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2518**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Shewmake, Ybarra, Boehnke, Tarleton, Mead, Fitzgibbon, Lekanoff, Ramel, Callan, Peterson, Slatter, Davis, Doglio, Pollet, and Cody)

AN ACT Relating to the safe and efficient transmission and distribution of natural gas; amending RCW 70.235.020; adding a new section to chapter 80.28 RCW; adding a new section to chapter 81.88 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  It is the intent of the legislature to encourage a safer and more efficient natural gas transmission and distribution system through investments that address and minimize leaks in the natural gas pipeline system.

NEW SECTION. **Sec.**  A new section is added to chapter 80.28 RCW to read as follows:

(1) The commission must initiate a proceeding to provide conditions concerning the interim recovery between rate cases by a gas company of the costs associated with replacing pipeline facilities that are demonstrated to have an elevated risk of failure and the costs associated with measures to expedite the reduction of hazardous leaks and reduce as practicable nonhazardous leaks from the gas company's gas pipelines.

(2) A gas company seeking an interim recovery between rate cases may submit to the commission, as part of a general rate case or a commission-approved interim rate treatment mechanism regarding the replacement of pipeline facilities, a description of equipment and new facilities that aid in the reduction of methane emissions and a list of projects and changes to operational procedures including, but not limited to, venting, blowdowns, and others, to expedite the replacement of pipeline facilities that present an elevated risk of failure and expedite the repairs of hazardous leaks and nonhazardous leaks. Items on the list must be ranked according to risk, severity, complexity, and impact to the environment and public health. A gas company may also include in its filing methods to implement and deploy leak detection technology capable of rapidly identifying leaks. As part of its filing, the gas company must include a cost-effectiveness analysis and propose a cap for annual expenditures recoverable through a cost recovery mechanism to be approved by the commission. The cost-effectiveness analysis must include considerations of risk and impacts to the environment and public health. A gas company may consider a percent of rate base, percent of revenues, total expenditures, or other basis for its proposed cap. As part of the proposal, the gas company must address the expected impact to ratepayers and other factors that may be required by the commission by rule.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Gas pipeline" has the same meaning as defined in RCW 81.88.010.

(b) "Hazardous leak" means a leak that represents an existing or probable hazard to persons or property and requires immediate repair or continuous action until the conditions are no longer hazardous.

(c) "Nonhazardous leak" includes a leak that is:

(i) Recognized as being not hazardous at the time of detection but justifies scheduled repair based on the potential for creating a future hazard; and

(ii) Not hazardous at the time of detection and can reasonably be expected to remain not hazardous.

(4) Nothing in this section may be construed to preempt the process by which a gas company is required to petition relevant state or local authorities when seeking to expand the capacity of the company's gas transmission or distribution lines.

(5) Nothing in this section may be construed to impose requirements or restrictions on or otherwise regulate interstate pipelines.

NEW SECTION. **Sec.**  A new section is added to chapter 81.88 RCW to read as follows:

(1) Beginning March 15, 2021, and on an annual basis thereafter, each gas pipeline company must submit a report to the commission that includes:

(a) The total number of known leaks in pipelines owned by the gas pipeline company as of January 1st of the year the report is submitted;

(b) The total number of hazardous leaks eliminated or repaired during the previous one-year period ending December 31st;

(c) The total number of nonhazardous leaks eliminated or repaired during the previous one-year period ending December 31st;

(d) The total number of leaks scheduled for repair in the next one-year period beginning January 1st of the year the report is submitted. The data provided in this subsection (1)(d) does not obligate the gas pipeline company to repair all leaks scheduled for repair, nor does it prevent the gas pipeline company from prioritizing its repair schedule based on new information and newly-identified leaks.

(2) Natural gas leaks include all confirmed discoveries of unintentional leak events, including leaks from: Corrosion failure; natural force damage; excavation damage; other outside force damage; pipe, weld, or joint failure; equipment failure; or other causes.

(3) The commission may determine information requirements for the annual reports submitted under subsection (1) of this section including, but not limited to:

(a) The approximate date and location of each leak from the gas pipeline system detected by the company during its routine course of inspection;

(b) The approximate date and location of each leak caused by third-party excavation or other causes not attributable to the normal operation or inspection practices of the company;

(c) Whether the reported leaks are included as part of a filing submitted and approved by the commission under section 2 of this act;

(d) The volume of each leak, measured in carbon dioxide equivalents and thousands of cubic feet, except that where an exact volume of gas leaked cannot be identified, a gas pipeline company may provide its best approximation;

(e) Whether the identified cause of each leak was from: Corrosion failure; natural force damage; excavation damage; other outside force damage; pipe, weld, or joint failure; equipment failure; or other causes;

(f) The estimated market value of lost gas and the methodology used to measure the loss of gas; and

(g) Any additional information required in an order approved by the commission.

(4) The commission must use the data reported by gas pipeline companies under this section, as well as other data reported by gas pipeline companies to the commission and to the department of ecology, to estimate the volume of leaked gas and associated greenhouse gas emissions from operational practices in the state. The commission may request additional information by order.

(5) By March 31, 2021, and on an annual basis thereafter, the commission must provide on its public internet web site aggregate data, as submitted by gas pipeline companies under this section, concerning the volume and causes of gas leaks.

(6) By March 31, 2021, and on an annual basis thereafter, the commission must transmit to the department of ecology information on gas leakage in the state, as submitted by gas pipeline companies under this section.

(7) Those portions of reports submitted by gas pipeline companies to the commission under this section that contain proprietary data, trade secrets, or if disclosure would adversely affect public safety, are exempt from public inspection and copying under chapter 42.56 RCW.

(8) For the purposes of this section, "carbon dioxide equivalents" has the same meaning as provided in RCW 70.235.010.

(9) Nothing in this section may be construed to preempt the process by which a gas pipeline company is required to petition relevant state or local authorities when seeking to expand the capacity of the company's gas transmission or distribution lines.

**Sec.**  RCW 70.235.020 and 2008 c 14 s 3 are each amended to read as follows:

(1)(a) The state shall limit emissions of greenhouse gases to achieve the following emission reductions for Washington state:

(i) By 2020, reduce overall emissions of greenhouse gases in the state to 1990 levels;

(ii) By 2035, reduce overall emissions of greenhouse gases in the state to twenty-five percent below 1990 levels;

(iii) By 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to fifty percent below 1990 levels, or seventy percent below the state's expected emissions that year.

(b) By December 1, 2008, the department shall submit a greenhouse gas reduction plan for review and approval to the legislature, describing those actions necessary to achieve the emission reductions in (a) of this subsection by using existing statutory authority and any additional authority granted by the legislature. Actions taken using existing statutory authority may proceed prior to approval of the greenhouse gas reduction plan.

(c) Except where explicitly stated otherwise, nothing in chapter 14, Laws of 2008 limits any state agency authorities as they existed prior to June 12, 2008.

(d) Consistent with this directive, the department shall take the following actions:

(i) Develop and implement a system for monitoring and reporting emissions of greenhouse gases as required under RCW 70.94.151; and

(ii) Track progress toward meeting the emission reductions established in this subsection, including the results from policies currently in effect that have been previously adopted by the state and policies adopted in the future, and report on that progress.

(2) By December 31st of each even-numbered year beginning in 2010, the department and the department of ((~~community, trade, and economic development~~)) commerce shall report to the governor and the appropriate committees of the senate and house of representatives the total emissions of greenhouse gases for the preceding two years, and totals in each major source sector, including emissions associated with leaked gas identified by the utilities and transportation commission under section 3 of this act. The department shall ensure the reporting rules adopted under RCW 70.94.151 allow it to develop a comprehensive inventory of emissions of greenhouse gases from all significant sectors of the Washington economy.

(3) Except for purposes of reporting, emissions of carbon dioxide from industrial combustion of biomass in the form of fuel wood, wood waste, wood by-products, and wood residuals shall not be considered a greenhouse gas as long as the region's silvicultural sequestration capacity is maintained or increased.

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