
SECOND SUBSTITUTE HOUSE BILL 2518

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 reduce hazardous leaks and
17 nonhazardous leaks from the gas company's gas pipelines.

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

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

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

22 (a) "Gas pipeline" has the same meaning as defined in RCW
23 81.88.010.

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

27 (c) "Nonhazardous leaks" means emissions of greenhouse gases from
28 the production, processing, transmission, storage, or use of fuels
29 and other substances that do not pass through a stack, chimney, vent,
30 or exhaust pipe.

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

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

37 (1) Beginning January 31, 2021, and on an annual basis
38 thereafter, each gas pipeline company must submit a report to the
39 commission that includes:

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

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

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

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

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

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

22 (a) The approximate date and location of each detected leak from
23 the gas pipeline system;

24 (b) Whether the reported leaks are included in a plan or order
25 approved by the commission;

26 (c) The volume of each leak, measured in carbon dioxide
27 equivalents and thousands of cubic feet, except that where an exact
28 volume of gas leaked cannot be identified, a gas pipeline company may
29 provide the best available approximation;

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

34 (e) The market value of lost gas and the methodology used to
35 measure the loss of gas; and

36 (f) Any additional information required in an order approved by
37 the commission.

38 (4) The commission must use the data reported by gas pipeline
39 companies under this section, as well as other data reported by gas
40 pipeline companies to the commission and to the department of

1 ecology, to estimate the volume of leaked gas and associated
2 greenhouse gas emissions from operational practices in the state. The
3 commission may request additional information by order.

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

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

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

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

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

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

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

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

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

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

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

1 using existing statutory authority may proceed prior to approval of
2 the greenhouse gas reduction plan.

3 (c) Except where explicitly stated otherwise, nothing in chapter
4 14, Laws of 2008 limits any state agency authorities as they existed
5 prior to June 12, 2008.

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

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

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

14 (2) By December 31st of each even-numbered year beginning in
15 2010, the department and the department of (~~community, trade, and~~
16 ~~economic development~~) commerce shall report to the governor and the
17 appropriate committees of the senate and house of representatives the
18 total emissions of greenhouse gases for the preceding two years, and
19 totals in each major source sector, including emissions associated
20 with leaked gas identified by the utilities and transportation
21 commission under section 3 of this act. The department shall ensure
22 the reporting rules adopted under RCW 70.94.151 allow it to develop a
23 comprehensive inventory of emissions of greenhouse gases from all
24 significant sectors of the Washington economy.

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

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