

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: February 11, 2016

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

FROM: Sharon M. Tso *SKT*
Chief Legislative Analyst

Council File No.: 15-0002-S124
Assignment No.: 16-02-0105
16-02-0108

SUBJECT: Resolution (Englander-Blumenfield) to SUPPORT the introduction of SA 3194
(Boxer-Feinstein), an amendment to S. 2012, the Energy Policy Modernization
Act of 2015

CLA RECOMMENDATION: Adopt Resolution (Englander-Blumenfield) to include in the City's 2015-16 Federal Legislative Program SUPPORT for the introduction of SA 3194 (Boxer-Feinstein), an amendment to S. 2012 (Murkowski), directing United States Secretary of Energy Ernest Moniz to conduct a federal review of the causes and response to the ongoing natural gas leak at the Aliso Canyon storage facility.

SUMMARY

The Resolution (Englander-Blumenfield), introduced on February 3, 2016, states that on October 23, 2015 Southern California Gas Company discovered a leak at a natural gas well in the Aliso Canyon storage facility. The Resolution notes that to date, the leak has released over 91,683 metric tons of methane gas and mercaptans into the environment, endangering the health and safety of thousands of residents in the surrounding communities. Governor Brown issued a Proclamation of a State of Emergency on January 6, 2016 and while the state has launched a multi-agency response, federal involvement in the investigation of and response to the Aliso Canyon leak has been limited.

The Resolution also notes that currently pending before the United States Senate is S.2012, the Energy Policy Modernization Act of 2015. The Resolution indicates that Senators Boxer and Feinstein proposed the introduction of an amendment to this legislation which would direct the Secretary of Energy to conduct a federal review of the causes and response to the leak occurring at the Aliso Canyon storage facility. As proposed, the amendment would require the formation of an intergovernmental task force to investigate this matter. Passage of the proposed amendment would result in valuable federal involvement in this ongoing crisis, including federal recommendations on the continued use of the Aliso Canyon storage facility and all storage facilities located near residential areas. The Resolution seeks City support for the introduction of SA 3194.

BACKGROUND

On October 23, 2015, Southern California Gas Company discovered a leak at a natural gas well in the Aliso Canyon storage facility. To date, evacuation requests have been made by over 4,674 residents in the Porter Ranch area. The leak has caused the relocation of two LAUSD schools. The leak has also resulted in a Proclamation of a State of Emergency and 11 lawsuits against Southern California Gas Company, filed by state, local, and federal agencies.

On July 30, 2015, the Senate Energy and Natural Resources Committee sent S. 2012 (Murkowski), the Energy Policy Modernization Act of 2015, to the United States Senate. This bipartisan bill is the first wide-ranging energy bill to be considered by the Senate since the adoption of the 2007 Energy Policy Act. The bill focuses on energy efficiency, the nation's energy infrastructure, energy supply, accountability, and conservation reauthorization. The primary purpose of the bill is to address changes in the energy industry since passage of the Energy Policy Act. The Senate began debating S. 2012 on January 27, 2016. Since debate began, the numerous amendments have been introduced, including:

SA 3194

On January 29, 2016, Senators Boxer and Feinstein announced their intent to introduce an amendment to S. 2012, directing the United States Secretary of Energy Ernest Moniz to conduct a federal review of the causes and response to the ongoing natural gas leak at the Aliso Canyon storage facility. Senators Boxer and Feinstein introduced their amendment, SA 3194, on February 2, 2016. SA 3194 is an amendment to SA 2953. SA 2953, an amendment to S. 2012, was introduced by Senator Murkowski on January 27, 2016. SA 3194 would:

- Require, within 15 days of the enactment of the Energy Policy Modernization Act, the Secretary of Energy to lead and establish the Aliso Canyon Task Force (Task Force).
- Require the Task Force be composed of the Secretary of Energy and one representative from the Pipeline and Hazardous Materials Safety Administration, the Department of Health and Human Services, the Environmental Protection Agency, the Department of the Interior, the Department of Commerce, and the Federal Energy Regulatory Commission.
- Require that, no later than 180 days from the enactment of the Energy Policy Modernization Act, the Task Force submit a final report on its investigation. The report must include, at a minimum,
 - An analysis and conclusion of the causes of the Aliso Canyon Leak;
 - An analysis of measures taken to stop the leak with emphasis on whether more effective measures may have been taken;
 - An assessment of the impact of the natural gas leak on health, safety, the environment, and the economy of the residents and property surrounding Aliso Canyon;
 - An analysis of how State and Federal agencies responded to the leak;
 - Recommendations: 1) on how to improve coordination between Federal, State, and local agencies in response to the Aliso Canyon leak and future leaks; 2) how to prevent future leaks; 3) whether to continue operations at Aliso Canyon and other facilities located near residential populations based on an assessment of the risk of a leak; and 4) information not currently collected but which would be in the public interest to collect and distribute to agencies and institutions for the continued study and monitoring of the United States' natural gas infrastructure;
 - An analysis of the impact of the Aliso Canyon leak on wholesale and retail electricity prices; and
 - An analysis of the impact of the Aliso Canyon leak on the reliability of the bulk-power system.
- Require that the final report be submitted to the Senate Committee on Energy and Natural Resources, the House Committee on Natural Resources, the Senate Committee on Environment and Public Works, the House Committee on Transportation and Infrastructure, the Senate Committee on Commerce, Science, and Transportation, the House Committee on Energy and Commerce, the Senate Committee on Health,

Education, Labor, and Pensions, the House Committee on Education and the Workforce, the President, and all relevant Federal and State agencies. The report must also be made available, electronically, to the public;

- Require the Task Force to immediately publish findings to the above parties if, before publication of the final report, the Task Force finds methods to solve the leak, better protect affected communities, or finds methods to help prevent future leaks.

SA 3194 was approved on February 2, 2016 by voice vote. However, on February 3, 2016, S.2012's progress was delayed following debate concerning an amendment introduced by Senators Peters and Stabenow of Michigan. Their amendment would provide \$600 million to aid the residents of Flint, Michigan.

According to the South Coast Air Quality Management District (SCAQMD), the ongoing leak is releasing methane, odorants, and benzene into the atmosphere. SCAQMD's data monitoring indicates the current levels of exposure to leaking gas are not expected to result in significant increases in overall health risks from short term or long term exposure. However, SCAQMD has cautioned that these results are preliminary, as they are based on limited data. Further, there is insufficient data to determine the long term effects of exposure to the odorants added to natural gas. While investigations are occurring at the state level, frustration has been expressed over the speed at which the causes of the leak and a solution are being ascertained.

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 the bill.

Conclusion

If the Energy Policy Modernization Act is enacted, SA 3194 would result in considerable federal involvement in this ongoing crisis at the Aliso Canyon storage facility and will provide federal recommendations concerning the continued use of the Aliso Canyon storage facility and all storage facilities located near residential areas.

Departments Notified

Fire Department

Police Department

Emergency Management Department

Bureau of Engineering

Bureau of Sanitation

Bill Status.

2/2/16

SA 3194 proposed by Senators Boxer and Feinstein as modification to SA 2953 (Murkowski) and approved by a Voice Vote.

2/4/16

S.2012, the Energy Policy Modernization Act of 2015, was delayed following debate concerning an amendment seeking the addition of \$600 million to aid the residents of Flint, Michigan.



Jennifer Quintanilla
Analyst

Attachments: 1. Resolution
2. Text of SA. 3194

SMT:MF:PS:JMQ

RESOLUTION

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 governmental body or agency must first have 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 which to date has released over 91,683 metric tons of methane gas and mercaptans into the environment, endangering the health and safety of thousands of residents in the surrounding communities; and

WHEREAS, Governor Brown issued a Proclamation of a State of Emergency on January 6, 2016, establishing a command structure within the Governor's Office of Emergency Services to coordinate local, state, and federal response; and

WHEREAS, the state has launched a multi-agency response, federal involvement in the investigation of and response to the Aliso Canyon leak has been limited; and

WHEREAS, currently pending before the United States Senate is S.2012, also known as the Energy Policy Modernization Act of 2015; and

WHEREAS, Senators Barbara Boxer and Dianne Feinstein have proposed the introduction of an amendment to this legislation which would direct the Secretary of Energy to conduct a federal review of the causes and response to the leak occurring at the Aliso Canyon storage facility; and

WHEREAS, the amendment would require the formation of an intergovernmental task force, consisting of representatives from the Energy Department, the Pipeline and Hazardous Materials Safety Administration, the Department of Health and Human Services, the Environmental Protection Agency, the Department of Commerce, and the Department of the Interior, to investigate this matter; and

WHEREAS, the proposed amendment to S.2012 would result in invaluable federal involvement in this ongoing crisis and federal recommendations concerning the continued use of the Aliso Canyon storage facility and all storage facilities located near residential areas;

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 the introduction of an amendment, by Senators Barbara Boxer and Dianne Feinstein, to S.2012, directing United States Secretary of Energy Ernest Moniz to conduct a federal review of the causes and response to the ongoing natural gas leak at the Aliso Canyon storage facility.

PRESENTED BY:


 MITCHELL ENGLANDER
 Councilmember, 12th District

SECONDED BY:




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ORIGINAL

SA 3194. Mrs. BOXER (for herself and Mrs. FEINSTEIN) submitted an amendment intended to be proposed to amendment SA 2953 proposed by Ms.

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MURKOWSKI to the bill S. 2012, to provide for the modernization of the energy policy of the United States, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. __XX. ALISO CANYON NATURAL GAS LEAK TASK FORCE.

(a) **FINDINGS.**--Congress finds that--

(1) on October 23, 2015, a natural gas leak was discovered at a well within the Aliso Canyon Natural Gas Storage Facility in Los Angeles County in the State of California, and as of January 27, 2016, attempts by the Southern California Gas Company (referred to in this section as the ``Company'') to stop the leak have not been successful;

(2) the leak appears to be caused by damage to the well casing at approximately 500 feet underground;

(3) the Company has attempted several times to plug the well, but as of January 28, 2016, those efforts have been unsuccessful;

(4) many residents in the nearby community have reported adverse physical symptoms including dizziness, nausea, and nosebleeds as a result of the natural gas leak, and the continuing emissions from the leak have resulted in the relocation of thousands of people away from their homes and livelihoods;

(5) local schools have temporarily closed, many businesses have been negatively impacted, and regular public services such as mail delivery have also been disrupted;

(6) more than 86,500,000 kilograms of methane, a powerful greenhouse gas, have been emitted into the atmosphere, which is--

(A) the equivalent of 2,200,000 metric tons of carbon dioxide; or

(B) more greenhouse gas than 468,000 cars emit in 1 year;

(7) agencies of the State of California issued an emergency order on December 10, 2015, prohibiting injection of natural gas into the Aliso Canyon Storage Facility until further authorization; and

(8) on January 6, 2016, the Governor of the State of California declared a state of emergency for Los Angeles County due to the Aliso Canyon natural gas leak.

(b) **ESTABLISHMENT OF TASK FORCE.**--Not later than 15 days after the date of enactment of this Act, the Secretary shall lead and establish an Aliso Canyon Task Force (referred to in this section as the "task force").

(c) **MEMBERSHIP OF TASK FORCE.**--In addition to the Secretary, the task force shall be composed of--

(1) 1 representative from the Pipeline and Hazardous Materials Safety Administration;

(2) 1 representative from the Department of Health and Human Services;

(3) 1 representative from the Environmental Protection Agency;

(4) 1 representative from the Department of the Interior;

(5) 1 representative from the Department of Commerce; and

(6) 1 representative from the Federal Energy Regulatory Commission.

(d) **REPORT.**--

(1) **FINAL REPORT.**--

(A) **IN GENERAL.**--Not later than 180 days after the date of enactment of this Act, the task force shall submit a final report that contains the information described in subparagraph (B) to--

(i) the Committee on Energy and Natural Resources of the Senate;

(ii) the Committee on Natural Resources of the House of Representatives;

(iii) the Committee on Environment and Public Works of the Senate;

(iv) the Committee on Transportation and Infrastructure of the House of Representatives;

(v) the Committee on Commerce, Science, and Transportation of the Senate;

(vi) the Committee on Energy and Commerce of the House of Representatives;

(vii) the Committee on Health, Education, Labor, and Pensions of the Senate;

(viii) the Committee on Education and the Workforce of the House of Representatives;

(ix) the President; and

(x) relevant Federal and State agencies.

(B) **INFORMATION INCLUDED.**--The report submitted under subparagraph

(A) shall include, at a minimum--

- (i) an analysis and conclusion of the cause of the Aliso Canyon natural gas leak;
- (ii) an analysis of measures taken to stop the natural gas leak, with an immediate focus on other, more effective measures that could be taken;
- (iii) an assessment of the impact of the natural gas leak on health, safety, the environment, and the economy of the residents and property surrounding Aliso Canyon;
- (iv) an analysis of how Federal and State agencies responded to the natural gas leak;
- (v) in order to lessen the negative impacts of natural gas leaks, recommendations on how to improve--
 - (I) the response to a future leak; and
 - (II) coordination between all appropriate Federal, State, and local agencies in the response to the Aliso Canyon natural gas leak and future natural gas leaks;
- (vi) an analysis of the potential for a similar natural gas leak to occur at other underground natural gas storage facilities in the United States;
- (vii) recommendations on how to prevent any future natural gas leaks;
- (viii) recommendations on whether to continue operations at Aliso Canyon and other facilities in close proximity to residential populations based on an assessment of the risk of a future natural gas leak;
- (ix) a recommendation on information that is not currently collected but that would be in the public interest to collect and distribute to agencies and institutions for the continued study and monitoring of natural gas infrastructure in the United States;
- (x) an analysis of the impact of the Aliso Canyon natural gas leak on wholesale and retail electricity prices; and
- (xi) an analysis of the impact of the Aliso Canyon natural gas leak on the reliability of the bulk-power system.

(2) **PUBLICATION.**--The final report under paragraph (1) shall be made available to the public in an electronically accessible format.

(3) If, before the final report is submitted under paragraph (1) the task force finds methods to solve the natural gas leak at Aliso Canyon; better protect the affected communities; or finds methods to help prevent other leaks, they must immediately issue such findings to the same entities that are to receive the final report.

(e) **AUTHORIZATION OF APPROPRIATIONS.**--There are authorized to be appropriated to carry out this section such sums as may be necessary.