

Environment Committee JOINT FAVORABLE REPORT

Bill No.: SB-232

AN ACT CONCERNING THE ALLOWABLE PERCENTAGE OF LEAKAGE

Title: FROM GAS PIPELINES.

Vote Date: 2/25/2019

Vote Action: Joint Favorable Substitute

PH Date: 2/4/2019

File No.: 46

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SPONSORS OF BILL:

Sen. Will Haskell, 26th Dist.

Rep. Jill Barry, 31st Dist.

Rep. Patricia A. Dillion, 92nd Dist.

Rep. Lucy Dathan, 142nd Dist.

Rep. John K. Hampton, 16th Dist.

Rep. Pat Wilson Pheanious, 53rd Dist.

Rep. Fred Camillo, 151st Dist.

Rep. Jason Doucette, 13th Dist.

Rep. Josh Elliott, 88th Dist.

Rep. David Michel, 146th Dist.

Rep. Kim Rose, 118th Dist.

REASONS FOR BILL:

Concerns have been shared with the committee that (1) methane gas is a large contributor to climate change and is a major component of natural gas, (2) while other companies in the energy industry must immediately respond and fix leaks and spills, natural gas companies will often not repair gas leaks or upgrade their pipeline infrastructure, and (3) such companies “recover the cost of lost gas” by passing the cost of lost gas to their customers. Section 16-34a of the general statutes requires the Public Utilities and Regulatory Authority (PURA) to investigate gas companies for their lost and unaccounted for (LAUF) gas if such gas lost is greater than 3% in a calendar year. The bill changes the trigger of such investigations to 1% of the leaked gas component of LAUF gas, and prohibits gas companies from recovering costs associated with the leaked gas component of any LAUF gas.

Substitute Language – LCO No. 4711

Substitute language requires PURA to investigate companies for LAUF gas if the leaked gas component of LAUF gas exceeds 1%. The original draft of the bill would require PURA to investigate companies for LAUF gas if the percentage of lost and unaccounted for gas exceeds 1%. Testimony shared by PURA indicated that “LAUF gas is an accounting concept

and ratemaking tool, not an indicator of the amount of gas leaking from a distribution system.” The primary contributors to LAUF gas are metering and accounting disparities. PURA suggested that investigations are initiated based on the component of LAUF gas that relates specifically to gas leaking from the distribution system.

RESPONSE FROM ADMINISTRATION/AGENCY:

John W. Betkoski, Acting Chair, Public Utilities Regulatory Authority (PURA): Supports the bill. Although PURA is supportive of the bill, the agency indicated that lost and unaccounted for gas (LAUF) is an “accounting concept and ratemaking tool, not an indicator of the amount of gas leaking from a distribution system.” LAUF gas is sometimes misinterpreted as the actual quantity of leaked gas into the atmosphere. The primary contributors to LAUF gas are metering and accounting disparities. PURA suggests that the bill be amended to specify a trigger for such required reporting based on the component of LAUF gas that relates specifically to gas leaking from the distribution system. Testimony also provided a link to the agency’s most recent annual LAUF report, and analysis of various factors contributing to LAUF gas.

NATURE AND SOURCES OF SUPPORT:

Leslie Anderson, President and CEO, Propane Gas Association of New England (PGANE): This bill fixes Public Act 14-152, a law that disincentives utilities from fixing gas leaks and allows natural gas companies to charge the cost of gas leaks to their customers. Gas leaks are harmful to the environment, methane has a global warming potential of 28 – 36 times that of carbon dioxide.

Peter A. Aziz, Owner, BantamWesson: While the gas industry is profiting at the expense of the environment, Connecticut requires other energy industries have “zero tolerance” for any activity that negatively impact the environment. BantamWesson is “proud to comply with all environmental laws,” natural gas is harmful to the environment and should be held to accountable.

Lori Brown, Executive Director, Connecticut League of Conservation Voters: Gas leaked from the state’s current pipeline infrastructure is primarily methane, the second largest contributor to climate change. This bill, by enacting a hard cap on the percentage of allowable gas leakage, will force companies to make much needed upgrades; such as, upgrading pipelines to more durable plastics.

Louis Burch, Citizens Campaign for the Environment: Connecticut is served by thousands of miles of leaky gas pipes that have not been addressed by utilities. A 2016 study of gas leaks in the City of Hartford, conducted by the Sierra Club, reported that 43,000 cubic feet of gas is leaked per day. Gas leaks impact climate change, contribute to negative public health impacts, and pose safety risks such as the 2018 Columbia Gas Line explosion in Massachusetts that impacted at least forty homes.

Ruth Canovi, Director of Public Policy, American Lung Associatio: Reducing methane leakage is critical in the fight against climate change. Methane fosters warmer temperatures.

This rise in temperature leads to longer and hotter heat waves, increased wildfires, and drought. The annual State of the Air Report released by the American Lung Association looks at two forms of air pollution, and in 2018 Connecticut received failing grades for ozone pollution.

Lois Happe, Director, Eastern Connecticut Green Action: Shared personal testimony of the impact of gas leak around the Wright Village, Mansfield Senior Center, Juniper Hill and the Mansfield Rehabilitation and Nursing Center in Storrs, Connecticut.

Christian A. Herb, President, Connecticut Energy Marketers Association (CEMA): State law requires petroleum leaks and spills be immediately remedied and reported to the Department of Energy and Environmental Protection. Connecticut's "no leak" policy should be applied to natural gas as well. CEMA provides a link to a Sierra Club study that reported 43,000 cubic feet of gas is leaked in Hartford per day.

Anne Hulick, Connecticut Director, Clean Water Action: Methane gas is the second largest source contributing to climate change. In 2018, The Intergovernmental Panel on Climate Change published a review of over 30,000 scientific papers that concluded the world is on a catastrophic trajectory of rising global temperatures.

Martha Klein, Chair, Sierra Club – Connecticut Chapter: Provides history and scope of the problem as it relates to Public Act 14-152. Current law disincentives gas companies to repair leaked gas. Public Act 14-152 allows gas companies to bill customers for lost and unaccounted for gas, with the idea that such funds would be used for repairs. However, that is the case. In 2016, Sierra Club Connecticut undertook a study to measure gas leaks in Hartford and concluded a much higher rate of leaks than was reflected in PURA data.

Nate Brown, Government Relations Director, Operating Engineers Local 478: Although supportive of the bill's intent to ensure local distribution companies provide frequent disclosures, the bill should preclude such companies from the cost of leaked gas. Connecticut's natural gas distribution system is made up of bare cast iron or unprotected steel, these materials cause a public safety hazard because they rusts, deteriorates, and causes leaks. The state has already provided local distribution companies with the necessary means to safely eradicate the leak prone infrastructure, this bill should focus on ensuring that these programs continue. Over the past two years regulators have provided each of the state's gas utilities with ratemaking mechanisms to accelerate the necessary investments in replacing leak prone infrastructure.

The Environment Committee received approximately 35 similar testimonies supporting the bill explaining that (1) methane is a major contributing factor towards climate change and is the main component in natural gas, (2) natural gas companies should be held to the same environmental impact standards as other energy companies, and (3) natural gas companies are charging customers with the cost of gas leaks and are not using such fund for the improvement of pipeline infrastructure.

NATURE AND SOURCES OF OPPOSITION:

Charles Goodwin, Director of Regulatory and Tariffs, UIL Holdings Corporation (UIL):

UIL is the parent company for Southern Connecticut Gas, Connecticut Natural Gas, and wholly-owned indirect subsidiaries of Avangrid, Inc. LUAF is an accounting and ratemaking issue, not an operational issue. LUAF gas is an imbalance that exists at any given time between measured gas entering the utility distribution system and the measured gas leaving that same system. Disparities can occur from a number of variables including (1) temperature and pressure variations, (2) timing differences between gasses measured into and out of the system, (3) use of gas by the utility in operations, (4) third party damages by crew or property owners, (5) theft or meter tampering, and (6) true leakage. The legislature should take no action on the bill and allow local distribution companies to work with PURA on the most effective means of minimizing true leakage on the gas system.

Vincent Pace, Associate General Counsel, Eversource Energy: Although Eversource supports the important goal of reducing methane emissions, the most effective and proven method of achieving leak reductions is to proactively repair and replace old leaking infrastructure, programs in which Connecticut's three local distribution companies are undertaking. Additionally, the bill incorrectly assumes that the LUAF percentage is an appropriate measure of reductions in methane emissions. Eversource cites PURA testimony in that the agency reports LAUF gas "is not a precise measure of actual methane emissions from gas distribution systems..."

Reported by: Pamela Bianca / Ussawin R. Bumpen Date: 3/27/2019