Pipeline Safety Update

Brief Summary of 2011

It was a blur!

- San Bruno facts were still unknown
- NTSB immediate safety recommendations
- Cast iron failures in Pennsylvania
- US DOT Secretary LaHood direct involvement
- Congressional hearings
- Media scrutiny
Closure Begins

2011

- NTSB final report on San Bruno Incident with record number of safety recommendations (39)
- Secretary LaHood shows satisfaction after CEO meetings
- Pipeline Safety Act reauthorized

Where are we?

2012

- Low natural gas prices and great opportunity for infrastructure development
- Industry commitments (AGA and INGAA)
  - AGA Commitment to Enhancing Safety
  - INGAA Integrity Management Continuous Improvement
- Pipeline Safety Act deadlines
- NTSB Safety Recommendations
- Infrastructure changes for next 2 to 20 years
Infrastructure Changes

2012 to 2032

- Records Verification to confirm a pipeline’s maximum operating pressure
- Adding Remote Controlled Valves and Automatic Shut off Valves in Transmission lines
- Cast Iron Replacement and Management
- “Vintage” Plastic Pipe Replacement and Management
- Excess Flow Valves for Multi-family and Small Commercial facilities
- Install New Shale Pipeline Network
- Full Public Disclosure

Pipeline Safety Path Forward

Success requires that stakeholders Agree on the Path Forward
The Path Forward

• Successfully implementing pipeline safety initiatives will require:
  • Extensive stakeholder discussions
  • Expedited rulemaking
  • Compromise
  • Billions of dollars in capital expenditures
  • Transparency for the public

Roadmap for the Path Forward

• NTSB Safety Recommendations
• AGA’s Commitment to Enhancing Safety
• INGAA’s Integrity Management Continuous Improvement (IMCI)
• Pipeline Safety Act of 2011
• DOT Secretary LaHood/PHMSA Pipeline Safety Action Plan

There are similarities; but they were developed for different purposes, are not aligned, present different messages and use different languages.
NTSB Safety Recommendations

- Record 39 recommendations from San Bruno incident
- NTSB: Independent agency that develops recommendations to prevent accident reoccurrence; excellent investigators
- Congress did not give NTSB rulemaking authority. They do not conduct cost-benefit analysis

*The NTSB accepts alternative regulatory actions that have consistent outcomes compared to their recommendations.*
AGA Commitment to Enhancing Safety

- Adopted by AGA Board 10/11. Additional commitments adopted by AGA Board 5/12.
- Highlights AGA and its members commitment to the continued enhancement of pipeline safety
- Commits to
  - Proactive collaboration to improve safety
  - Supporting reasonable regulations
  - Specific actions to help ensure the safe and reliable operation of the nation’s 2.4 M miles of natural gas pipeline
- Recognizes significant role state regulators play in supporting and funding these actions
Specific Actions: Build it Safely

- **Construction**
  - Expand OQ to new construction
  - Review QA/QC procedures to ensure adequate oversight and operator practices & procedures are being followed

- **Emergency Shutoff Valves**
  - ASVs/RCVs and EFVs on new lines
    - **EFVs**: To homes/small commercial customers up to 1,000 standard cubic feet/hour per service meter capacity

Actions: Operate it Safely

- **Integrity Management**
  - Advance IM programs & principles
  - Develop guidelines for data mgmt
  - Support processes and guidelines that enable tracking/traceability

- **Excavation Damage Prevention**
  - Support strong damage prevention laws
  - Improve operator/excavator engagement

*Excavation damage is the leading cause of serious pipeline accidents but progress is being made.*
Specific Actions: Maintain it Safely

• Share Knowledge
• Engage Stakeholders
  • Find ways to more effectively communicate
  • Partner with emergency responders to improve emergency response coordination
  • Increase awareness of PIPA and risk based land use options
• Advance Technology
  • Increase investment and support of pipeline safety RD&D

Other AGA Actions to Raise Bar on Safety

• Safety Culture Statement
• Engagement: DOT, NTSB, NAPSR, NARUC
  • NARUC – Emphasis on innovative rate mechanisms
  • NAPSR – PL safety coordination
• Information Sharing
  • Best Practices programs
  • Events, including Executive Leadership Safety Summit
  • Publications
  • Safety Information Sharing Study
  • SOSs
Pipeline Safety Act of 2011

• AGA views the Act as the definitive template for the pipeline safety path forward

• The argument that industry just wants to do what the law requires does not take into account that complying with the legislation will take millions of man-hours, billions of dollars, and fundamental changes to nation’s infrastructure are mandated
**Pipeline Safety Act of 2011**

- Excess Flow Valves (EFVs) on new and replaced lines to small commercial customers and multi-family homes
  - Requires DOT to issue a final report on evaluation of NTSB’s recommendation (P-01-2)
  - Requires DOT to issue regulations, if appropriate, by January 2014 requiring the use of EFVs, or equivalent technology, where economically, technically and operationally feasible

AGA members supported the legislation, gave regulators detailed implementation requirements and are ready to move forward without delay.

**Pipeline Safety Act of 2011**

- Remote and Automatic Valves
  - AGA supported legislation. There is increasing pressure to automate more mainline valves.
  - Mandatory prescriptive installation of valves is not appropriate. Resources should be prioritized toward prevention rather than mitigation.
  - Should implement risked based retrofit on certain lines and new installation.
  - Existing regulations are adequate for operating assessments (retrofits) and amendments will be necessary for new lines.
Pipeline Safety Act \textit{OF 2011}

- Remote and Automatic Valves
  - Costs range from $40,000 to one million dollars

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pipeline.png

Pipeline Safety Act \textit{OF 2011}

- Transmission MAOP Verification
  - Requires DOT to notify operators to confirm the MAOP records of Transmission lines in class 3 and 4 location and class 1 and 2 HCAs using elements considered appropriate by DOT by July 2012

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\textit{AGA members are more than 50 percent complete using 192.619, AGA White Paper and 1998 PHMSA Guidance. PHMSA issued new guidance May 7, 2012.}
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- Operators must identify and submit to DOT documentation related to segments with insufficient records for \textit{established} MAOP by July 2013
Pipeline Safety Act OF 2011

- Government Reports and Oversight
  - Damage Prevention: Requires DOT to conduct a study on the impact of excavation damage on pipeline safety, and report to congress by January 2014. Includes analysis of state exemptions and requirements
  - Integrity Management: Requires the DOT to evaluate, by July 2013, whether TIMP requirements, or elements, should be expanded beyond HCAs. Analyze incremental costs of applying IM standards to pipelines outside of HCAs where operators are already conducting assessments beyond requirements.
  - Leak Detection and Hazardous Liquids: Requires DOT to submit a report to Congress on leak detection systems utilized by Hazard Liquid Operators by January 2013
  - Cast Iron Gas Pipelines: Requires DOT to conduct a follow-up survey to measure the progress that operators have made implementing plans for the safe management and replacement of cast iron pipelines by January 2013 and every two years thereafter

DOT Secretary LaHood/ PHMSA Pipeline Safety Action Plan
DOT Pipeline Safety Action Plan

• Secretary LaHood was concerned with rising number of pipeline incidents and fatalities
• Focused on repair, rehabilitation and replacement of lines “no longer fit for service”
• Interested in replacement of cast iron, bare steel, older plastic
• Meetings with industry CEOs, AGA Board, NARUC, Pennsylvania and California representatives

Current Miscellaneous Issues

• AGA Petition for ASTM D 2513-09a
  • AGA filed petition in 2009 to incorporate by reference version 2009a. Still waiting for response from PHMSA.
  • Resubmitted petition in December 2011. Suggested adoption in summer periodic update rather than a comprehensive plastic ANPRM.
• Contractor Construction Oversight
  • AGA supports NAPSR proposal, but rejects NPRM that prohibits operators from self inspection.
Communication and Resolution

• Federal ex parte does not restrict AGA, APGA, INGAA, API and AOPL from seeking input/feedback from NAPSR

• The trade associations will develop language to amend EFV, RCV/ASV, and MAOP regulations and ask for honest feedback on proposed solutions

• Greatest impact is on transmission in LDCs

Pipeline Safety Path Forward

*It will get done, but the path forward requires effort, coordination and cooperation of all stakeholders.*

Success requires that stakeholders Agree on the Path Forward
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 71 million residential, commercial and industrial natural gas customers in the United States, of which 92% — more than 65 million customers — receive their gas from AGA members. Today, natural gas meets almost one-fourth of the United States’ energy needs.