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ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2518 (Corrected Copy)

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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)

READ FIRST TIME 02/11/20.

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

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature to  
7 encourage a safer and more efficient natural gas transmission and  
8 distribution system through investments that address and minimize  
9 leaks in the natural gas pipeline system.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 80.28  
11 RCW to read as follows:

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

19 (2) A gas company seeking an interim recovery between rate cases  
20 may submit to the commission, as part of a general rate case or a

1 commission-approved interim rate treatment mechanism regarding the  
2 replacement of pipeline facilities, a description of equipment and  
3 new facilities that aid in the reduction of methane emissions and a  
4 list of projects and changes to operational procedures including, but  
5 not limited to, venting, blowdowns, and others, to expedite the  
6 replacement of pipeline facilities that present an elevated risk of  
7 failure and expedite the repairs of hazardous leaks and nonhazardous  
8 leaks. Items on the list must be ranked according to risk, severity,  
9 complexity, and impact to the environment and public health. A gas  
10 company may also include in its filing methods to implement and  
11 deploy leak detection technology capable of rapidly identifying  
12 leaks. As part of its filing, the gas company must include a cost-  
13 effectiveness analysis and propose a cap for annual expenditures  
14 recoverable through a cost recovery mechanism to be approved by the  
15 commission. The cost-effectiveness analysis must include  
16 considerations of risk and impacts to the environment and public  
17 health. A gas company may consider a percent of rate base, percent of  
18 revenues, total expenditures, or other basis for its proposed cap. As  
19 part of the proposal, the gas company must address the expected  
20 impact to ratepayers and other factors that may be required by the  
21 commission by rule.

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

24 (a) "Gas pipeline" has the same meaning as defined in RCW  
25 81.88.010.

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

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

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

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

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

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

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 81.88  
5 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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

38 (d) The volume of each leak, measured in carbon dioxide  
39 equivalents and thousands of cubic feet, except that where an exact

1 volume of gas leaked cannot be identified, a gas pipeline company may  
2 provide its best approximation;

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

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

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

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

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

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

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

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

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

36 **Sec. 4.** RCW 70.235.020 and 2008 c 14 s 3 are each amended to  
37 read as follows:

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

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

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

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

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

16 (c) Except where explicitly stated otherwise, nothing in chapter  
17 14, Laws of 2008 limits any state agency authorities as they existed  
18 prior to June 12, 2008.

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

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

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

27 (2) By December 31st of each even-numbered year beginning in  
28 2010, the department and the department of (~~community, trade, and~~  
29 ~~economic development~~) commerce shall report to the governor and the  
30 appropriate committees of the senate and house of representatives the  
31 total emissions of greenhouse gases for the preceding two years, and  
32 totals in each major source sector, including emissions associated  
33 with leaked gas identified by the utilities and transportation  
34 commission under section 3 of this act. The department shall ensure  
35 the reporting rules adopted under RCW 70.94.151 allow it to develop a  
36 comprehensive inventory of emissions of greenhouse gases from all  
37 significant sectors of the Washington economy.

38 (3) Except for purposes of reporting, emissions of carbon dioxide  
39 from industrial combustion of biomass in the form of fuel wood, wood  
40 waste, wood by-products, and wood residuals shall not be considered a

1 greenhouse gas as long as the region's silvicultural sequestration  
2 capacity is maintained or increased.

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