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**HOUSE BILL 2518**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Representatives Shewmake, Ybarra, Boehnke, Tarleton, Mead, Fitzgibbon, Lekanoff, Ramel, Callan, Peterson, and Slatter

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 increase  
13 certainty concerning the recovery of costs associated with measures,  
14 undertaken by a gas company and approved by the commission, to reduce  
15 hazardous leaks and nonhazardous fugitive emissions from the gas  
16 company's gas pipelines.

17 (2) A gas company may submit to the commission, as part of a  
18 general rate case or other proceeding, a list of projects and changes  
19 to operational procedures including, but not limited to, venting,  
20 blowdowns, and others, to reduce hazardous leaks and nonhazardous

1 fugitive releases, ranked according to risk, severity, and  
2 complexity. As part of its filing, the gas company must include a  
3 cost-effectiveness analysis and propose a cap for annual expenditures  
4 recoverable through a cost recovery mechanism to be approved by the  
5 commission. The cost-effectiveness analysis must include: The value  
6 of leaked gas from hazardous leaks and nonhazardous fugitive  
7 emissions; the cost of greenhouse gas emissions associated with that  
8 gas, as calculated in accordance with RCW 80.28.395; the value of the  
9 reduction in risk resulting from gas leaks; and the cost of the  
10 measures undertaken to reduce hazardous leaks and nonhazardous  
11 fugitive emissions from the gas company's gas pipelines. A gas  
12 company may consider a percent of rate base, percent of revenues,  
13 total expenditures, or other basis for its proposed cap. As part of  
14 the proposal, the gas company must address the expected impact to  
15 ratepayers and other factors that may be required by the commission  
16 by rule.

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

19 (a) "Gas pipeline" has the same meaning as defined in RCW  
20 81.88.010.

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

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

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

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

34 (1) Beginning July 1, 2020, and on an annual basis thereafter,  
35 each gas pipeline company must submit a report to the commission on  
36 the environmental and economic performance of its gas pipeline  
37 system, including all known leaks from its transmission and  
38 distribution gas pipeline system, and all components, including  
39 pumps, valves, pipes, and pneumatic devices. Natural gas leaks

1 include all confirmed discoveries of both intentional and  
2 unintentional leak events, as well as leaks resulting from equipment  
3 maintenance, malfunctions, or operational practices.

4 (2) The commission may determine information requirements for the  
5 annual performance reports submitted under subsection (1) of this  
6 section including, but not limited to:

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

9 (b) The risk associated with and projected remediation plan for  
10 reported leaks in the gas pipeline system;

11 (c) The volume of each leak, measured in carbon dioxide  
12 equivalents and thousands of cubic feet;

13 (d) The identified cause of each leak, the proximity to a high  
14 consequence area as defined by 49 C.F.R. Sec. 195.452 (2019), and  
15 determination of whether the leak was the result of operational  
16 practice of the gas pipeline, equipment defect, or any other reason;

17 (e) Indication of a need to amend, update, or discuss the  
18 possibility of new pipeline risk profiles that may be added to the  
19 operator's integrity management plan or pipeline replacement plan;  
20 and

21 (f) The market value of lost gas and the methodology used to  
22 measure the loss of gas.

23 (3) By August 1, 2020, and on an annual basis thereafter, the  
24 commission must publish a report that aggregates data by gas company  
25 concerning gas leaks and that contains, at a minimum:

26 (a) The total volume of leaked gas, measured in carbon dioxide  
27 equivalents and thousands of cubic feet, categorized by cause, class,  
28 and component type;

29 (b) The total market value of leaked gas, categorized by cause,  
30 class, and component type;

31 (c) The volume and value of leaks that have not been remediated,  
32 and the volume and value of leaks that the gas pipeline companies do  
33 not intend to remediate; and

34 (d) Based on provided plans, the projected timeline of reductions  
35 in leakage by volume, measured in carbon dioxide equivalents and  
36 thousands of cubic feet.

37 (4) By August 1, 2021, and annually thereafter, the commission  
38 must publish a report and transmit it to the department of ecology  
39 that provides information on gas leakage in the state with  
40 information categorized in accordance with subsection (3) of this

1 section. The report must also include an estimate of gas leakage  
2 during calendar year 1990, which the commission must develop using  
3 available methods or in coordination with gas pipeline companies. The  
4 annual report must provide a review of opportunities and obstacles to  
5 reducing gas leakage statewide, including workforce availability,  
6 infrastructure investments, permitting, technical and legal  
7 obstacles, and other relevant information as determined by the  
8 commission.

9 (5) Information reported by gas pipeline companies to the  
10 commission under this section is exempt from public inspection and  
11 copying under chapter 42.56 RCW if it contains proprietary data,  
12 trade secrets, or if disclosure of such information would affect  
13 public safety.

14 (6) For the purposes of this section, "carbon dioxide  
15 equivalents" has the same meaning as provided in RCW 70.235.010.

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

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

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

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

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

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

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

1 (c) Except where explicitly stated otherwise, nothing in chapter  
2 14, Laws of 2008 limits any state agency authorities as they existed  
3 prior to June 12, 2008.

4 (d) Consistent with this directive, the department shall take the  
5 following actions:

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

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

12 (2) By December 31st of each even-numbered year beginning in  
13 2010, the department and the department of (~~community, trade, and~~  
14 ~~economic development~~) commerce shall report to the governor and the  
15 appropriate committees of the senate and house of representatives the  
16 total emissions of greenhouse gases for the preceding two years, and  
17 totals in each major source sector, including emissions associated  
18 with leaked gas reported to the utilities and transportation  
19 commission under section 3 of this act. The department shall ensure  
20 the reporting rules adopted under RCW 70.94.151 allow it to develop a  
21 comprehensive inventory of emissions of greenhouse gases from all  
22 significant sectors of the Washington economy.

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

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