

# Incentives to Minimize Pipeline Methane Emissions

5/6/2021



# Helpful Leak Incentives (New York)

- Existing incentives: Positive revenue adjustment if a utility repairs additional Type 3 high-emitting leaks beyond the annual reduction target.
  - National Grid can earn a positive revenue adjustment of 1 basis point for the repair of every 50 additional high-emitting Type 3 leaks beyond the annual backlog target, with a maximum of 5 basis points available
- Additional recommended element: Require utility to report abated methane emissions resulting from the Type 3 leak repairs

# Unhelpful Leak Backlog Incentives (New York; Washington, D.C.)

- Existing leak backlog performance metrics financially penalize utilities if their leak backlog increases year-over-year.
  - Problem: The metric unhelpfully incents utilities NOT to use advanced leak detection technologies that would increase the size of their leak backlog, because the utility may not be able to repair newly-found leaks quickly enough to avoid a penalty
  - Solution: Regulators should incentivize reductions in the *volume* of leaked methane rather than reductions in the number of leaks in the backlog.

# Lost and Unaccounted for Gas

- Commissions should review standards for LAUF attributable to leaked gas and consider whether they are consistent with climate commitments
- Commissions should consider requirements to incorporate the societal cost of methane into long-term planning.
- California Public Utilities Commission found that quantifying the portion of LAUF attributable to distribution system leakage (aka, methane emissions) is possible.
  - Estimated that methane emissions represent approx. 30% of total LAUF for the large gas utilities
  - Based on system-wide leak surveys, recordings of discovered leaks and venting, and emissions factors

# Reporting (Washington State)

- Recent legislation requires gas utilities to file annual leak reports
  - Commission may require reports to detail the “volume of each leak, measured in carbon dioxide equivalents and thousands of cubic feet.”
- Commission must estimate the volume of leaked gas and associated greenhouse gas emissions from operational practices in the state, using data reported by gas pipeline companies
- Beginning in 2021, the Commission is required to publish annual aggregate data regarding the GHG emissions volume and causes of gas leaks



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