

# Pipeline Safety Legislation Picks Up Steam

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AUTHOR: Alex B. Rothenberg  
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On March 3, 2016, the Senate approved a bill revamping federal energy pipeline rules and reauthorizing the Pipeline and Hazardous Materials Safety Administration (PHMSA), the agency that oversees pipeline safety. In addition to reauthorizing PHMSA, the Senate bill would instruct the agency to prioritize its regulatory agenda instead of new rulemaking; this would include new mapping technology and safety programs for pipelines. In the past, PHMSA has been criticized by lawmakers for its perceived slow regulatory process. While a 2011 pipeline safety law had mandated 42 new rules, to date the agency has only completed 26. The Senate bill would require PHMSA to fulfill these outstanding mandates. Additionally, the bill would direct the Energy Secretary to launch a federal review into the cause of the Aliso Canyon incident. These issues have been pushed to the forefront in the wake of that incident, which is reported to have released about 96,000 metric tons of methane. As a result, this legislation is finding rare bipartisan support.

Then, later last month an energy subcommittee in the U.S. House of Representatives unanimously approved a draft of legislation that would call for increased safety standards of natural gas storage facilities in the United States. The draft approved by the House subcommittee is analogous to the bill passed by the Senate on March 3. The House bill will now go before the full subcommittee and then the full House, where some version of this bill is expected to pass. If enacted, the bill would increase regulatory transparency at PHMSA, complete long-overdue safety regulations, and increase safety standards for underground natural gas storage facilities. Subcommittee Chair Fred Upton (R-Mich) stated that he would also like to see the final bill include tighter inspection requirements for many underwater oil pipelines, such as the one running between Lake Michigan and Lake Huron. He noted that an accident there would “be beyond [a] worst-case scenario.”

Industry groups and Washington D.C. appear to be in agreement that this is an area where more federal oversight and intervention is necessary. Senator Pat Roberts (R-Kan.) noted, “Underground natural gas storage facilities are not being regulated by the federal government,

and the courts will not allow states to monitor their own storage fields if the gas in those facilities is in interstate transportation.” He further acknowledged that, as America is increasingly relying on natural gas, the federal government must “ensure there is a proper level of oversight to prevent dangerous explosions and any further loss of life.”

Folks at PHSMA appear to have received the message, and on March 17, 2016, they proposed new safety regulations that would broaden the agency’s authority by jettisoning existing exemptions for old pipelines and expanding the agency’s jurisdiction over the nation’s gas pipeline system. In practical terms, these new regulations would force operators of previously “grandfathered in” pipelines to provide records demonstrating the type of piping used, how strong those materials are, and how they were constructed; if they cannot provide this documentation, companies could be obliged to verify their pipelines’ integrity via difficult and costly testing. PHMSA has stated that it believes its new regulations would reduce carbon emissions by an average of 900 to 1,500 metric tons per year and emissions of methane 4,600 to 8,100 metric tons per year.

With the House and Senate appearing to be of one mind on this issue and having the willingness to act, we should expect that some form of these bills should be passed by both houses and passed into law in 2016. Let’s hope these commonsense reforms will facilitate the safe and profitable use of natural gas.