

Senate Bill 833

Sponsored by Senator PROZANSKI (at the request of Karen Austin)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes Public Utility Commission to initiate proceeding to increase certainty concerning cost recovery for actions taken by natural gas utilities to reduce hazardous leaks and nonhazardous fugitive emissions from natural gas utility's gas pipeline system in this state. Authorizes natural gas utility to file for cost recovery for such actions.

Requires natural gas utility to annually report to Public Utility Commission on environmental and economic performance of natural gas utility's gas pipeline system in this state. Requires commission to annually publish report, in aggregated form for all natural gas utilities, on known leaks from natural gas pipeline systems in this state.

A BILL FOR AN ACT

1
2 Relating to natural gas pipelines.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 5 of this 2021 Act are added to and made a part of ORS chapter**
5 **757.**

6 **SECTION 2. It is declared to be the policy and intent of the Legislative Assembly to en-**
7 **courage a safer and more efficient natural gas transmission and distribution system through**
8 **investments that address and minimize leaks in the natural gas pipeline system.**

9 **SECTION 3. As used in sections 2 to 5 of this 2021 Act:**

10 (1) **"Gas pipeline" includes pipes, lines, valves, natural gas mains or lines and their**
11 **appurtenances, compressor units, metering stations, regulator stations, delivery stations,**
12 **holders, fabricated assemblies and all other parts of a pipeline facility through which gas**
13 **moves in transportation.**

14 (2) **"Hazardous leak" means a leak from a gas pipeline that represents an existing or**
15 **probable hazard to persons or property and requires immediate repair or continuous action**
16 **until the conditions are no longer hazardous.**

17 (3) **"Known leaks" includes all confirmed discoveries of both intentional and unintentional**
18 **leak events from a gas pipeline and leaks resulting from equipment maintenance, malfunc-**
19 **tions or operational practices.**

20 (4) **"Natural gas utility" means a public utility providing natural gas service to customers**
21 **in this state.**

22 (5) **"Nonhazardous fugitive emissions" means emissions of greenhouse gases from the**
23 **production, processing, transmission, storage or use of fuels and other substances that do**
24 **not pass through a stack, chimney, vent or exhaust pipe.**

25 **SECTION 4. (1) The Public Utility Commission may initiate a proceeding to increase**
26 **certainty concerning the recovery of costs associated with projects or changes to operational**
27 **procedures, undertaken by a natural gas utility and approved by the commission, to reduce**
28 **hazardous leaks and nonhazardous fugitive emissions from the natural gas utility's gas**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 pipeline system in this state.

2 (2) A natural gas utility may submit to the commission, as part of a general rate case
3 or other proceeding:

4 (a) A list of projects and changes to operational procedures, including but not limited to
5 venting, blowdowns or other projects or operational procedures, to reduce hazardous leaks
6 and nonhazardous fugitive releases;

7 (b) A cost-effectiveness analysis for undertaking the projects and changes to operational
8 procedures included on the list described in paragraph (a) of this subsection; and

9 (c) A proposed cap on the annual expenditures for undertaking the projects and opera-
10 tional procedures that may be recoverable through a cost recovery mechanism approved by
11 the commission.

12 (3)(a) A list submitted under subsection (2)(a) of this section must be ranked according
13 to the risk, severity and complexity of each project or change to operational procedures in-
14 cluded on the list.

15 (b) A cost-effectiveness analysis submitted under subsection (2)(b) of this section must
16 include:

17 (A) The value of leaked gas from hazardous leaks and nonhazardous fugitive emissions;

18 (B) The cost of greenhouse gas emissions associated with the leaked gas described in
19 subparagraph (A) of this paragraph;

20 (C) The value of the reduction in risk resulting from hazardous leaks and nonhazardous
21 fugitive emissions; and

22 (D) The cost of the projects or changes to operational procedures undertaken to reduce
23 hazardous leaks and nonhazardous fugitive emissions.

24 (c) In developing the proposed expenditure cap described in subsection (2)(c) of this sec-
25 tion, the natural gas utility may consider a percent of rate base, percent of revenues, total
26 expenditures or other basis for the proposed cap. As part of the proposal, the natural gas
27 utility shall address the expected impacts to ratepayers and other factors that may be re-
28 quired by the commission by rule.

29 **SECTION 5.** (1) No later than July 1 of each year, each natural gas utility shall submit
30 to the Public Utility Commission a report on the environmental and economic performance
31 of the natural gas utility's gas pipeline system in this state. The report shall include a de-
32 scription of all known leaks for the natural gas utility's transmission and distribution gas
33 pipeline system in this state.

34 (2) The commission shall by rule or order determine the additional information that must
35 be included in an annual performance report required under subsection (1) of this section.
36 Additional information required by the commission must include, at a minimum:

37 (a) The approximate date and location of each known leak;

38 (b) The risk associated with and the projected remediation plan for the known leaks;

39 (c) The volume of each known leak, measured in carbon dioxide equivalents and in
40 thousands of cubic feet;

41 (d) The proximity of each known leak to a high consequence area as defined in 49 C.F.R.
42 195.452 (2019);

43 (e) The identified cause of each known leak and a determination of whether the known
44 leak was the result of operational practices, equipment defects or any other reason;

45 (f) An indication of whether there may be a need to amend, update or discuss the possi-

1 bility of new pipeline risk profiles that may be added to the operator's integrity management
2 plan or pipeline replacement plan; and

3 (g) The market value of lost gas and the methodology used to measure the loss of gas.

4 (3) No later than August 1 of each year, the commission shall publish a report on known
5 leaks from natural gas pipelines in this state. The commission shall provide a copy of the
6 report to the Department of Environmental Quality and to the appropriate interim commit-
7 tees of the Legislative Assembly in the manner provided in ORS 192.245. The report shall:

8 (a) List, in aggregate form for all natural gas utilities:

9 (A) The total volume of leaked gas from known leaks on gas pipeline systems in this
10 state, measured in carbon dioxide equivalents and thousands of cubic feet and categorized
11 by cause, class and component type;

12 (B) The total market value of the leaked gas, categorized by cause, class and component
13 type;

14 (C) The volume and value of known leaks that have not been remediated, including the
15 volume and value of known leaks that natural gas utilities do not intend to remediate; and

16 (D) Based on any plans provided to the commission by natural gas utilities under this
17 section or section 4 of this 2021 Act, the projected timeline of reductions in leakage by vol-
18 ume, measured in carbon dioxide equivalents and thousands of cubic feet; and

19 (b) Provide a review of opportunities and obstacles to reducing leaks from gas pipelines
20 in this state, including workforce availability, infrastructure investments, permitting, tech-
21 nical and legal obstacles and other relevant information and determined by the commission.

22 (4) Any proprietary information, trade secrets or information that would affect public
23 safety that is received by the commission from a natural gas utility under this section is
24 confidential and not subject to public disclosure under ORS 192.311 to 192.478, except that the
25 commission may disclose summarized information or aggregated data as necessary to pre-
26 pare the report required by subsection (3) of this section.

27 (5) Nothing in this section or section 4 of this 2021 Act may be construed to preempt the
28 process by which a natural gas utility is required to petition relevant state or local authori-
29 ties when seeking to expand the capacity of the natural gas utility's gas pipeline system.

30 **SECTION 6.** (1) The first report required under section 5 (1) of this 2021 Act shall be due
31 no later than July 1, 2023.

32 (2) The first report required under section 5 (3) of this 2021 Act shall be due no later than
33 August 1, 2023.

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