

## FEDERAL REPORT RECOMMENDS SAFETY GUIDELINES FOR NATURAL GAS STORAGE

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In early 2016, Congress and the Obama Administration created a Federal Interagency Task Force on Natural Gas Storage Safety to investigate the SoCalGas natural gas leak at their Aliso Canyon storage facility – the largest natural gas storage leak in the history of the United States. Investigation of the Aliso Canyon gas leak accident by the Task Force was meant to inform their various recommendations on how to minimize the future risk of leakage and prevent well failures at other natural gas storage facilities.

The SoCalGas Aliso Canyon leak resulted in the release of 90,000 metric tons of methane into the environment. This leak exposed nearby residents to significant short-term and long-term health and safety risks. Damages due to the Aliso Canyon leak event are estimated at roughly \$717M.

In October 2016, the Interagency Task Force issued a *final report* (the 'Report') on natural gas storage safety based off their accumulated findings.

In their Report, the Interagency Task Force specifically identified three areas of improvement for natural gas storage facilities: minimizing the risk of well failure, minimizing the human health and environmental impact of gas leaks in the event of failure, and minimizing the effect of a major leak event on the reliability of energy generation in a given region.

### **Minimizing the Risk of Well Failure**

Investigation of the Aliso Canyon event by the Interagency Task Force revealed two primary concerns with regard to well failure risks: 1) the use of a single point-of-failure well design, and 2) the lack of an adequate risk management plan to prevent and react to potential well failure.

The Report recommended that natural gas wells be designed to account for multiple failures. A single point-of-failure must not lead to total well failure and major leak event. According to the Report, operators of natural gas storage facilities should adopt multiple point-of-failure well designs for all new wells.

The Report further recommended that operators of natural gas storage facilities develop comprehensive risk management plans that accounts for all phases of the risk management process. More specifically, operators should develop a plan that enforces proper inspection, monitoring, and assessment procedures so that well potential well failures can be identified and prevented long before a major leak event occurs.

### **Minimizing the Impact of a Leak on Human Health and the Environment**

The Report noted that a major leak event can lead to excessive human health and environmental impacts when emergency response is substandard. Specifically, the Report recommended that each State should – if possible – require that operators of natural gas facilities prepare leak mitigation plans, and further, that emergency response efforts be coordinated across jurisdictions through a unified response

team.

## **Minimizing the Impact of a Leak on the Electric Grid**

The leak event at the Aliso Canyon facility created an ongoing risk of electric grid unreliability in the Southern California region for the rest of the year. The Report found that the impact of leaks on electrical grid reliability could be minimized if state, federal, and private entities cooperated in coordinating backup plans in the event of a major leak event.

## **Effect on Natural Gas Operators**

As of now, the Interagency Task Force has only made recommendations as to how to improve the safety of natural gas storage facilities, but interim final rules are expected to be published as of February 14, 2017. Our California environmental regulatory lawyer believes that these regulations are likely to impose additional costs on operators of natural gas storage facilities in the form of heightened-scrutiny risk management plans and new well design safety requirements.