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**SUBSTITUTE HOUSE BILL 2518**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** House Environment & Energy (originally sponsored by Representatives Shewmake, Ybarra, Boehnke, Tarleton, Mead, Fitzgibbon, Lekanoff, Ramel, Callan, Peterson, Slatter, Davis, Doglio, Pollet, and Cody)

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 provide  
13 conditions concerning the interim recovery between rate cases by a  
14 gas company of the costs associated with replacing pipeline  
15 facilities that are demonstrated to have an elevated risk of failure  
16 and the costs associated with measures to reduce hazardous leaks and  
17 nonhazardous fugitive emissions from the gas company's gas pipelines.

18 (2) A gas company seeking an interim recovery between rate cases  
19 may submit to the commission, as part of a general rate case or a  
20 commission-approved interim rate treatment mechanism regarding the

1 replacement of pipeline facilities that are demonstrated to have an  
2 elevated risk of failure, a list of projects and changes to  
3 operational procedures including, but not limited to, venting,  
4 blowdowns, and others, to replace pipeline facilities that present an  
5 elevated risk of failure and reduce hazardous leaks and nonhazardous  
6 fugitive emissions. Items on the list must be ranked according to  
7 risk, severity, complexity, and impact to the environment and public  
8 health. A gas company may also include in its filing methods to  
9 implement and deploy leak detection technology capable of rapidly  
10 identifying large leaks. As part of its filing, the gas company must  
11 include a cost-effectiveness analysis and propose a cap for annual  
12 expenditures recoverable through a cost recovery mechanism to be  
13 approved by the commission. The cost-effectiveness analysis must  
14 include considerations of risk and impacts to the environment and  
15 public health. A gas company may consider a percent of rate base,  
16 percent of revenues, total expenditures, or other basis for its  
17 proposed cap. As part of the proposal, the gas company must address  
18 the expected impact to ratepayers and other factors that may be  
19 required by the commission by rule.

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

22 (a) "Gas pipeline" has the same meaning as defined in RCW  
23 81.88.010.

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

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

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

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

37 (1) Beginning January 31, 2021, and on an annual basis  
38 thereafter, each gas pipeline company must submit a report to the  
39 commission that includes:

1 (a) The total number of known leaks in pipelines owned by the gas  
2 pipeline company as of January 1st of the year the report is  
3 submitted;

4 (b) The total number of hazardous leaks eliminated or repaired  
5 during the previous one-year period ending December 31st;

6 (c) The total number of nonhazardous leaks eliminated or repaired  
7 during the previous one-year period ending December 31st;

8 (d) An estimate of the total number of leaks scheduled for repair  
9 in the next one-year period beginning January 1st of the year the  
10 report is submitted. The data provided in this subsection (1)(d) does  
11 not obligate the gas pipeline company to repair all leaks scheduled  
12 for repair, nor does it prevent the gas pipeline company from  
13 prioritizing its repair schedule based on new information and newly-  
14 identified leaks.

15 (2) Natural gas leaks include all confirmed discoveries of both  
16 intentional and unintentional leak events, including leaks from:  
17 Corrosion failure; natural force damage; excavation damage; other  
18 outside force damage; pipe, weld, or joint failure; equipment  
19 failure; operational practices; or other causes.

20 (3) The commission may determine information requirements for the  
21 annual reports submitted under subsection (1) of this section  
22 including, but not limited to:

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

25 (b) Whether the reported leaks are included in a plan or order  
26 approved by the commission;

27 (c) The volume of each leak, measured in carbon dioxide  
28 equivalents and thousands of cubic feet, except that where an exact  
29 volume of gas leaked cannot be identified, a gas pipeline company may  
30 provide the best available approximation;

31 (d) Whether the identified cause of each leak was from: Corrosion  
32 failure; natural force damage; excavation damage; other outside force  
33 damage; pipe, weld, or joint failure; equipment failure; operational  
34 practices; or other causes; and

35 (e) The market value of lost gas and the methodology used to  
36 measure the loss of gas.

37 (4) By March 31, 2021, and on an annual basis thereafter, the  
38 commission must provide on its public internet web site aggregate  
39 data, as submitted by gas pipeline companies under subsection (1) of  
40 this section, concerning the volume and causes of gas leaks.

1 (5) By March 31, 2021, and on an annual basis thereafter, the  
2 commission must transmit to the department of ecology information on  
3 gas leakage in the state, as submitted by gas pipeline companies  
4 under subsection (1) of this section.

5 (6) Those portions of reports submitted by gas pipeline companies  
6 to the commission under this section that contain proprietary data,  
7 trade secrets, or if disclosure would adversely affect public safety,  
8 are exempt from public inspection and copying under chapter 42.56  
9 RCW.

10 (7) For the purposes of this section, "carbon dioxide  
11 equivalents" has the same meaning as provided in RCW 70.235.010.

12 (8) Nothing in this section may be construed to preempt the  
13 process by which a gas pipeline company is required to petition  
14 relevant state or local authorities when seeking to expand the  
15 capacity of the company's gas transmission or distribution lines.

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

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

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

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

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

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

35 (c) Except where explicitly stated otherwise, nothing in chapter  
36 14, Laws of 2008 limits any state agency authorities as they existed  
37 prior to June 12, 2008.

38 (d) Consistent with this directive, the department shall take the  
39 following actions:

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

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

7 (2) By December 31st of each even-numbered year beginning in  
8 2010, the department and the department of (~~community, trade, and~~  
9 ~~economic development~~) commerce shall report to the governor and the  
10 appropriate committees of the senate and house of representatives the  
11 total emissions of greenhouse gases for the preceding two years, and  
12 totals in each major source sector, including emissions associated  
13 with leaked gas reported to the utilities and transportation  
14 commission under section 3 of this act. The department shall ensure  
15 the reporting rules adopted under RCW 70.94.151 allow it to develop a  
16 comprehensive inventory of emissions of greenhouse gases from all  
17 significant sectors of the Washington economy.

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

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