Senate

General Assembly **File No. 46**

January Session, 2019 Substitute Senate Bill No. 232

Senate, March 12, 2019

The Committee on Environment reported through SEN. COHEN of the 12th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE ALLOWABLE PERCENTAGE OF LEAKAGE FROM GAS PIPELINES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16-34a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2019*):

(a) Not later than July 1, 2015, and annually thereafter, the Public Utilities Regulatory Authority shall submit a report, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy. Such report shall include (1) a description of the reasons for each gas company's percentage of lost and unaccounted for gas, (2) recommendations for each gas company's gas leak reduction strategy, (3) a description of each gas company's current gas leak monitoring system program, and (4) the number of leaks and causes of such leaks throughout the entire gas distribution system in the state and any other information the authority determines to be relevant.

(b) The authority shall initiate a docket to investigate the lost and unaccounted for gas of a gas company if the percentage of the leaked gas component of the lost and unaccounted for gas of such gas company in any calendar year exceeds a total of **[**three**]** one per cent. In such docket, a gas company shall report (1) leak detection and monitoring procedures, (2) emissions reduction strategies in addition to leak repair, and (3) any additional requirements the authority determines to be relevant. In such docket, the authority shall establish a cost mechanism to comply with long-term emissions reductions required by section 22a-200a and to incentivize a gas company to (A) reduce lost and unaccounted for gas, including the number of leaks throughout the entire gas distribution system in the state, (B) replace aging infrastructure, and (C) comply with any additional requirements the authority determines to be relevant. Such cost mechanism may be incorporated in the purchased gas adjustment clause pursuant to section 16-19b.

(c) No gas company may recover costs associated with the leaked gas component of any lost and unaccounted for gas.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2019*	16-34a

ENV *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

There is no fiscal impact resulting from the bill, which requires the Public Utilities Regulatory Authority (PURA) to investigate any gas company with a leaked gas percentage above a one percent threshold. The additional number of investigations is expected to be minimal and within the capacity of PURA's existing resources.

The bill also bans gas companies from recovering costs from lost and unaccounted for gas (LAUF). It is expected that the portion of charges associated with LAUF is insignificant, and there are no expected savings to the state as a ratepayer.

For reference, in FY 18, General Fund agencies spent $10.9 million on natural gas.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis
sSB 232

AN ACT CONCERNING THE ALLOWABLE PERCENTAGE OF LEAKAGE FROM GAS PIPELINES.

SUMMARY

This bill prohibits gas companies from recovering costs associated with the leaked gas component of lost and unaccounted for (LAUF) gas. In general, LAUF gas is the difference between the amount of gas that enters a gas company's distribution system and the amount actually delivered to the company's customers or used for other known purposes.

The bill also alters the threshold amount of LAUF gas that requires the Public Utilities and Regulatory Authority (PURA) to investigate a gas company (i.e., initiate a docket). Current law requires PURA to conduct an investigation if a gas company's LAUF gas exceeds 3% in a calendar year. The bill instead limits investigations to companies whose leaked gas, which is a component of LAUF gas, exceeds 1% in a calendar year.

During the PURA investigation, existing law requires the gas company to reports its (1) leak detection and monitoring procedures, (2) emissions reduction strategies in addition to leak repair, and (3) any other requirements PURA deems relevant. Additionally, PURA must establish a cost mechanism to comply with required greenhouse gas reductions and encourage the company to reduce its LAUF gas.

EFFECTIVE DATE: October 1, 2019

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea	28	Nay	1	(02/25/2019)