


# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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DATE: March 31, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee

FROM: Sharon M. Tso  Council File No.: 15-0002-S141  
Chief Legislative Analyst Assignment No.: 16-03-0261

SUBJECT: Resolution (Englander-Wesson) to SUPPORT HR 4429 (Knight), the Natural Gas Leak Prevention Act of 2016

CLA RECOMMENDATION: Adopt Resolution (Englander-Wesson) to include in the City's 2015-16 Federal Legislative Program SUPPORT for HR 4429 (Knight), the Natural Gas Leak Prevention Act of 2016, directing the United States Secretary of Transportation, in consultation with the heads of relevant Federal agencies, to create minimum uniform safety standards pertaining to underground natural gas storage facilities.

## SUMMARY

The Resolution (Englander-Wesson), introduced on March 22, 2016, states that on October 23, 2015 Southern California Gas Company (SoCal Gas) discovered a leak at a natural gas well in the Aliso Canyon natural gas storage facility. The Resolution notes that the leak, which was successfully capped on February 18, 2016, raised concerns regarding air quality in the surrounding residential areas and the safety of continued operations at the Aliso Canyon natural gas storage facility.

The Resolution also notes that currently pending before the United States House of Representatives is HR 4429, the Natural Gas Leak Prevention Act of 2016. HR 4429 would require the United States Secretary of Transportation, in consultation with the heads of relevant federal agencies, to create minimum uniform safety standards for the operation, environmental protection, and integrity management of underground natural gas storage facilities, within two years of the bill's enactment. The Resolution seeks City support for HR 4429.

## BACKGROUND

On October 23, 2015, SoCal Gas discovered a leak at a natural gas well in the Aliso Canyon natural gas storage facility. The leak resulted in a Proclamation of a State of Emergency by the governor. To date, 11 lawsuits have been initiated against SoCal Gas, filed by state, local, and federal agencies. While the leak was permanently sealed on February 18, 2016, residents displaced by the leak have yet to return home. Questions remain concerning the air quality in residential areas impacted by the leak and the safety of continued operations at the Aliso Canyon natural gas storage facility. Current federal law does not establish safety standards for underground natural gas storage facilities.

On November 10, 2015, a bipartisan group of members of the Senate Committee on Commerce, Science, and Transportation introduced S. 2276, the "Securing America's Future Energy: Protecting our Infrastructure of Pipeline and Enhancing Safety Act" (SAFE PIPES Act). The SAFE PIPES Act would reauthorize the previous Pipeline Safety Act, which expired in 2015, through 2019. The SAFE PIPES Act would increase authorized funds for pipeline safety

programs and grants and would reauthorize the Pipeline and Hazardous Materials Safety Administration's oversight of underground natural gas storage facilities. On March 3, 2016, S. 2276 passed the Senate, with an amendment, by unanimous consent. Among other things, the amendment incorporated the text of HR 4429 into the bill. The amendment also incorporated much of the language of SA 3194, which would establish an Aliso Canyon Natural Gas Leak Task Force to provide an analysis and conclusion of the cause and contributing factors of the Aliso Canyon natural gas leak. On February 23, 2016, the City Council voted to support introduction of SA 3194.

#### HR 4429

On February 2, 2016, Representative Knight introduced a companion bill to S. 2276. Representative Knight's companion bill is HR 4429, the "Natural Gas Leak Prevention Act of 2016." HR 4429 would:

- Define an "underground natural gas storage facility" as a gas pipeline facility that stores gas in an underground facility, including:
  - A depleted hydrocarbon reservoir;
  - An aquifer reservoir; or
  - A solution mined salt cavern reservoir.
  
- Require, within two years of the bill's enactment, that the United States Secretary of Transportation, in consultation with the heads of relevant federal agencies, create minimum uniform safety standards for the operation, environmental protection, and integrity management of underground natural gas storage facilities. To the extent practicable, these minimum uniform safety standards should incorporate consensus standards for the operation, environmental protection, and integrity management of underground natural gas storage facilities.
  
- Require that in developing the minimum uniform safety standards, the Secretary of Transportation shall, to the extent practicable:
  - Consider the economic impacts of the regulations on individual gas customers;
  - Ensure the regulations do not significantly impact end users; and
  - Consider existing consensus standards.
  
- Establish a fee to be imposed on any entity operating an underground natural gas storage facility. The fee would be collected before the end of the fiscal year to which the fee applies.
  
- Establish an underground natural gas storage facility safety account within the Pipeline Safety Fund. The fee imposed on entities operating underground natural gas storage facilities would be deposited in this account and appropriation of those funds would be restricted to use for activities related to underground natural gas storage safety.

HR 4429 has been referred to the House Committees on Transportation and Infrastructure and Energy and Commerce. The bill was subsequently referred to the House Subcommittees on Railroads, Pipelines, and Hazardous Materials and Energy and Power.

At the City level, the Fire Department, Police Department, and Emergency Management Department have been involved in the response to the Aliso Canyon gas leak. The Police Department has indicated it does not have a position on this bill.

Conclusion

If the Natural Gas Leak Prevention Act of 2016 is enacted, it would result in minimum uniform federal safety standards for the operation of underground natural gas storage facilities, in an effort to prevent future natural gas leaks.

Departments Notified

Fire Department  
Police Department  
Emergency Management Department  
Bureau of Engineering  
Bureau of Sanitation

Bill Status.

2/2/16	HR 4429 introduced by Representative Knight.
2/2/16	HR 4429 referred to the House Committee on Transportation and Infrastructure and the House Committee on Energy and Commerce.
2/3/16	The House Committee on Transportation and Infrastructure referred HR 4429 to the Subcommittee on Railroads, Pipelines, and Hazardous Materials.
2/5/16	The House Committee on Energy and Commerce referred HR 4429 to the Subcommittee on Energy and Power.



Jennifer Quintanilla  
Analyst

Attachments: 1. Resolution  
2. Text of HR 4429

SMT:MF:PS:JM

RESOLUTION

RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, on October 23, 2015, Southern California Gas Company discovered a leak at a natural gas well in the Aliso Canyon storage facility, threatening the health and safety of thousands of residents in Porter Ranch and the surrounding communities; and

WHEREAS, the leak was successfully capped on February 18, 2016. However, residents have yet to return home and air quality concerns in residential areas impacted by the leak and the safety of continued operations at the Aliso Canyon storage facility; and

WHEREAS, current Federal law fails to define "underground natural gas storage facility" and fails to establish standard safety guidelines for such facilities; and

WHEREAS, currently pending in the United States House of Representatives Legislature is HR 4429 (Knight), the Natural Gas Leak Prevention Act of 2016, which would require the Secretary of Transportation, in consultation with the heads of relevant Federal agencies, to create minimum uniform safety standards for the operation, environmental protection, and integrity management of underground natural gas storage facilities, within two years of the bill's enactment; and

WHEREAS, HR 4429 would define an underground natural gas storage facility as a gas pipeline facility that stores gas in an underground facility, including a depleted hydrocarbon reservoir, an aquifer reservoir, or a solution mined salt cavern reservoir; and

WHEREAS, HR 4429 would require that a fee be imposed on all entities operating an underground storage facility, to be deposited in an underground natural gas storage facility safety account within the Pipeline Safety Fund, for use on activities related to underground storage safety;

**NOW, THEREFORE, BE IT RESOLVED**, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-16 Federal Legislative Program SUPPORT for HR 4429 (Knight) which would result in the creation of minimum uniform safety standards for the operation, environmental protection, and integrity management of underground natural gas storage facilities.

PRESENTED BY:   
MITCHELL ENGLANDER  
Councilmember, 12th District

SECONDED BY: 

MAR 23 2016  
  
jmq

ORIGINAL

114TH CONGRESS  
2D SESSION

# H. R. 4429

To amend title 49, United States Code, to direct the Secretary of Transportation to issue minimum uniform safety standards for underground natural gas storage facilities, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2016

Mr. KNIGHT introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title 49, United States Code, to direct the Secretary of Transportation to issue minimum uniform safety standards for underground natural gas storage facilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Natural Gas Leak Pre-  
5 vention Act of 2016”.

1 **SEC. 2. UNDERGROUND NATURAL GAS STORAGE FACILI-**  
2 **TIES.**

3 (a) **DEFINED TERM.**—Section 60101(a) of title 49,  
4 United States Code, is amended—

5 (1) in paragraph (21)(B), by striking the period  
6 at the end and inserting a semicolon;

7 (2) in paragraph (24), by striking “and” at the  
8 end;

9 (3) in paragraph (25), by striking the period at  
10 the end and inserting “; and”; and

11 (4) by adding at the end the following:

12 “(26) ‘underground natural gas storage facility’  
13 means a gas pipeline facility that stores gas in an  
14 underground facility, including—

15 “(A) a depleted hydrocarbon reservoir;

16 “(B) an aquifer reservoir; or

17 “(C) a solution mined salt cavern res-  
18 ervoir.”.

19 (b) **STANDARDS FOR UNDERGROUND NATURAL GAS**  
20 **STORAGE FACILITIES.**—Chapter 601 of title 49, United  
21 States Code, is amended by inserting after section 60103  
22 the following:

23 **“§ 60103A. Standards for underground natural gas**  
24 **storage facilities**

25 “(a) **MINIMUM UNIFORM SAFETY STANDARDS.**—Not  
26 later than 2 years after the date of enactment of this sec-

1 tion, the Secretary of Transportation, in consultation with  
2 the heads of other relevant Federal agencies, shall issue  
3 minimum uniform safety standards, incorporating, to the  
4 extent practicable, consensus standards for the operation,  
5 environmental protection, and integrity management of  
6 underground natural gas storage facilities.

7 “(b) CONSIDERATIONS.—In developing uniform safe-  
8 ty standards under subsection (a), the Secretary shall—

9 “(1) consider the economic impacts of the regu-  
10 lations on individual gas customers to the extent  
11 practicable;

12 “(2) ensure that the regulations do not have a  
13 significant economic impact on end users to the ex-  
14 tent practicable; and

15 “(3) consider existing consensus standards.

16 “(c) USER FEES.—

17 “(1) IN GENERAL.—A fee shall be imposed on  
18 an entity operating an underground natural gas  
19 storage facility to which this section applies. Any  
20 such fee imposed shall be collected before the end of  
21 the fiscal year to which it applies.

22 “(2) MEANS OF COLLECTION.—The Secretary  
23 shall prescribe procedures to collect fees under this  
24 subsection. The Secretary may use a department,  
25 agency, or instrumentality of the United States Gov-

1 ernment or of a State or local government to collect  
2 the fee and may reimburse the department, agency,  
3 or instrumentality a reasonable amount for its serv-  
4 ices.

5 “(3) USE OF FEES.—

6 “(A) ACCOUNT.—There is established an  
7 underground natural gas storage facility safety  
8 account in the Pipeline Safety Fund established  
9 under section 60301, in the Treasury of the  
10 United States.

11 “(B) USE OF FEES.—A fee collected under  
12 this subsection—

13 “(i) shall be deposited in the under-  
14 ground natural gas storage facility safety  
15 account; and

16 “(ii) if the fee is related to an under-  
17 ground natural gas storage facility, may be  
18 used only for an activity related to under-  
19 ground natural gas storage safety under  
20 this section.

21 “(C) LIMITATION.—Amounts collected  
22 under this subsection shall be made available  
23 only to the extent provided in advance in an ap-  
24 propriation law for an activity related to under-  
25 ground natural gas storage safety.



1 “(d) RULES OF CONSTRUCTION.—

2 “(1) IN GENERAL.—Nothing in this section  
3 may be construed to affect any Federal regulation  
4 relating to gas pipeline facilities that is in effect on  
5 the day before the date of enactment of this section.

6 “(2) LIMITATIONS.—Nothing in this section  
7 may be construed to authorize the Secretary—

8 “(A) to prescribe the location of an under-  
9 ground natural gas storage facility; or

10 “(B) to require the Secretary’s permission  
11 to construct a facility referred to in subpara-  
12 graph (A).”.

13 (e) CLERICAL AMENDMENT.—The table of sections  
14 for chapter 601 is amended by inserting after the item  
15 relating to section 60103 the following:

“60103A. Standards for underground natural gas storage facilities.”.

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