



January 17, 2024

The Honorable Jeff Duncan  
Chairman  
House Energy and Commerce Committee  
Subcommittee on Energy, Climate and Grid Security  
United State House of Representatives

The Honorable Diana DeGette  
Ranking Member  
House Energy and Commerce Committee  
Subcommittee on Energy, Climate and Grid Security  
United State House of Representatives

Dear Chairman Duncan and Ranking Member DeGette:

The American Gas Association (AGA) is pleased to provide our input for the Subcommittee on Energy, Climate, and Grid Security hearing on *Fueling America's Economy: Legislation to Improve Safety and Expand U.S. Pipeline Infrastructure*. AGA shares the same goals as safety advocates, the public, pipeline sector industry partners, and Congress: Ensuring America's pipeline system remains the safest, most secure, most reliable in the world. We look forward to working with the Energy and Commerce Committee on pipeline safety reauthorization legislation to help achieve these goals.

AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 77 million residential, commercial, and industrial natural gas customers in the U.S., of which 96 percent – more than 74 million customers – receive their gas from AGA members. AGA advocates 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-third of the U.S.' energy needs. Natural gas pipelines are an essential part of the nation's energy infrastructure. Indeed, natural gas is delivered to customers through a safe, approximately 2.7-million-mile underground pipeline system, including 2.3 million miles of local utility distribution pipelines, 100,000 miles of gathering lines, and 300,000 miles of transmission pipelines providing service to more than 189 million Americans.

Distribution pipelines are operated by natural gas utilities, or local distribution companies (LDCs). Gas utility distribution pipes are the last critical link in the natural gas delivery chain that brings natural gas from the wellhead to the burner tip. AGA member utilities are the "face of the gas industry," embedded in the communities they serve, and interact daily with customers and the state regulators who oversee pipeline safety locally. The distribution industry takes very seriously the responsibility of continuing to deliver natural gas to our families, neighbors, and business partners as safely, reliably, and responsibly as possible.

### **Our Number One Priority: Pipeline Safety**

The domestic shale revolution has resulted in an abundant supply of clean, affordable, and reliable natural gas. This robust supply has translated into stable natural gas prices and an increasing number of utility customers who use this resource for residential and commercial applications like cooking, space and water heating, and manufacturing. Last year alone, natural gas utilities added 730,000 customers and 20,700 miles of pipeline to serve these new customers. Alongside this tremendous opportunity comes the absolute necessity of operating safe and reliable pipeline infrastructure to help ensure dependable natural gas

delivery to homes, businesses, and essential facilities like hospitals. Every year the industry invests \$33 billion on the safety of our pipeline systems. Unquestionably, pipeline safety is our industry's number one priority, and through critical partnerships with state and federal regulators, legislators, and other stakeholders, AGA members are constantly working to improve pipeline safety, integrity, and resiliency.

### *Integrity Management*

LDCs use "Distribution Integrity Management Programs" (DIMP), a comprehensive risk-based regulation that adds a layer of protection to prescriptive federal regulations, state regulations that go beyond federal regulations, and voluntary LDC operated safety programs. DIMP allows individual LDCs to develop safety plans appropriate for the unique operating characteristics of their individual distribution delivery systems. DIMP requires all LDCs to understand their system (design, material, operating conditions, environment, maintenance, operating history, etc.); manage threats to system integrity (excavation damage, corrosion, natural force damage, material defects, etc.); assess, prioritize, and mitigate risks; evaluate and alter as necessary program standards to ensure effectiveness; and report on performance to regulators.

DIMP helps LDCs prioritize pipeline replacement work and other measures that strengthen gas system safety. Industry, state regulators, commissioners, and the Pipeline & Hazardous Materials Safety Administration (PHMSA) have collectively prioritized pipeline replacement. Currently, 43 states and the District of Columbia have established rate mechanisms that allow operators to replace pipe faster. As a result, in the past 17 years alone, cast iron pipeline use has declined nearly 60 percent and cathodically unprotected and bare steel pipelines have decreased nearly 50 percent. These systems have been replaced by modern plastic pipelines which provide increased gas utility system safety, resiliency, affordability, and environmental protection.

LDCs have demonstrated they can increase natural gas delivery while simultaneously improving safety. PHMSA data shows that significant distribution incidents, those resulting in death, injury, or significant property damage, and serious incidents, those that result in a death or injury, have declined over the past 20 years. Significant incidents have declined 50 percent and serious incidents have declined nearly 80 percent. Notably, the primary cause of these incidents is excavation damage which accounted for 35 percent of significant incidents and 28 percent of serious incidents in the past 20 years. While we have seen improvement, one incident is one too many and we look forward to working with all relevant partners to further reduce incidents.

### *Pipeline Safety Management Systems (PSMS)*

LDCs are at the forefront of voluntarily implementing PSMS, a systematic approach to managing and improving pipeline safety. PSMS is a "Plan-Do-Check-Act" cycle which helps operators understand, manage, and continuously improve safety within 10 specific areas. Ultimately, these actions drive the industry towards its zero-incident goal by providing that the various components of PSMS are regularly reviewed and continually evolving. Industry and other stakeholders, including PHMSA, believe that voluntary adoption of PSMS will enhance pipeline safety and improve safety culture. AGA supports the voluntary adoption of PSMS and the development of system(s) that promote self-disclosure and a collaborative culture between regulators and operators. The AGA Board of Directors has recommended that all of its members implement PSMS in their organizations.

### *Demonstrated Commitment to Safety*

Safety is a joint effort which engages customers, regulators, and policymakers at every level. The natural gas industry invests over \$60,000 every minute to enhance the safety of natural gas distribution and transmission systems. Furthermore, AGA and its member companies have adopted a *Commitment to Enhancing Safety* which is a public declaration that LDC's are committed to collaborating with federal and state officials, emergency responders, excavators, consumers, safety advocates, and the public to improve the industry's already longstanding record of safe, reliable, and efficient operation. This document reflects LDCs' willingness to make safety an intrinsic part of their core business functions, including pipeline design and construction, operations, maintenance and training, and more public facing programs like workforce development, pipeline stakeholder engagement, and first responder outreach. Implementing these

priorities has enhanced pipeline safety, improved operations, lowered utility costs (particularly on low-income customers), increased public accountability, and reduced greenhouse gas emissions. Overall, our commitment underscores the steps LDCs take every day to ensure America's 2.3 million miles of natural gas distribution pipeline operate safely and reliably.

### **Pipeline Safety Reauthorization Priorities**

AGA and its members support fact-based, reasonable, flexible, and practicable updates to pipeline safety regulation that build upon lessons learned and evolving improvements to pipeline safety and related programs and technology. AGA asks the subcommittee to consider 5 high-level principles, most of them included in the *Promoting Innovation in Pipeline Efficiency and Safety (PIPES) Act of 2023* (H.R. 6494), as passed, when drafting corresponding and complementary reauthorization legislation:

**Support Limiting Pipeline Excavation Damage Incidents.** Excavation damage is the primary cause of distribution pipeline incidents. According to PHMSA data, in the past 20 years, excavation damage incidents on natural gas pipelines have resulted in 57 deaths, 254 injuries, and \$354 million in property damage. These often tragic incidents are preventable. States that have healthy excavation damage prevention and enforcement programs typically experience lower rates of damages to pipelines. AGA supports directing PHMSA to incentivize states to adopt excavation damage program leading practices, derived from the best state excavation damage programs, and condition their grants to State One Call programs based upon adoption of these best practices. We are confident this will save lives.

**Support Pipeline Technology Alternatives.** Modern pipeline safety technologies – not contemplated when many pipeline safety regulations were first implemented – can, if deployed, meet the intent of these older regulations and improve the overall safety of the natural gas, hazardous liquid, underground storage, and liquefied natural gas infrastructure. For example, satellite technology has advanced to the point where it can be used to comply with leak detection regulation and breakaway meter technologies and excess flow valves can stop the flow of gas if a meter is hit, eliminating the need for physical meter protection barriers. AGA supports a PHMSA regulatory process to identify technological alternatives that, if utilized, will meet the intent of existing pipeline safety regulations and provide an equal or greater level of pipeline safety.

**Strengthen Criminal Penalties for Damage to Pipelines.** Natural gas utilities are experiencing an uptick in criminal attacks to property, equipment, and facilities. These activities range from gunshots targeting pipeline equipment, IEDs placed on gas delivery equipment, and the damaging of facilities and equipment necessary for safe natural gas delivery. These activities are not only hazardous to the safety and property of the public and member company employees, they threaten an LDC's ability to deliver natural gas to thousands of homes, hospitals, schools, government and military facilities, and other critical customers. AGA supports increased criminal penalties on bad actors who intentionally damage, destroy or impair pipelines and pipeline facilities, including those under construction. *We are pleased the Energy and Commerce draft reauthorization legislation addresses this concern.*

**Hydrogen-Natural Gas Blending R&D Study.** Hydrogen is an emerging solution for achieving gas LDC energy storage and decarbonization goals. Natural gas projects in North America and worldwide demonstrate successful blending of hydrogen into the existing natural gas distribution network, or utilizing natural gas that has a naturally occurring higher hydrogen content. Hawai'i Gas has successfully utilized a natural gas hydrogen blend of 15% for decades and many systems overseas are operating at approximately a 20% blend. It is important to understand how companies operating natural gas distribution systems with a higher hydrogen content are operating these systems safely. As such, we suggest GAO review natural gas distribution systems worldwide that utilize hydrogen-natural gas blending applications, or utilize gas with a higher hydrogen content, to identify processes, materials, and standards the operators have implemented to operate safely. The results of this study will help underpin the safety of ongoing domestic hydrogen R&D and blending operations.

**Authorize a Pipeline Safety Voluntary Information-Sharing System.** Congress should authorize a Voluntary Information-Sharing System (VIS) based on the recommendations of the public advisory

committee formed pursuant to the 2016 pipeline safety reauthorization law. A VIS will engage multiple stakeholders (e.g., government, industry, and pipeline safety NGOs) to collect and share best practices and lessons learned, promote improved pipeline safety, and will importantly include sufficient legal and regulatory safe harbors for information sharing to guarantee industry participation. VIS will support industry's implementation of Pipeline Safety Management Systems by encouraging information sharing and facilitating understanding and management of pipeline safety risks. *We are pleased the Energy and Commerce draft reauthorization legislation includes a useful VIS provision.*

**5-Year Reauthorization for PHMSA's Pipeline Safety Program.** PHMSA's Pipeline Safety program was reauthorized most recently in the PIPES Act of 2016 and PIPES Act of 2020. With PHMSA's Pipeline Safety program expiring again in 2023, the frequency of reauthorization has been squeezed to just 3 years. This interval is inappropriate given the significant time it takes to conduct studies, publish reports, and move reauthorization priorities from legislation to Proposed Rulemaking, address comments, and develop and publish Final Rules. In acknowledgment of the time required to conduct studies, publish reports, and develop a feasible, reasonable, cost effective, and practical rulemaking (including consideration of input from all stakeholders), and in keeping with reauthorization intervals that preceded the PIPES Act of 2016 (1996, 2002, 2006, 2011), Congress should reauthorize PHMSA's Pipeline Safety program for not less than 5 years. *We are pleased that the Energy and Commerce draft reauthorization legislation includes a recommended 5-year reauthorization period.*

### **Comments on the Pipeline Safety, Modernization, and Expansion Act of 2023 (Draft)**

AGA generally supports the concepts outlined in the draft *Pipeline Safety, Modernization, and Expansion Act of 2023*, where applicable to gas distribution and intrastate pipeline companies. Below are our comments on relevant draft sections.

**Section 2. Minimum Safety Standards** seeks to expand PHMSA's application of cost-benefit analysis of proposed pipeline safety regulations by including consideration of "safety and economic benefits within the United States." AGA has long supported PHMSA's application of cost-benefit analysis to proposed pipeline safety regulations. Cost-benefit analysis helps ensure that only feasible, reasonable, cost-effective, and practical rulemakings proceed, that the interests of the public, the pipeline sector and other stakeholders are considered appropriately, and helps prevent protracted, unnecessary, and expensive litigation over ill-considered rulemakings. AGA supports statutory changes that improve or enhance this process.

**Section 4. Technical Safety Standards Committee** would require PHMSA to conduct additional technical safety advisory meetings so industry, the public, and relevant government entities can more regularly review proposed pipeline safety regulations. AGA and its members actively participate in meetings of PHMSA's Gas Pipeline Advisory Committee, a "technical safety standard committee" which reviews proposed regulations for practicability, technical feasibility, and cost-effectiveness. As recently as last November, AGA participated in GPAC meetings that evaluated PHMSA's leak detection and repair rulemaking required by the 2020 pipeline reauthorization bill. GPAC meetings are critical. They bring together industry, government entities and the public to ensure proposed regulations reflect pipeline sector operational and engineering principles, are practical and useful, and fundamentally improve pipeline safety. We strongly support any effort to enhance the use of this important committee.

**Section 5. Strengthening Penalties for Pipeline Safety Violations.** AGA supports, per our pipeline safety reauthorization priorities covered in the previous section.

**Section 6. Authorization Levels.** AGA supports a 5-year reauthorization period, per our pipeline safety reauthorization priorities.

**Section 7. Pipeline Safety Enhancement Programs** orders PHMSA to conduct a pilot program to test pipeline safety technologies and integrity management practices designed to meet or exceed safety regulations. While this program is not likely to involve many distribution operations, AGA supports programs aimed at testing new safety technologies. *Per AGA's reauthorization priorities, we encourage the*

committee to consider requiring PHMSA to identify technology alternatives that, if utilized, will meet the intent of existing pipeline safety regulations and provide an equal or greater level of pipeline safety.

**Section 8. Pipeline Safety Voluntary Information Sharing (VIS) System.** AGA supports, per our pipeline safety reauthorization priorities covered in the previous section.

**Section 9. Protecting Fuel Choice for Consumers** would prohibit states and localities from banning the transportation of an energy source, including natural gas, sold in interstate commerce using a pipeline facility regulated by PHMSA. AGA generally opposes efforts to limit consumer choice in the utility marketplace. Eliminating natural gas utility service wastes taxpayer dollars by stranding pipeline infrastructure, casts aside decades worth of pipeline operation, maintenance, and expansion programs that consumers are already paying for in their utility bills and offers little to no attendant environmental benefits. More concerning, eliminating gas service to consumers, particularly low-income households, is economically unjustifiable. Natural gas is the most efficient and lowest cost option available to American consumers. Households using natural gas for heating, cooking, and clothes drying save an average of \$1,100 per year over electric alternatives. State and local gas bans are little more than ill-considered policy enforced electrification programs that saddle those who can afford it least with new electric service, appliance, and installation costs that can run into thousands of dollars per household. Recognizing how abundant, clean, and affordable natural gas is helping our nation achieve its energy goals, 26 states have passed “fuel choice laws” guaranteeing that natural gas remains a consumer utility option.

**Section 10. Modernizing and Expanding Pipelines** would grant the Federal Energy Regulatory Commission (FERC) the authority to speed approval for pipeline projects currently under construction and for new pipelines to be located in existing infrastructure right-of ways. *Because this section focuses on permitting FERC regulated interstate pipelines, its direct applicability to downstream intrastate or distribution pipelines would be limited.* Nevertheless, as customers of FERC regulated interstate pipelines, LDCs are secondarily impacted by any policy that improves permitting capacity and interstate pipelines’ ability to better serve distribution customers. As such, we are generally supportive of opportunities to streamline interstate pipeline review and approval processes.

**Section 11. Regulatory Updates** would require PHMSA to report to Congress on progress in addressing outstanding regulations and overdue congressional mandates required by prior pipeline safety laws. AGA supports this effort to keep PHMSA focused on its regulatory responsibilities.

## Conclusion

America’s gas utilities’ commitment to pipeline safety relies on sound engineering principles and best in class technology, a trained professional workforce, effective community relationships, and a strong partnership with state pipeline safety authorities and PHMSA. As pipeline safety reauthorization legislation is drafted this year, AGA encourages Congress to work in a bipartisan fashion to move reasonable and consensus changes to pipeline safety law and regulation, support PHMSA’s primary role as pipeline safety regulator, and recognize the great strides in pipeline safety engineering and operating practices that pipeline companies are putting into practice across the country. Pipeline sector companies and their trade associations stand ready to assist in this process with real world operations, engineering and safety data and experience. Please use us as a resource.

Respectfully,



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