



July 18, 2016

Electronic submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: AGA's Comments on California ARB Proposed Regulation for Greenhouse Gas Emission Standards for Oil and Natural Gas Facilities

Clerk of the Board:

The American Gas Association (AGA) appreciates the opportunity to submit these comments on the California Air Resources Board (ARB) Proposed Regulation Order, "Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities released on May 31, 2016¹ (Proposed Rule). AGA has a direct interest in this Proposed Rule because it will directly impact several of our members that operate natural gas intrastate transmission and storage facilities located in California, and because history has demonstrated that California air rules such as this can serve as precedent influencing the contours of federal and state air regulations that directly impact *all* of our members.

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 72 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — just under 69 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies and industry associates. Today, natural gas meets more than one-fourth of the United States' energy needs.

¹ Proposed Regulation Order, California Code of Regulations, Title 17, Division 3, Chapter 1, Subchapter 10 Climate Change, Article 4, Subarticle 13: Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities.

AGA members are committed to responsible environmental stewardship and greenhouse gas reduction. We have participated for over 20 years in the EPA's voluntary Natural Gas STAR program to share technologies and innovations for reducing methane emissions and improving the environmental performance of natural gas systems.² AGA's Board of Directors has adopted a Commitment to Enhancing Safety,³ and has approved voluntary AGA guidelines³ for reducing natural gas emissions.⁴ As a result of our members' commitment to safety and efforts to modernize their distribution infrastructure, the recent updated EPA Inventory of Greenhouse Gas Emissions issued April 15, 2016 shows that emissions from natural gas distribution have dropped an impressive 74 percent since 1990, even as the industry added over 300,000 miles of distribution mains to serve 17 million more customers, an increase of 30 percent in both cases. AGA members also helped launch of EPA's new voluntary Methane Challenge program in March 2016. All of the 41 companies that volunteered as Founding Partners are AGA members.⁵

AGA Supports INGAA's Comments: We are concerned, however, that the Proposed Rule would impose unnecessary and costly burdens that would increase utility customer costs without improving environmental outcomes. Accordingly, for the reasons set forth by the Interstate Natural Gas Association of America (INGAA), AGA supports INGAA's comments dated July 18, 2016 on the Proposed Rule.

In particular, AGA agrees that:

1. The ARB should postpone this premature state action on underground storage pending the outcome of the ongoing incident investigation and federal rulemaking now required by Congress to establish minimum standards for underground storage, and in the interim we recommend the use of established consensus standards for pipeline safety that also minimize methane emissions.
2. Continuous ambient and wellhead monitoring for underground storage fields is not currently technically feasible and should not be required in the Proposed Rule;
3. The Proposed Rule should not impose unworkable leak detection and repair (LDAR) survey requirements that differ unreasonably from established regulatory approaches including and EPA's recent New Source Performance Standards (NSPS) for new natural gas facilities under 40 C.F.R. Part 60, Subpart OOOOa; the Proposed Rule should (a)

² Environmental Protection Agency, Natural Gas STAR Program, <http://www3.epa.gov/gasstar/basic-information/index.html#overview1>.

³ Natural Gas Utilities Renew Commitment to Enhancing Safety, October 2015, <https://www.aga.org/news/news-releases/natural-gas-utilities-renew-commitment-enhancing-safety> .

⁴ AGA Guidelines for Reducing Natural Gas Emissions from Distribution Systems, May 17, 2014: https://www.aga.org/sites/default/files/aga_guidelines_for_natural_gas_emission_reduction_bd_approved_may_17_2014.pdf.

⁵ See EPA Methane Challenge web site, <https://www3.epa.gov/gasstar/methanechallenge/>.

eliminate performance criteria that limit the number of leaks based on component counts; (b) revise unnecessary and unworkable requirements related to survey frequency and operator training; and (c) revise delay of repair (DoR) provisions; and

4. The ARB should clarify that it is exempting natural gas transmission and storage facilities from upstream storage tank and production well requirements.

AGA and member technical experts worked with INGAA and the American Petroleum Institute (API) over a nearly four year process to develop two recommended practices (RP) for natural gas underground storage that were accredited by the American National Standards Institute (ANSI) and issued in September 2015. These two sets of ANSI-accredited recommended practices address underground natural gas storage in depleted hydrocarbon reservoirs (API RP 1171) and salt caverns (API RP 1170). In recent legislation reauthorizing the federal Pipeline Safety Act, known as “Protecting our Infrastructure of Pipelines and Enhancing Safety Act (PIPES Act),⁶ Congress required that within two years of enactment, the U.S. Department of Transportation (DOT) “shall issue minimum safety standards for underground natural gas storage facilities” considering costs to consumers and “consensus standards for the operation, environmental protection, integrity management of underground natural gas storage facilities” (such as RP 1170 and 1171), and the recommendations of the task force set up by the PIPES Act. 49 U.S.C. §60141. We believe the public interest would be better served if ARB were to defer this premature state action pending the development of balanced federal standards incorporating these ANSI accredited standards.

Please contact me if you should have any questions. Again, AGA appreciates the opportunity to comment on the Proposed Rule.

Respectfully Submitted,



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⁶ Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016, Pub. L. No. 114-183 (June 22, 2016)