AGA
American Gas Association

AGA Positions on Current PHMSA Rulemakings

June 2018

American Gas Association

- Founded in 1918, represents more than 200 local energy companies that deliver clean natural gas to more than 177 million Americans nationwide.
- Members deliver 94% of the natural gas in the US
- Today, natural gas meets more than one-fourth of the United States' energy needs.

Rulemakings to Monitor

Proposed Rule (Anticipated Publication)		Final Rule (Anticipated Publication)		Other Initiatives
Class Locations	Jun 2018	**Plastic Pipe Rule**	Aug 2018	**Public Awareness**
Standards Update - 2015 and Beyond	Jun 2018	**Safety of On- Shore Hazardous Liquid Pipelines**	Sept 2018	**National Pipeline Mapping Systems**
Valve Installation & Rupture Detection	Nov 2018	**Underground Storage**	Nov 2018	**Deregulatory Actions**
		Safety of Gas Transmission & Gathering Lines	Mar 2019	
		OQ		

Proposed Rulemakings Anticipated from PHMSA

Class Location NPRM

NPRM is expected June 2018

Anticipated Scope

Obtain public comment on the safety and potential cost savings if integrity management measures were applied to pipelines where class locations have changed

As class location changes, operators must replace existing pipelines to thicker wall pipes to meet existing design requirements

Industry Position

- Inline inspection tools provide transparency into pipeline integrity
- Allocates resources to high priority work

Industry Action

Will submit comments once publish

Valve Installation and Minimum Rupture Detection Standards

NPRM is expected November 2018

Tied to a legislative mandate

Anticipated Scope

establish performance metrics for rupture detection for gas and liquid transmission pipelines.

Install on new construction or entirely replaced transmission & hazardous liquid pipelines.

metrics will be integrated with ASV and RCV placement with the objective of improving overall incident response for new and replaced pipelines.

Industry Position

- Supportive of measures that improve safety and prevent release
- Supportive for new and full replacement transmission line

Industry Action

- Will submit comments once published

Final Rulemakings Anticipated from PHMSA

Plastic Pipe Rule

Final Rule is expected August 2018

Scope

- Authorized use of PA-12
- Tracking and traceability
- Miscellaneous revisions for PE and PA-11 pipelines
- Additional provisions for fittings used on plastic pipe

GPAC Position; Tracking and Traceability

- Voted and approved using ASTM f2897 for pipeline attributes. Also aligns with manufacturing standards
- PHMSA agreed to revise design factor (0.32 to 0.40) and will research applying design factor retroactively
- GPAC agreed with expanded use of PA-11 and incorporation of PA-12.
- Supports tacking and traceability. GPAC wants extended phased-in approach and inclusion of steel.

GPAC Position; Pipe installation

- Not supportive of retroactive CP measures or repairs to leak repair clamps
- PHMSA agreed to drop enhanced backfill requirements.

Industry Position

- AGA instead asked that PHMSA maintain flexibility in how an operator; DIMP or routine inspections
- Control room – only apply training to emergency situations and determine appropriate personnel who receive training
- Support program effectiveness but details should be left to operator
- performance metrics are not required for actions
  - ie. significant burden with performing a root cause for non reportable incident.

Transmission Rule

Overview

Rulemaking was meant to address the Congressional Mandates to from the Pipeline Safety Act of 2011 as well as the NTSB's recommendations

"carry out a program of research, development, demonstration and standardization to ensure the integrity of pipeline facilities"

Topics included:

- MAOP Verification
- Records
- Pipeline assessments in and outside of HCA's
- Material Verification

Rulemaking encompassed 32 different topics

Transmission Rule

Scope

PHSMA has divided this rulemaking into 3 separate rulemakings

1. Pipeline Safety: Safety of Gas Transmission Pipelines, MAOP Reconfirmation, Expansion of Assessment Requirements and Other Related Amendments

2. Safety of Gas Transmission Pipelines: Repair Criteria, Integrity Management Improvements, Cathodic Protection, Management of Change, and Other Related Amendments Final Rule

3. Gas Gathering

Transmission Rule

Final GPAC; MAOP Reconfirmation

- 15 years to confirm MAOP after effective date of the rule
- Given expanded scope of rule, MAOP verification should only apply to pipelines greater than or equal to 30% SMYS
  - Aligns with industry studies showing pipelines below 30% SMYS pipelines leak rather than rupture
- MAOP verification will be performed only if triggered
- Pipelines that verify MAOP with one of 6 methods have a valid MAOP
- Engineering Critical Analysis confirms strength and is a one time inspection. Threat managed separately through IM and fracture mechanics section

Transmission Rule

Final GPAC; MAOP Reconfirmation

- Additional clarity around free swimming tools for ECA performed with inline inspection
- PHMSA provided clarity on TVC – use best available information and develop opportunistic plan to gather additional data
- Asked for pressure reductions taken from the implementation of integrity management program be considered for confirming MAOP
- Included language for operators to set their MAOP lower

Transmission Rule	Definitions; Transmission Line and Distribution Center

Transmission line means a pipeline or connected series of pipelines, other than a gathering line, that:

(1) Transports gas from a gathering line or storage facility to a distribution center, storage facility; or large volume customer that is not down-stream from a

distribution center;

(2) has an MAOP operates at a hoop stress of 20 percent or more of SMYS; or

(3) transports gas within a storage field; or

(4) is voluntarily determined by the operator to be a transmission pipeline.

Note: A large volume customer may receive similar volumes of gas as a distribution center, and includes factories, power plants, and institutional users of gas.

Continue to advocate for the use of Hoop Stress to calculate SMYS

Transmission Rule	Definitions; Transmission Line and Distribution Center

Distribution center means the initial point where gas piping used primarily to deliver gas to customers who purchase it for consumption as opposed to customers who purchase it for resale, for example:

(1) at a metering location

(2) pressure reduction location, such as a gate station or custody transfer point, or

(3) where there is a reduction in the volume of gas, such as a lateral off a transmission line.

Transmission Rule

Other Topics

- Safety of Launchers & Receivers
- Record Retention Requirements
- Addressing Seismicity
- Material Verification
- Expansion of Pipeline Assessments Outside HCAs
- Moderate Consequence Areas
- Introduction of a Definition for “Able to accommodate inspection from an ILI”

Transmission Rule

Overview: 2nd Rulemaking

Spike Tests and Fracture Mechanics

- Removed the use of spike test for strength testing.
  - now only applies to crack analysis

Anomaly Response and Repair Criteria

- TVC is not required for anomaly response
- Asked PHMSA to use of industry standards to drive repair activities
  - Unsure if PHMSA will implement a stringent repair criteria compared to industry standards (ASME B31.8S)
  - increases burden for operators to respond to 'false positives'
- Asked PHMSA to remove additional considerations for tool tolerance
- Duplicative language for repair criteria will be removed

Transmission Rule

Other Topics: 2nd Rulemaking

- Testing & Fracture Mechanics
- Corrosion Control Requirements
- Management of Change
- TIMP Reassessment Intervals
- Repair Criteria for HCA's and outside of HCA's
- TIMP Risk Assessments
- P&M Measures
- Continual Evaluation

Quickest Timeline to Final Transmission Rule(s) as of June 2018

Safety of Gas Transmission & Gathering Lines Rule

PHMSA Reviews NPRM Comments
July – December 2016

PHMSA GPAC Meetings (5 Meetings)
December 2016, January 2017, December 2017, March 2018 (2)

#1 - Regulatory Mandate

PHMSA OPS
December 2016 - June 2018

PHMSA Legal
June 2018 – September 2018

Office of the Secretary of Transportation
October - November 2018

Office of Management and Budget
December 2018 – February 2019

Final Rule Publication
March 2019

Effective Date of Final Rule
Final Rule Publication + implementation period ≈* ***September 2019***

#2 – Non-regulatory Mandate

PHMSA OPS
December 2016 - September 2018

PHMSA Legal
October – December 2018

Office of the Secretary of Transportation
January - February 2019

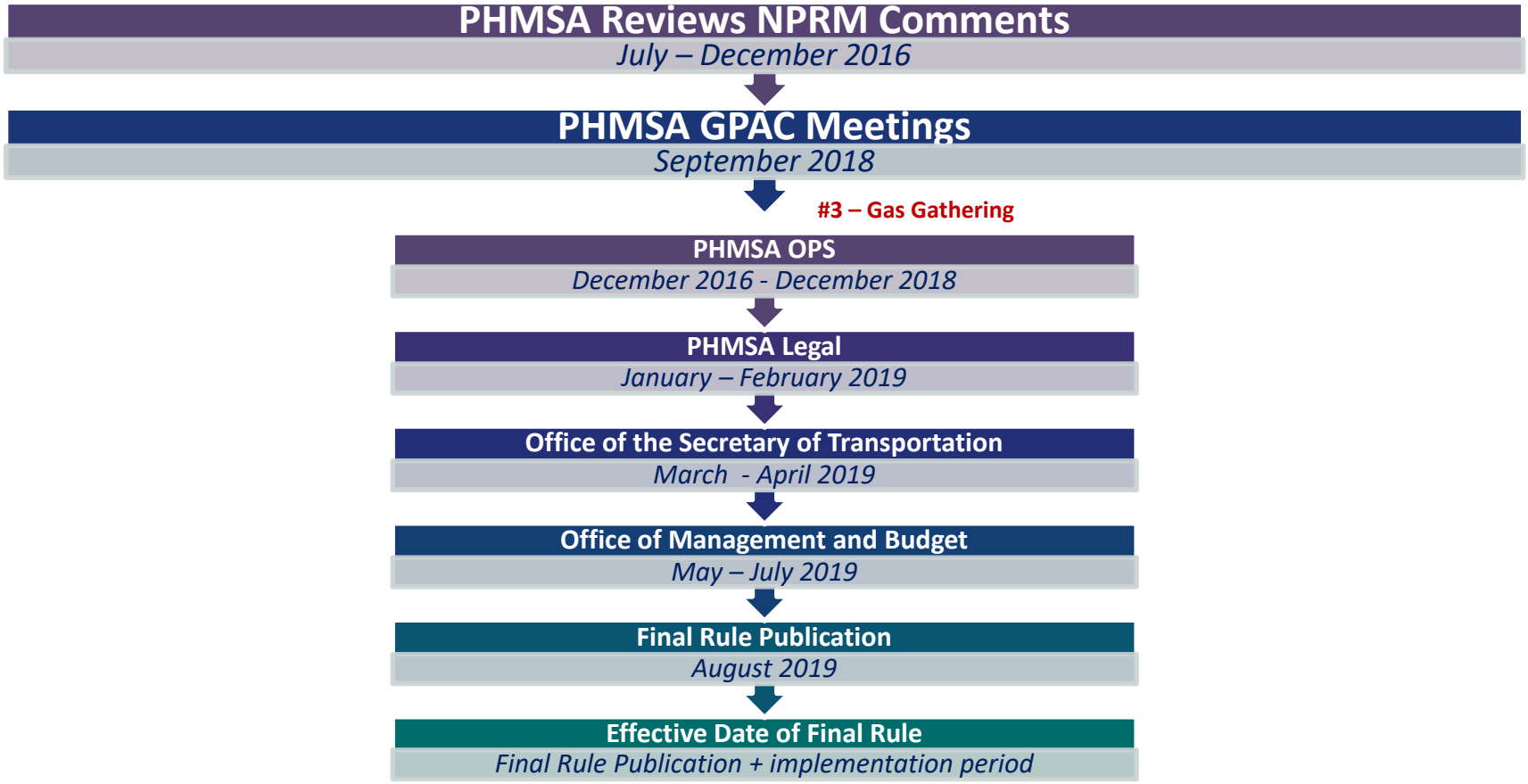
Office of Management and Budget
March – May 2019

Final Rule Publication
June 2019

Effective Date of Final Rule
Final Rule Publication + implementation period ≈* ***January 2020***

Quickest Timeline to Final Gas Gathering Rule as of June 2018

Safety of Gas Transmission & Gathering Lines Rule



Other Initiatives

Underground Storage

Final Rule November 2018 *(IFR effective January 2017)*

Interim Final Rule Scope
requires operators of underground storage facilities for natural gas to comply with minimum safety standards, including compliance with mandatory and non mandatory provisions

Industry Position on Final Rule

- Incorporate API 1170/1171 by reference, without modification
- Allow additional time

Other Items of Interest

- Annual reporting starting in 2018
- Audits have begun
- User fees have been assessed

Other Initiatives

National Pipeline Mapping System	Public Awareness
• Industry supportive of modernizing NPMS • Significant concerns with level of accuracy and number of attributes • PHMSA's original proposal was rejected by OMB • Industry has provided solutions to PHMSA	• Government/Industry task group is updating API 1162. (SWG, Vectren, Washington Gas) • All parties working to engage public in task force • Anticipated 2020 • Looking for PHMSA to incorporate by reference

Other Initiatives

Operator Qualifications
Expected to Cover/Continued Concerns • OQ for new construction, repair and replacement • Qualifications for Evaluators • Oversight of qualified employee • Definition of covered task and effectiveness • Recordkeeping requirements • Proctors for OQ testing
• AGA is working with PHMSA , state regulators, operators and DCA on OQ integrity protocols. Pilot to begin January 2019

Rulemaking Process

Significant Rule

Non-Significant Rule

Significant Rules can take over a year to get from PHMSA to the Federal Register

Significant rules must go through the Office of the Secretary of Transportation (OST) and the Office of Management & Budget (OMB). OMB determines What Rules Are Significant

Reducing Regulation and Controlling Costs

- Only applicable for significant rulemakings.
- Independent agencies are not subject to requirement, but are encouraged to follow the policy.
- Rules required by statute or court order are exempt.
- An agency can bank deregulatory actions for later use in the same year or subsequent years. The deregulatory credits do not expire.
- An agency can trade deregulatory actions across the whole agency. Not just within specific offices.
  - For example: A deregulatory action banked by one program office (Office of Pipeline Safety) can be withdrawn by another program office in the same agency (Office of Hazardous Materials Safety).
- With permission from OMB, one agency can use a banked deregulatory action created by another agency
  - For example: PHMSA & FAA.

Comments Submitted for Regulatory Reform

1. Farm taps
2. Atmospheric corrosion monitoring
3. Mechanical fitting failure reporting
4. MAOP (where P test exists, don't need to verify MAOP through design formula)
5. EFVs as a form of meter protection
6. Transmission line/distribution center definition
7. Definition of an incident
8. Modifications to anomaly response regs
9. Integrity assessment alternate to class location change
10. Plus highlighted actions underway: Underground storage, gathering lines, post construction inspections pressure vessel testing

Farm Taps

Final Rule effective March 24, 2017

(a) This section applies, except as provided in paragraph (c) of this section, to any service line directly connected to a production, gathering, or transmission pipeline that is not operated as a part of a distribution system.

(b) Each pressure regulating or limiting device, relief device, automatic shutoff device, and associated equipment must be inspected and tested at least once every 3 calendar years, not exceeding 39 months.

Unclear definition of where a farm tap begins (FAQ's)

Farm Taps

Part of Deregulatory Comments

1. 49 CFR §192.740 moves from a risk-based approach for pipeline safety to a prescriptive approach by requiring operators to perform frequent mandatory inspections of Farm Taps, regardless of their performance, and no longer allows the risks associated with Farm Taps to be considered under a holistic Distribution Integrity Management Program. The burden imposed by §192.740 is not justified by the benefit.

2. Preliminary Regulatory Impact Assessment (PRIA) justifying this recent regulation contained significant flaws

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