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| October 7, 2015Ms. Carey BylinMethane Challenge Program LeaderUnited States Environmental Protection AgencyMailing Address |
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**Subject:** Methane Challenge Proposal – SoCalGas/SDGE Comments

Dear Ms. Bylin,

Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDGE) appreciate the opportunity to provide comments on the Environmental Protection Agency’s proposed Methane Challenge Program. We have been working closely with the American Gas Association (AGA) and the Down Stream Initiative (DSI) in recent months to develop relevant industry comments on the enhanced methane reduction Program. We appreciate EPA staff efforts to modify the enhancements to the Natural Gas STAR Program in such a way that preserves a balance between critical operational, cost and safety demands with implementation of methane reduction strategies. We also concur with AGA in their support of the Methane Challenge program goals as follows:

* Encourage ambitious commitments to reduce methane emissions,
* Offer flexible mechanisms to achieve the commitments,
* Promote innovative approaches,
* Provide accountability and transparency through robust annual reporting that utilizes EPA’s Greenhouse Gas Reporting Program (GHGRP) to the extent possible,
* Recognize progress of companies that have been proactive in reducing methane emissions (early actors), and
* Recognize improved environmental performance through quantitative assessment of emission reductions.

In addition to our support of AGA comments, we want to note that California utilities operate in a different regulatory climate than many other utilities represented by AGA. As such, the potential for implementing additional or new methane reduction strategies may vary based on state or regional factors. Outlined below are our more specific comments on the proposed Methane Challenge, the majority of which focus on Best Management Practice (BMP) options.

**Impacts of Proposed Regulatory Activity in California**

The Methane Challenge is being proposed at a time when California-based utilities are also being subjected to pending regulations that target methane reductions. Regulatory efforts initiated by the California Air Resources Board (CARB) and the California Public Utilities Commission (CPUC) will impose mandatory requirements affecting transmission and storage facilities as well as distribution systems. Briefly, the activities are as follows:

* CARB: Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities to establish greenhouse gas emission standards for crude oil and natural gas facilities;
	+ Local Air Districts: As a direct result of the CARB action, will update or modify regulations to incorporate methane emission standards or control measures to reduce methane emissions;
* CPUC: SB 1371 (Leno), requires the adoption of rules and procedures to minimize natural gas leakage from CPUC-regulated natural gas pipeline facilities.

California utilities are seeking to avoid being inadvertently “penalized” for implementing mandatory requirements that might be similar to Methane Challenge BMPs. We suggest incorporating language in the proposals and subsequent Memoranda of Understanding (MOUs) that allow affected California utilities to meet Methane Challenge BMP requirements by implementing mandatory control/reduction requirements that may be required by a CPUC or CARB-driven regulation.

**Additional Best Management Practices**

We propose that added flexibility be provided for implementing BMPs that have yet to be proposed or identified. This may include:

* Adding new BMPs to the existing list prior to a utility’s commitment to the program; or
* The option to modify the utility’s implementation plan with “equivalent” or more effective BMPs that achieve or exceed proposed reductions (pending EPA approval).
* Including BMP categories for equipment repairs/replacements with less or non-emitting processes or equipment.
* Including equipment, process or facility redesign that reduces methane, or a “shutdown” (decommissioning) that entirely removes a methane source

**Comments on specific BMP strategies**

**Transmission/Storage OPERATIONS**

**Reciprocating Compressors-venting**

*Proposed BMP: Route rod packing vent to capture/use or route gas to flare or replace rod packing every 26,000 hours of operation or every 36 months*

**Comment:** Venting compressor rod packing fugitive emissions to a flare or other control device, though possible, is often impractical due to the cost associated with permitting and installing additional control equipment. We suggest adding a packing repair/replacement option that is condition-based rather than time based. The proposed CARB Oil and Gas regulation requires measurement of fugitives from the packing and then requires repairs if the leaking exceeds a specific threshold. For others who would prefer to not add a new monitoring and measurement scheme to their operations, the time-based replacement may be viable option.

**Centrifugal Compressors-venting**

*Proposed BMP: Route wet seal de-gassing vent to capture/use or route wet seal de-gassing to flare.*

**Comment:** In addition to the proposed BMP, replace wet seals with dry seals where feasible. Note that small population of wet seals may limit cost-effective reduction opportunities.

**Compressor Station Equipment Leaks/Fugitive Emissions**

*Proposed BMP: Undertake monitoring and repair activities, at specified minimum intervals, following defined parameters governing repair activities.*

**Comment:** CARB is proposing specific requirements for Leak Detection and Repair (LDAR) activities as partially described below:

* **Minor leak**” means the detection of total gaseous hydrocarbons in excess of 1,000 ppmv as methane above background measured using EPA Method 21
* **Major leak**” means the detection of total gaseous hydrocarbons in excess of 10,000 ppmv as methane above background measured using EPA Method 21
* (A) **Fugitive leaks** with a measured total hydrocarbon concentration **above 1,000 ppmv** but not greater than 10,000 ppmv shall be successfully repaired or removed from service within seven (7) calendar days of initial leak detection.
* (B) **Fugitive leaks** with a measured total hydrocarbon concentration **above 10,000 ppmv** shall be successfully repaired or removed from service within three (3) business days of initial leak detection.
* (C) **Fugitive leaks** with a measured total hydrocarbon concentration **above 50,000 ppmv** shall be successfully repaired within two (2) calendar days.

California utilities are still working with CARB staff to refine the regulation language and accompanying leak thresholds. The rule language is not expected to be finalized prior to the time facilities must elect to participate in the Methane Challenge. As noted earlier in our comments, utilities implementing the CARB (or any other state) reduction requirements should also be able to implement it as an acceptable BMP for the Methane Challenge program.

**Pipeline Venting & Blowdowns**

*Proposed BMP: Maximize gas recovery and/or emission reductions through the use of a combination of inline compression (when available) to maximum engineering potential, and route remaining gas to portable compression or flare. Excludes emergency blowdown situations*

**Comment:** Individual utilities will need to determine on their own the cost-effectiveness and feasibility of this proposed BMP, since it is often not feasible to route gas from a high-pressure transmission pipeline to an emission control device. Also the costs associated with mobilizing portable emissions control equipment, as well as the impact of releasing criteria pollutants into the atmosphere in exchange for methane reductions should be rigorously evaluated in advance.

**DISTRIBUTION OPERATIONS**

**Pneumatic Controllers**

*Proposed BMP: For gas-driven pneumatic controllers, use low- (defined as gas bleed rate < 6 standard cubic feet/hour) or no-bleed controllers for all applications except those requiring high-bleed controllers for certain purposes, including operational requirements and safety*

**Comment:** BMPs may also include:

* Proper characterization of regulator/controller inventory and actual bleed rates (these may often vary from rates in manufactures literature);
* Properly categorize highest methane emission equipment;
* Implement plan to systematically replace highest emissions sources
* Specify low-bleed controllers for future equipment purchases

**M&R Stations/ City Gates**

*Proposed BMP: Undertake monitoring and repair activities, at specified minimum intervals, following defined parameters governing repair activities.*

**Comment:** BMPs may also include:

* Proper characterization of regulator/controller inventory and actual bleed rates (these may often vary from rates in manufacturer’s literature;
* Properly categorize highest methane emission equipment;
* Implement plan to systematically reduce highest emissions sources

**Mains – Cast Iron, Unprotected Steel**

*Proposed BMP: Replace/line/seal cast iron pipes or replace/cathodically protect unprotected steel pipes at a specified annual rate.*

**Comment:** Specify that CPUC-approved replacement rate qualifies as a BMP until utility can seek approval for updated replacement rate?

**Services**

*Proposed BMP: Evaluation of BMPs in progress*

**Comment:** Seek to capture gas during abandonment of existing high pressure services, capture gas being purged

**High-Pressure Pipe Blowdowns**

*Proposed BMP: Maximize gas recovery and/or emission reductions through gas capture/use, flaring, hot tapping, and/or squeezing.*

**Comment:** Individual utilities will need to evaluate cost-effectiveness and feasibility of this proposed BMP; it is often not feasible to route gas from a high-pressure transmission pipeline to an emission control device. Also the costs associated with mobilizing portable emissions control equipment, as well as the impact of releasing criteria pollutants into the atmosphere in exchange for methane reductions should be rigorously evaluated in advance

**Excavation Damages**

*Proposed BMP: Reduce damages at target rate per thousand locate calls and shorten average time to shut-in for all damages by a minimum percentage*

**Comment:** Since excavation damages are largely out of the utility’s control, implementation of this BMP could include the following:

* Documented strategies to educate customers, contractors, and the general public on excavation safety;
* Efforts to enforce penalties on offenders (or repeat offenders)
* Improve locate and mark programs to guarantee proper marking
* Consider increasing standby monitoring for high risk areas or repeat offenders

**Additional BMP Consideration:**

Residential/Commercial and Industrial Meter Set Assembly (MSA)

Data collected by SoCalGas in support of the SB1371 submission to the CPUC indicates that a large amount of fugitive methane leakage may come from Residential, Commercial and Industrial MSA’s. Utilities may want to evaluate the potential for cost-effective leak reductions from this area.

If you have any questions regarding this submittal, please contact \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Sincerely,