NATURAL GAS & METHANE SENATE BILL 1371

Senate Bill 1371, authored by Senator Mark Leno (D - San Francisco) and signed into law by Governor Brown, seeks to include environmental considerations as an important factor in the way natural gas delivery companies determine their strategies to minimize emissions.

When natural gas is burned as a fuel, methane, the primary component of natural gas, provides significant environmental benefits over other hydrocarbon, or fossil, fuels, which produce more carbon dioxide. However, when methane is released into the atmosphere before it is burned, it can contribute to climate change because methane is very efficient at trapping heat in the atmosphere.

For decades, federal regulators at the U.S. Department of Transportation's Pipeline Hazardous Materials Safety Administration (PHMSA) have emphasized safety as the primary criterion by which companies should prioritize leak repairs. In fact, federal regulations allow leaks that have been deemed non-hazardous to remain unrepaired, as long as gas delivery companies regularly monitor the leaks and continue to certify them as being non-hazardous. PHMSA considers leaks to be non-hazardous if they are located far from an ignition sources and away from a structure where the gas can accumulate and become concentrated to dangerous levels.

Historically, state law has also stressed safety in addition to reliability and affordability of service whenever implementing new rules and procedures. Although SB 1371 confirms both PHMSA's and the California Public Utilities Commission's (CPUC) historical emphasis, it now requires the CPUC to work with natual gas delivery companies to determine the "most technologically feasible and cost-effective" strategies to avoid, reduce, and repair leaks as reasonably possible after discovery consistent with existing safety regulations and climate change goals.

SoCalGas Pipeline System

SoCalGas operates and maintains the largest natural gas distribution system in the country, which includes more than 100,000 miles of pipeline, spanning a service territory of 20,000 square miles and serving 21 million consumers.

To ensure the best use of ratepayers' funds, SoCalGas, as do all other gas delivery companies, has to determine whether to appropriate infrastructure funds towards strategically replacing the sections of pipe its engineering studies have found to have a greater likelihood of leaking or towards addressing leaks that its experts have examined and deemed to be non-hazardous. Because safety is our core value, SoCalGas has leaned more toward strategically enhancing the safety and reliability of the system, which did allow the number of unrepaired, non-hazardous leaks to accumulate over the years. However, due to its infrastructure strategy, even with an inventory of pending non-hazardous leaks that are currently being monitored, SoCalGas has succeeded in maintaining safety and reducing its rate of overall methane emissions to 0.12 percent of all gas delivered in 2011, one of the lowest rates in the nation.

SoCalGas

A Sempra Energy utility

As the CPUC prepares to determine whether and how to establish new leak repair guidelines for non-hazardous leaks, it has requested a significant amount of leak-related data from gas delivery companies, including information about leak management practices, new leaks, open leaks monitored or scheduled for repair, and a best estimate of gas loss due to leaks.

Although it is not required to do so, SoCalGas has decided to publish a map that shows the general locations of non-hazardous sites where methane emissions have been detected. Sites of hazardous methane are immediately made safe and repaired, and thus do not exist long enough to be placed on the map. SoCalGas is publishing the map to help the public better understand the issues involved in striking the best balance between infrastructure maintenance and modernization strategies.

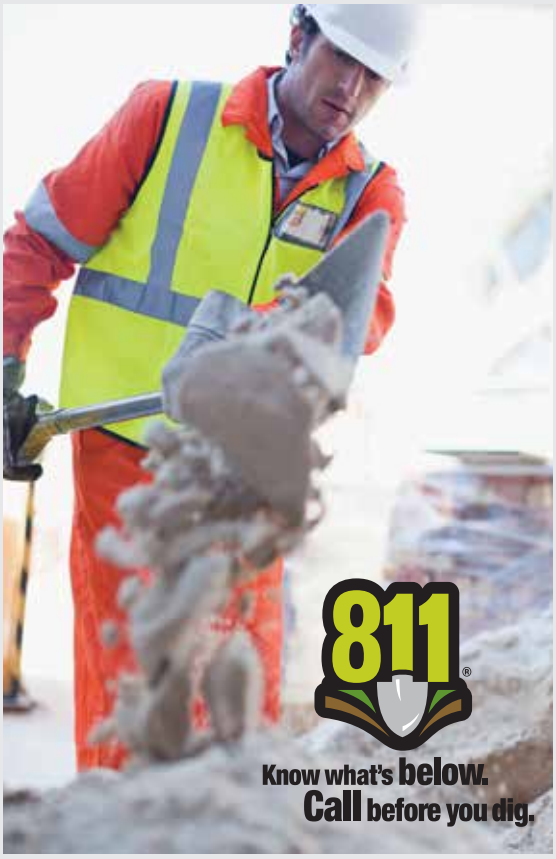
Prioritizing Natural Gas Leak Repair

Every site of methane emissions on the map has been inspected by trained SoCalGas technicians using advanced equipment. Leaks are found either as SoCalGas conducts regular inspections of its system to monitor for leaks or on follow-up to reports of suspected leaks from the public. SoCalGas responds to all reports of gas leaks on a 24-hour/seven-days-a week schedule.

Our trained technicians conduct a "four-point" inspection, evaluating the location of the methane leak in relation to people and property, the concentration of gas present in the area at the time of inspection, the potential for gas to accumulate in the surrounding area and the presence of an ignition source.

Depending on the level of risk to safety presented by each site of methane emissions, our technicians either 1) immediately repair it; 2) determine it to be non-hazardous but in need of follow-up and repair; or 3) log the site as non-hazardous and schedule it for monitoring to verify it stays safe. Every non-hazardous site that is scheduled for follow-up and repair is regularly monitored until the repair or replacement work begins. This depends on the time it takes for the work plan to be developed, the property owner to be notified, permits to be secured, etc. – a process that usually takes about six months.

While federal regulations do allow gas distribution companies to continue to monitor non-hazardous leaks without repairing them, SoCalGas presented the CPUC with a plan in November 2014 to repair all detected leaks to meet SB 1371's climate change goal, even if leaks are non-hazardous. Once funding is approved, we anticipate repairing all currently identified pending non-hazardous leaks by the end of 2018.



Call 811 Before You Dig

One of the leading causes of pipeline leaks continues to be unnecessary and preventable incidents caused by contractors, residents or business owners who damage underground gas lines when they dig in the yard or place of business. Natural gas safety is a shared responsibility. Contractors, business owners and residents should call 811 to have utility-owned lines marked before digging at construction sites or in the yard. Calling 811 (Underground Service Alert) will help avoid possible injury or damage to hidden natural gas lines, loss of natural gas service or serious injuries. And, since utilities mark only utility-owned lines, property owners should also contact a pipe-location expert to have customer-owned natural gas lines marked as well.

For more information on Underground Service Alert, a free service to have underground utility lines marked, please visit: **socalgas.com/safety/dig-alert.shtml**